



International Organisation of Employers
Organisation Internationale des Employeurs
Organización Internacional de Empleadores

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Global Compact

March 2014



What is the UN Global Compact?

- The Global Compact describes itself as the largest voluntary corporate sustainability initiative in the world.
- Has its origins in a speech by then UN Secretary-General Kofi Annan at the 1999 World Economic Forum in Davos, where he called on the business community to join with the UN in helping put a human face on globalisation.
- 10 principles on Human Rights, Labour Standards, Environment, Corruption
- More than 10,000 participants, including over 7,000 businesses, in 145 countries around the world.
- Global Compact office in New York has a budget of US \$ 9 million .



The Ten Principles of the UN Global Compact

Human rights

- Support and respect the protection of internationally proclaimed human rights within their sphere of influence, and
- Make sure that they are not complicit in human rights abuses.

Labour relations

- Uphold freedom of association and the effective recognition of the right to collective bargaining, and
- encourage elimination of all forms of forced and compulsory labour,
- effective elimination of child labour, and
- elimination of discrimination in respect of employment and occupation.



The Ten Principles of the UN Global Compact

Environment

- Support for a precautionary approach to environmental challenges,
- Undertake initiatives to promote greater environmental responsibility, and
- Encourage development and diffusion of environmentally friendly technologies.

Combatting Corruption

- Businesses should work against all forms of corruption, including extortion and bribery.

What is the UN Global Compact not?

- The Global Compact is neither a legal instrument, nor a code of conduct.
- The Global Compact is also not a prescriptive instrument linked with external monitoring or auditing of company efforts.
- Instead, the Global Compact creates a forum for learning and sharing experiences in the promotion of the ten principles.



What Commitments are required of Global Compact Signatories?

- to make the ten principles part of their business strategies and day-to-day operations;
- to issue an annual Communication on Progress (COP), a public disclosure to stakeholders (investors, consumers, civil society, governments, etc.) on progress made in implementing the ten principles, and in supporting broader UN development goals;
- to advocate for the Global Compact.
- There is also the expectation that signatory companies contribute to the financing of the Global Compact Office and the regional and local network activities.

What happens if GC members fail in their commitment?

- If a member fails to communicate its progress by the deadline, it will be listed on the Global Compact website as "non-communicating". If a further year passes without the submission of a COP, the company will be expelled.
- The Global Compact reserves the right to publish the names of companies that have been expelled for failure to communicate progress.
- **Thus, before signing up, a company should be aware of the long-term commitments involved.**
- **Companies might want to consider working with the Global Compact principles, without directly becoming an official member of the Global Compact.**



Why is the Global Compact relevant for business?

- The Global Compact is one of many useful tools and frameworks for guiding responsible business.
- There is growing stakeholder expectation that companies adhere to the principles of the Global Compact, and in 2011 the EU Commission issued a Communication on CSR, inviting large European enterprises to make a commitment by 2014 to take the principles into account when developing their CSR approaches.
- The Global Compact offers a comprehensive structure to promote peer learning through its multiple working groups and regional and local networks .



Global Compact issues

- Loss of focus: Global Compact has moved away from focusing on the principles and engaging through the responsible UN agencies, to being a multi-stakeholder, open-based platform covering a range of issues as for instance, engagement in the Sustainable Development Goals (SDG) debate.
- Stronger formalisation: Reporting requirements.
- Lack of Governance: There are many governance bodies, such as GC Leaders Summit, Local Networks, Local Networks Forum, GC Board, GC Donor Group, but no clear governance.
- Efforts to establish Local GC Networks as the recognised national business voice, instead of national Employers and business federations



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Thank you very much for your attention!