What is the Global Compact?

THE GLOBAL COMPACT IS A CALL TO BUSINESS WORLDWIDE.

An initiative of former UN Secretary-General Kofi Annan, the Global Compact was launched in January 1999 as a call to business worldwide to help build the social and environmental framework to support open and free markets while ensuring that people everywhere have a chance of sharing the benefits of the global economy.

Today, with UN Secretary-General Ban Ki-moon at its head, the Global Compact describes itself as the largest voluntary corporate sustainability initiative in the world, with 8,500 corporate signatories in more than 135 countries committing to advance its ten Principles.

The Ten Principles of the UN Global Compact

HUMAN RIGHTS
1. Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence, and
2. Make sure that they are not complicit in human rights abuses.

LABOUR RELATIONS
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining, and encourage
4. elimination of all forms of forced and compulsory labour
5. effective elimination of child labour, and
6. elimination of discrimination in respect of employment and occupation.

ENVIRONMENT
7. Businesses should support a precautionary approach to environmental challenges
8. Undertake initiatives to promote greater environmental responsibility, and
9. Encourage development and diffusion of environmentally-friendly technologies

COMBATTING CORRUPTION
10. Business should work against all forms of corruption, including extortion and bribery

The Global Compact is neither a legal instrument, nor a code of conduct - nor is it a prescriptive instrument linked with external monitoring or auditing of company efforts. Instead, it creates a forum for learning and sharing experiences in the promotion of the ten principles.

What Commitments are required of Global Compact Signatories?

BUSINESS PARTICIPANTS IN THE UN GLOBAL COMPACT COMMIT:

- to make the ten principles part of their business strategies and day-to-day operations;
- to issue by a given deadline 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.

If a member fails to submit its COP, it will be listed on the Global Compact website as "non-communicating". If a further year passes without the submission being filed, the company will be
expelled. The Global Compact reserves the right to publish the names of companies that have been expelled for this failure. Moreover, there is also the expectation that signatory companies contribute to the financing of the Global Compact Office and the regional and local network activities. Before signing up, a company should be aware of the long-term commitment involved.

**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 CSR communication inviting large European enterprises to make a commitment by 2014 to take account of the principles when developing their approaches to CSR. Finally, the Global Compact offers through its multiple working groups and regional and local networks a comprehensive structure to promote peer learning.

**How is the IOE involved in the Global Compact?**

THE IOE IS A MEMBER OF THE ADVISORY BOARD AND CO-CHAIR OF THE UN HUMAN RIGHTS AND LABOUR WORKING GROUPS.

The IOE Secretariat has been closely involved in the Global Compact since its creation and several IOE member federations host the local Global Compact networks and are active in network meetings both at global and regional level.

**IOE Priorities for the Work of the Global Compact**

THE GLOBAL COMPACT MUST REMAIN FOCUSED ON SUPPORTING SIGNATORY COMPANIES IN EMBRACING THE TEN PRINCIPLES.

It should not get distracted by a multiplicity of initiatives that are only loosely connected to this core mission. Moreover, a sustainable means of financing Global Compact activities must be found that does not put signatory companies under financial pressure, and at the same time benefits both local networks and the Global Compact Office in New York. The IOE calls for the preservation of the essential spirit of the Global Compact which focuses on learning and the exchange of experience.

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**For more Information and Answers to your Questions**

Please visit the Global Compact and CSR sections of our website. If you do not find what you are looking for, please contact Brent Wilton, wilton@ioe-emp.org, or Matthias Thorns, thorns@ioe-emp.org.

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