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UN GLOBAL COMPACT LEADERS SUMMIT

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SESSION 1

FROM PRINCIPLES TO ACTION: DRIVING VALUE, ACHIEVING IMPACT

OVERVIEW OF THE UN GLOBAL COMPACT AND ITS IMPLEMENTATION

Excellencies, Dear Global Compact Participants,

It is my great privilege to provide you with an overview of the Global Compact (GC) and its implementation.

The GC is now seven years young. Its journey has been one of growth and change. But its vision and mission has not changed. The idea that UN principles can help create more robust markets while spreading benefits more widely is today even more important than it was in July 2000 when the GC was launched at UNHQ in New York. And, some of the basic assumptions that were made then have stood the test of time:

- The need for business, the UN, Labour, Civil Society and Governments to learn how to work together – an idea that has already proven to work in so many areas.
- The leadership idea – asking CEOs to embrace the GC – an idea which has led to two complimentary processes which together define responsible corporate citizenship. First the GC is a moral compass for organizational change and global integration. Second the GC has a platform for partnerships and cooperation.
- The idea that voluntary initiatives add value as a compliment, and not as a substitute, to what governments do or don't do has proven to be important and is more and more accepted.

And, the most important assumption of all was, and still is, that engagement and responsibility pays, that UN principles can create simultaneously market and social value.

So where do we stand?

How much has been achieved?

Where are the gaps?

First, we can proudly look back to a rapid growth from 50 participants to over 4,000. They come from about 120 countries. Over half of them are from emerging markets. Nearly 80 local networks have come into existence at country level allowing participants to learn from each other and to work together. Behind these numbers is an enormous scale. Consider that the 100 largest participants employ ten million people.

Second, we have also seen a significant improvement in the way participants engage. While in the early years of the compact some joined simply because it felt right, today more and more use the GC as an organizing framework to manage risks and opportunities and thus drive principles deep into organizations.

Third, the introduction of the mandatory requirement to disclose on an annual basis performance changes - the communication in progress – has improved quality, transparency, and accountability. We regret that we had to delist 500 participants last year and that several hundred more are likely to be delisted this year. However in this way we ensure that participation stands for a commitment to continuous performance improvement.

Fourth, in parallel to the growth of the GC, awareness of its issues has increased. Consider, when the GC was launched in 2000 only a handful of corporations acknowledged that issues such as human rights are also important for business. The view then was that such issues were the exclusive business of governments. Today, several thousand corporations are starting to make these issues part of their strategies and operations. This is good progress. But progress is uneven and there are gaps. Two are noteworthy. First, anticorruption and human rights lag behind other issues when it comes to implementation. Second, another gap is between headquarter policies on the one hand, and awareness and implementation at the level of subsidiaries on the other.

Fifth, when it comes to the goal of the GC, undertaking partnerships to advance UN goals, we can today look at a broad range of issues where participants have successfully cooperated with other partners, including United Nations Organizations. Indeed there are hundreds of examples covering a wide range of issues such as access to water, responsible investment, community investment and education where the GC has inspired collaborative initiatives.

Sixth, with the launch and growth of the Principles for Responsible Investment (PRI), a joint production with UNEP FI, the mainstream financial markets have now begun to recognize that the issues of the GC can have an impact on financial performance. This is an exciting development as it will help to establish more firmly the business case.

These are important developments. Our first annual review analyzes this in great detail.

Ladies and gentlemen, the GC is now truly global. The business case for engagement is increasingly understood. Good performance is not a function of geography, it is a function of commitment and implementation. And this, ladies and gentlemen, is good news for the UN and all those who believe that openness, trade and investment are critical pillars of cooperation, peace, human rights and development. It means that globalization is a race to the top and that economic interdependence accelerates the diffusion of UN norms and values.

Ladies and Gentlemen, I hope we will use this unique gathering to a) renew and deepen commitments, b) ensure that subsidiaries and supply chains are more fully involved, c) that you ask your subsidiaries to support local networks and d) that you will show leadership on issues such as climate change, anti-corruption, human rights and development, where progress can only be made if we work together.

I wish you and us a successful summit.