



4th Meeting of the Working Group on the 10th Principle
26-27 February 2009
UN Headquarters, New York

Review

On 26-27 February 2009, the fourth meeting of the Global Compact Working Group on the 10th Principle took place at United Nations Headquarters in New York. The meeting, convened by the Global Compact Office, brought together business participants with representatives of civil society, labor, business associations, Global Compact Local Networks and international organizations. Participants presented and discussed progress of the various sub-working groups, implementation challenges and the future course of the anti-corruption workstream. Opportunities for enhancing the breadth of the 10th Principle's scope were also discussed, specifically regarding investment and education. Future directions for the Working Group include the advancement of reporting metrics, development of additional tools and resources, and continuing formal collaboration between global initiatives to address corruption.

Main Issues

Reporting

The importance of reporting is widely acknowledged, however challenges complicate the process. Practical concerns about disclosure, such as industry competition, compel companies to disclose anti-corruption information at different levels of detail. Establishing an accepted and consistent reporting system would provide concrete guidance to companies in terms of what to report and to what degree of detail.

Outcome: The sub-working group on anti-corruption reporting recommends a matrix of anticorruption reporting elements, a structured and comprehensive tool that allows for thorough and consistent reporting of anti-corruption matters across companies. Recognizing that companies report on anti-corruption in different ways and to different extents, the new matrix is comprised of two reporting levels: basic and desired. It is anticipated that this distinction will be widely understood. To facilitate accurate reporting, the matrix will be accompanied by a companion document that will include descriptions of reporting elements, explain their importance and present examples of appropriate reporting.

Supply Chain

Determining a standard engagement policy for anti-corruption in the supply chain is a complex challenge. Gathering data on corruption in the supply chain has been particularly difficult. Collective action, particularly in regions where corrupt practices are condoned, can help address corruption challenges more effectively. Collective action can also increase efficiency and leverage for both suppliers and customers working to avoid corrupt practices.

Outcome: The sub-working group is currently developing an overall framework for the engagement of suppliers on anti-corruption; this will include guidelines, principles and various tools. The sub-working group will aim to reduce redundancy of this resource by determining anticorruption guidelines that are specific to the supplier-customer relationship.

Additional Sub-groups

Tools and Resources

A web-based anti-corruption portal, or database, for tools and resources was developed. Working Group members were requested to review the portal and provide feedback regarding presentation, and areas of improvement.

Media Engagement Initiative

Participants discussed what messages the Working Group would like to convey, the type of media that should be used, as well as the appropriate target audience. A recommendation was made to identify a few finite media projects and move them forward. The importance of increasing journalists' understanding of reporting on ethics and governance was also discussed, as the media often concludes that there is minimal progress on anti-corruption initiatives. Participants also discussed identifying and reporting outcomes of successful anti-corruption efforts in order to provide the media with material.

Multi-stakeholder Dialogue

While there are international anti-corruption treaties, many countries have laws that do not meet international standards. Companies that operate in these countries are often more susceptible to institutionalized corruption practices. To enhance public-private partnerships, examples of how to collaborate in different regions and within different governance systems should be conveyed. It is understood that improving these partnerships will require time and persuasion for both companies and governments.

Education Initiative

One of the main strategic goals of the Principles for Responsible Management Education (PRME) initiative in 2009 is to incorporate Global Compact issues and values, such as anti-corruption, into the curriculum of business schools. Further collaboration between PRME and the Working Group was suggested, particularly with regard to the exchange of case studies.

RESIST- A New Training Tool

The training tool Resisting Extortion and Solicitation in International Sales and Transactions (RESIST) has been published. Based on real-life scenarios, the tool is designed to provide practical guidance for practitioners on how to respond to an inappropriate demand by a client, business partner or public authority in the most efficient and ethical manner. RESIST supports employee awareness and response to dilemmas in the public procurement and project implementation process in a way that makes good business sense. The Working Group will be important to the broad dissemination and implementation of this new resource.

Governance/Inter-organization collaboration

Several organizations committed to anti-corruption presented their progress on a variety of initiatives. A significant aspect of this session was the collaboration between these groups to combat corruption in its various forms.

- The World Bank Institute discussed the governance capacity gap due to many companies' lack of awareness of how to effectively address corruption. Work should focus on increasing awareness, distinguishing between good intentions and corporate competition, and creating systematic change.
- The World Economic Forum - Partnering Against Corruption Initiative (PACI) presented its framework for corporate programme development, implementation, self-evaluation and verification; PACI highlighted the tools and support mechanisms that are provided, i.e. peer-to-peer experience exchange workshops, guidance handbook, self-evaluation tool. An update on the World Economic Forum Global Agenda Council on Corruption was provided; the members of which encourage governments to demonstrate leadership by ratifying the UN Convention Against Corruption (UNCAC) and encourage companies to engage more strongly to address corruption.
- The International Chamber of Commerce (ICC) was encouraged by the collaboration among organizations represented at the session. The ICC expressed interest in chairing a committee to coordinate rules and integrate efforts based on Anti-Corruption documentation produced by the Working Group.

- Transparency International (TI)- TI is working on the development of standardized anti-corruption reporting and, together with the major accounting firms, on a model for independent assurance on company anti-bribery systems. Pressure continues to be applied to International Financial Institutions to call for anti-corruption policies as a pre-qualification requirement of bidders seeking finance on infrastructure projects. Tools to raise awareness about the incidence of corruption and the damage it causes continue to be published: the corruption perception index, the bribe payers' index and the corruption barometer.
- Business and Industry Advisory Committee (BIAC) to the Organization for Economic Cooperation and Development (OECD)- discussed the first joint BIAC trade committee document which urges ratification of UNCAC and aims to foster new ideas and tools.
- Global Corporate Governance Forum (GCGF)- provides technical support and practical assistance to countries, particularly those with low incomes, that are involved in reform efforts.

UNCAC CEO Statement

The UNCAC CEO Statement, which the four global anti-corruption initiatives working with the private sector (ICC, TI, PACI and the United Nations Global Compact) are jointly developing, is a result of an initiative proposed at the 3rd Working Group meeting as a method to address Governments regarding the implementation of an effective UNCAC review mechanism. A draft of the UNCAC statement was provided to Working Group members for review. Overall, there was a general level of support for the statement as prepared. The objective is for the statement to be completed with CEO signatures by early May 2009. The source of signatures was discussed; a general consensus was met regarding obtaining wide geographic representation. However, the Working Group will need to determine whether to opt for a set number of influential signatories or for a broad-scale signature campaign.

Preparation for Conference of the States Parties to the (UNCAC)

132 parties (131 states and the EU) have so far ratified the UNCAC. There has been a call from the private sector for states to ratify and implement the convention. The private sector has taken a step forward to showcase work toward aligning strategies and operations with the fundamental values of the convention. This year the Global Forum VI on Fighting Corruption and Safeguarding Integrity will take place just before the CoSP to provide a level playing field for representatives of interested organizations. The focus of the Global Forum will be strengthening communities and public-private partnerships to fight corruption. Outcomes from the Global Forum will be presented to states at the CoSP.

Principles of Responsible Investment (PRI)

The PRI initiative was introduced to the Working Group as a set of aspirational principles, complimentary to the GC, that embed environmental, social and governance (ESG) policies practices and issues into investment decision-making. While functioning as a clearinghouse for investor action, PRI has been effective at using webinars to increase awareness and share information among members. The extent to which anti-corruption can be linked to drivers of enterprise would be extremely influential. Webinars were suggested as a platform to introduce the issue and highlight current efforts to address corruption.

Business and Peace

The UN Global Compact has developed tools and resources that companies need when they engage in conflict zones and weak states. The initiative is currently bringing together a group of experts from the investment community, business, civil society, academia, the public policy community, governments, and the UN System, to explore responsibilities of corporations operating in conflict zones and to develop further guidance. Companies often believe that divestment maybe the safest option in conflict zones, even though responsible investment

opportunities may exist. The Global Compact Office expressed interest in obtaining examples of anti-corruption efforts in zones of conflict or weak states.

Future Directions

Reporting:

- The reporting matrix is considered a pilot document which can be used to conduct a field test over a 12-month period; it is set for final release in the first quarter of 2010.
- The reporting matrix will be promoted by Working Group members and presented to the Global Compact Networks and at the Global Forum in Doha prior to the CoSP.
- The sub-working group on anti-corruption reporting will recruit field testers of the matrix from among Working Group members; an objective will be to represent all company sizes.
- The Working Group voted unanimously to support the continuation of the sub-working group on reporting and for this group to conduct a field test of the reporting matrix.
- The Working Group voted unanimously to recommend to the United Nations Global Compact Advisory Board that reporting on anti-corruption issues should become mandatory. Additionally Communications on Progress that are determined to be “notable” should include anti-corruption reporting.

Supply Chain:

- Working Group volunteers will be recruited to help draft a guidance document and to provide examples and case studies of anti-corruption practices.
- Interns will be enlisted to continue benchmarking research and interview practitioners for case studies

Tools and Resources:

- The Working Group will review existing tools and resources that will be relevant to the GC participants
- Working Group members will be sent a login and passcode to review the web-based anticorruption portal within the next two weeks. Working Group members were asked to recommend due diligence tools that can be incorporated in the portal.
- The new tool RESIST, will be implemented within member corporations.

UNCAC CEO Statement:

- Working Group members were asked to review and, if relevant, to provide broad feedback on the CEO statement.

Education Initiative

- A formal proposal to the Working Group regarding engagement with PRME will be developed.

Next Meeting

It was proposed to hold the next Working Group meeting on the occasion of the Global Compact's Annual Network Forum on 9-10 June in Istanbul, Turkey. This will allow Working Group members to meet with Local Networks and the Human Rights Working Group. Confirmation of this decision is pending availability of participants.

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Participants of the 4th Meeting on the 10th Principle

	Company	Mr/Mrs	First name	Last Name
1	Accenture	Mr	Sven	Biermann
2	BASF	Dr	Eckart	Suenner
3	Deloitte Touche Tohmatsu	Ms	Jennifer	Quartana Guethoff
4	Fluor	Mr	Lee	Tashjian
5	GE Corporation	Mr	Frank	Mantero
6	Grant Thornton	Mr	David	Nummy
7	Grant Thornton	Mr	Worth D.	MacMurray
8	Groupe BBVA	Mr	Carlos	Alonzo
9	HCM Group	Mr	Bakhtyiev	Ruslan
10	HCM Group	Ms	Dariia	Zinchenko
11	Infogest	Ms	Katy	Tall
12	Nexen	Ms	Karen	Schonfelder
13	Sanlam Limited	Mr	Jacques	Marnewicke
14	Siemens	Ms	Sabine	Zindera
15	StatoilHydro ASA	Ms	Heidi	Christin Olsen
16	Sumimoto Chemicals	Mr	Isaka	Netsu
17	Sumimoto Chemicals	Mr	Masakazu	Sago
18	System Capital Management	Mr	Jock	Mendoza-Wilson
19	Total	Mr	Julian	Kassum
20	Total	Mr	Richard	Lanaud

Governments/International Organizations/Business Associations

21	BIAC/OECD	Mr	Stephen	Canner
22	BSR	Ms	Rushi	Misra
23	Convention on Business Integrity	Mr	Olusoji	Apampa
24	Global Corporate Governance Forum	Mr	Philip	Armstrong
25	Global Corporate Governance Forum	Mr	Jose Osario	Cruz
26	Government of Finland	Ms	Maria	Ritola
27	Government of Finland	Ms	Jane	Anttila
28	Government of Ghana	H.E.Amb	Leslie K.	Christian
29	Government of UK	Ms	Chloe	Adams
30	International Chamber of Commerce	Mr	François	Vincke
31	International Chamber of Commerce	Mr	Fritz	Heinmann
32	UN OIOS	Mr	Michael	Dudley
33	United Nations	Ms	Joanna	Porreca
34	UNODC	Mr	Giovanni	Gallo

35	World Bank Institute	Mr	Djordjia	B. Petkoski
36	World Economic Forum - PACI	Dr	Valerie	Federico-Weinzierl

Civil Society and Business Associations

37	Center for International Private Enterprise	Mr	John D	Sullivan
38	Conference Board	Mr	Ronald	Berenbeim
39	Global Advice Network	Mr	Jens	Berthelsen
40	International Business Leaders Forum	Ms	Birgit	Errath
41	Trace International	Ms	Alexandra	Wrage
42	Transparency International	Mr	Jermyn	Brooks
43	Transparency International – Korea (South)	Rev	Geo-Sung	Kim
44	Transparency International USA	Mr	Michael	Fine

UNGC Board Members

45	Deloitte Touche Southern Africa	Ms	Futhi	Mtoba
46	Transparency International	Dr	Hugette	Labelle

UNGC Local Network

47	UNGC Local Network Korea	H.E. Amb	Chul Ki	Ju
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UN Global Compact Office

48	UNGC	Mr	Sean	Cruse
49	UNGC	Mr	Marcelo	Dacunha
50	UNGC	Dr	Manuel	Escudero
51	UNGC	Mr	Boris	Francioli
52	UNGC	Mr	Jonas	Haertle
53	UNGC	Mr	Oliver	Johner
54	UNGC	Mr	Georg	Kell
55	UNGC	Ms	Olajobi	Makinwa
56	UNGC	Ms	Melissa	Powell
57	UNGC	Mr	Gavin	Power
58	UNGC	Mr	Mark	Snyderman
59	UNGC	Mr	Matthias	Stausberg
60	UNGC	Ms	Maryse	Tremblay
61	UNGC	Ms	Geeke	Van Bruggen