



**Fourth Meeting of the United Nations Global Compact
Advisory Group on Supply Chain Sustainability
4 October 2011
Reed Elsevier, 1-3 the Strand
London, United Kingdom**

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Summary

The fourth meeting of the UN Global Compact Advisory Group on Supply Chain Sustainability was convened on 4 October 2011, in London. The meeting, which was hosted by Reed Elsevier, was chaired by Mr. Mads Øvlisen, Chair of the Advisory Group. The objective of the meeting was to present the developments of the online learning tool and agree on the final criteria and on the technical provider. The focus of the group was also to agree on priorities in the planning and run-up to Rio+20 and outline key messages. Representatives from the UK Local Network also participated in the morning session to share their perspectives and experiences.

1. Opening remarks and welcome

Mr. Mads Øvlisen, Chair of the Advisory Group, welcomes the participants to the fourth meeting of the UN Global Compact Advisory Group on Supply Chain Sustainability. He gives special thanks to Ms. Márcia Balisciano from Reed Elsevier, for her support in planning the meeting and for the company hosting the meeting at their London office. Mr. Øvlisen also thanks the UK Local Network participants who will be taking part in the first session of the meeting.

2. Tour de Table

Each of the participants introduced themselves and their company, providing a brief



description of their focus and priorities over the past 6 months and going forward. In addition to the Advisory Group Members, the following companies/organizations participated in the first session of the meeting: CSR Europe, KPMG, Marshalls plc, Rio Tinto, Shop Direct and the UK Local Network Secretariat. Some of the participants noted their participation in other Global Compact Working Groups, and emphasised the importance for them that the work between working groups are interlinked. Some areas highlighted as potential focus areas for the Advisory Group:

- Energy and transportation
- Conflict Minerals
- Identifying gaps in the supply chain
- Capacity of the Local Network
- Identifying key issues for Rio+20

3. Updates

Ms. Anita Househam, UN Global Compact, provided the group with an update on the ongoing workstreams.

- The Quick Guide is due to be signed off during the meeting. The designed version will then be finalized and posted on the Global Compact website and launched in the next Global Compact bulletin. It was suggested that the diagram used in the Quick Guide be revised, to ensure that all 4 issue areas are included, rather than just Environment, to signify the relation to all the Global Compact issue areas. It would also be necessary to ensure that the link to the resources online is included in the 2-pager.
- Translation of the Practical Guide for Continuous Improvement – The Guide is currently being translated into a number of languages, subject to priority and availability of resources. Due to resource limitations, the translations rely on support from Advisory Group members and/or others. Current status:



- Chinese – Finalized, in design process
- Hindi, Tamil, Bengali – Finalized, in design process
- Spanish – Translation in review
- Japanese – Translation in review
- Global Compact Communication on Progress – Advanced Level

The revised criterion on value chain implementation for the COP advanced level reporting was reviewed by the Advisory Group. The Advisory Group suggested that the criterion includes an explanation as to who the audience is (who should take action) and the purpose of the criterion. Another observation was that the actions required appear to start from the bottom, although we usually talk about embedding the commitment from the top. This should be made clear. On the wording, one Advisory Group member noted that not all companies operation centralised procurement functions, and therefore using the term Procurement Office might not be applicable to all companies.

- Quick Guide Finalization – BSR will provide a revised version of the supply chain life-cycle diagram
- Translation of the Quick Guide
 - French – GDF Suez
 - Spanish – Restaurantes Toks and Reed Elsevier
- Translation of the Practical Guide for Continuous Improvement
 - Reed Elsevier will review the Spanish translation; Hitachi will review the Japanese translation.
 - Missing key languages (French, Portuguese and Arabic)
- The Global Compact Office will share with the Advisory Group the revised Value Chain implementation criterion for final comments.



4. Website: Sustainable Supply Chains: Resources and Practices

Mr. Stefan Crets, Executive Director, CSR Europe, provided the Advisory Group with an update from CSR Europe, and the continued relationship it has with the Global Compact Office.

CSR Europe is a business network for corporate social responsibility with around 70 multinational corporation and 31 national partners organizations as members. CSR Europe partnered with the UN Global Compact to develop the UN Global Compact Supply Chains: Resources and Practices, an online one-stop shop for business and other stakeholders to find existing resources (initiatives, company practices, guidance material) on supply chain sustainability. In 2011, the UN Global Compact and CSR Europe signed a MoU ensuring the continued collaboration to ensure the maintenance and continued population of the portal. The MoU will last until end 2014.

- The Global Compact Office will circulate the templates used for submitting company examples and resources to the Advisory Group.
- The Global Compact and CSR Europe include a review process of the material which is submitted on the portal, to ensure it is not misused as a marketing tool for companies and organizations.
- The Advisory Group could help identify resources and review the cases submitted online. A selection committee could be developed.

5. Self-Assessment Online tool (part 1) – Update and presentation by technical service provider

Mr. Kevin Franklin from Maplecroft provided the Advisory Group with an introduction to the company and how it could work together with the group to build the technical platform for the self-assessment online tool. Maplecroft and the Global Compact Office



already work closely on the Human Rights and Business Dilemmas Forum (<http://human-rights.unglobalcompact.org/>), so they are familiar with the Global Compact and many of its participants. This introduction was meant to provide information about what they can offer with their pro-bono service, as well as what the legal relationship might look like between the relevant parties.

- The portal will be build onto the UN Global Compact website
- There will be limited registration details requested, in order to distinguish between sectors and regions.
- A score card will be immediately generated for the user to print off. The score card can present a graph indicating best and worst score, and how the user compares with these results.
- Terms of Engagement – The data will sit on the Global Compact server, but Maplecroft and BSR will also have access to the aggregate data. The registration process will request a limited amount of information, to ensure the user remains anonymous.
- Critical Mass (200-300 users) will have to be developed to ensure a good comparison. The Global Compact acknowledges that this will not be instant, and that it will have to encourage companies to use the tool. Maplecroft will also be able to use some its existing data to achieve this.

6. Supply Chain Sustainability Webinar Series

In the spirit of the mission of the Advisory Group, the Global Compact Office proposed that it organizes a series of webinars throughout the year for all Global Compact participants. Each webinar session would address a specific issue on supply chain sustainability. The sessions would include a presentation by a/several companies on the issue (or a panel discussion), the dilemmas and possible solutions (including what didn't work). The sessions would present an opportunity for other Global Compact participants to discuss with other companies globally on the issues that concern them, and for the Local Networks to be involved in the workstream.



- The Global Compact Office will draw up a list of topics which have been raised in Advisory Group meetings, and reach out to individual Advisory Group members requesting them to lead on the discussion.
- It is important that the relationship with the Local Networks is strengthened.
- The Global Compact Office will also reach out to Local Networks to identify topics they would want to see covered.
- The Advisory Group agree that webinars are useful for companies who are restricted in attending meetings and sessions in-person.
- The Advisory Group suggests the webinars take place on a quarterly basis.
- The workplan, which was shared with the Advisory Group in Spring 2011, will be revised. The objectives of the workstream as well as the linkages with other Global Compact workstreams should be outlined.
- The Advisory Group feels that the Mission Statement will need revision, which the Chair of the Group, Mr. Mads Øvlisen, agrees to start with.
- The Webinars, and any related work on this, should focus on drawing linkages with other workstreams, and the position of the Advisory Group for Rio+20.

End of Session 1



Session 2 – Closed Session

7. Presentation of Research Findings – Slavery and human trafficking in the Supply Chain Related to the Californian Transparency in Supply Chains Act (SB 657)

Ms. Rachele Jackson, STR Responsible Sourcing, presented the results from work conducted in the context of the Californian Transparency in Supply Chain Act (SB657). The new legislation requires companies with any business activity in California, to report on what they are doing in their supply chains. Even companies that are not doing anything with their supply chains, will have to expressly state this. The new legislation will take effect 1 January 2012. STR Responsible Sourcing met with stakeholder groups in 6 countries (India, Bangladesh, Sri Lanka, Thailand, Philippines and Taiwan) that supply migrant labour to export manufacturing industries to learn what they do to protect migrant workers from trafficking and exploitation. The meetings would help identify how this interfaces with buyer/company efforts to set a best practice standard for recruitment practices.

- Countries supplying migrant labour do provide various measures to protect their citizens by providing pre-training, assisting with reviewing employment contracts and developing bi-lateral and multi-lateral agreements with the receiving countries.
- Countries supplying migrant labour find themselves pressurized by the employers who may threaten to find their workforce elsewhere where rules are less stringent.
- Debt Bondage; Many workers use labour brokers and have to recruitment fees, or they have their visas/passport retained by their employers. Linguistic barriers and lack of knowledge of national laws often put these workers in a situation where they are in debt, lack freedom of movement and have no access to grievance mechanisms.
- Human Trafficking; Trafficking involves manipulation and movement into the state of forced labour, slavery of similar practices like debt bondage.
- Best Practice Framework; Companies should take 3 steps to address the risk of



- using forced/exploited labour in their supply chains: 1) Understand the risk (conduct risk assessment of supply chain to identify use of migrant labour; gather information about the migrant workers including nationality and recruitment process; communicate with the suppliers to understand their hiring practices). 2) Identifying existing systems (check local laws; know the local customs; review supplier code of conduct to ascertain whether it includes provisions about migrant workers). 3) Mitigate the risk (train suppliers; include migrant workers in auditing procedures; include provisions in code of conduct; make fair treatment of migrant workers precondition for engagement with suppliers).
- The Global Compact Office will include this theme in the proposal for the webinar series

8. Rio+20 – Supply Chain Sustainability Event and Deliverable(s)

Ms. Anita Househam (Global Compact Office) provides the Advisory Group with an update on the 2012 UN Conference on Sustainable Development – Rio+20 and the Global Compact’s involvement:

- **The 2012 UN Conference on Sustainable Development – Rio+20** will gather Governments in June 2012 to build global consensus for a more sustainable course, in the environmental, social and economic spheres. Business plays a crucial role in this endeavour through corporate sustainability – defined as a company’s delivery of long-term value in financial, social, environmental and ethical terms.
- The United Nations Global Compact will organize the **Rio+20 Corporate Sustainability Forum: Innovation & Collaboration for the Future We Want** in June in Rio de Janeiro – held in cooperation with the Rio+20 Secretariat, the UN System and the Global Compact Local Network Brazil. The objective of the week-long forum is to strengthen the business contribution to sustainable development globally – seeking to bring greater scale and quality to implementation of corporate sustainability practices, innovation and collaboration. The Forum will provide a venue for business, industry and



investors to meet with Governments, local authorities, civil society and UN entities – with over 2,000 participants expected. The week-long Forum will consist of dozens of highly focused workshops and thematic sessions linked to the Rio+20 agenda, including: Energy & Climate, Agriculture & Food, Water, Biodiversity, Social Development, Good Governance & Anti-Corruption, Urbanization & Cities, responsible Investment and Finance and Education & Research as well as cross-cutting topics such as Partnerships, Innovation, Transparency & Disclosure and Supply Chain Management.

- The **Rio+20 Corporate Sustainability Forum** Forum events will be hosted and organized by various organizations, including the UN Global Compact; UN Agencies, Funds and Programmes; and other selected partners. The Forum will take place at two locations: Centro de Convenções Sul America and Windsor Atlantica.
- In connection with the 2012 Conference on Sustainable Development, **Business for Rio** will be hosted by the UN Global Compact. B4R will bring together all Forum participants to distil leading sustainability practices, innovations and collaborations – and announce new commitments – across all Forum sustainability themes. In addition, B4R will put forward recommended actions for Government that would help bring scale and greater quality to corporate sustainability globally.
- An event on Supply Chain Sustainability will be held during the Rio+20 Corporate Sustainability Forum. This session will be open to all participants, and will focus on drawing the linkages with other workstreams.
- An Advisory Group meeting will take place during the week of the Rio+20 Corporate Sustainability Forum. The Advisory Group suggests to develop key messages for Rio+20 and to link these to what the Local Networks are doing.
- Suggested themes/areas to focus on include: Traceability; sustainability question of using local products; forced labour;
- Deliverables for the Supply Chain Sustainability event on 31 May should include:



- Practical Guide for Continuous Improvement – Portuguese translation
- The Quick Guide – Portuguese translation
- BSR suggests the following draft key messages, to be considered by the Advisory Group:
 - Sustainable supply chain management should be a top priority for the private sector
 - The Global Compact Office, Supply Chain Sustainability Advisory Group, signatories and local networks are playing a key leadership role to define the private sector contribution to sustainable development through supply chain management
 - Ecological sustainability is dependent on respect for human rights and the fight against corruption
 - A key priority to achieve sustainability development is local sourcing and community investment
 - Non-discrimination, respect for diversity, and economic and social inclusion are critical for sustainable development.
 - The green growth agenda can be enhanced by an increase focus on supply chain sustainability.

9. Self-Assessment Tool (part 2)

The Advisory Group discussed the presentation made by Maplecroft in the morning session.

Cody Sisco (BSR) presented the revised criteria for the Self-Assessment Tool, and the consultation process which has led to the current version. Over the past 6 months, the Advisory Group members have participated on conference calls and provided written comments from the initial version presented in Copenhagen in May 2011.



- Some of the updates include expanding the scale of responses to 5 choices (No Current Practices, Beginner Practices, Good Practices, Better Practices and Best Practices) and revising the language of the criteria;
- The Advisory Group agrees to proceed with Maplecroft as the technical service provider to develop the tool.
- Some Advisory Group members found the criteria not to be detailed enough for more advanced companies. Others felt the level of detailed was sufficient to provide a tool for companies just entering the discussion on supply chain sustainability. It was agreed that a sub-committee is set up to participate in more detailed discussions over the next period to ensure finalization of the criteria. The sub-committee consists of: Reed Elsevier, Arcelor Mittal, Telenor, Infosys, Moeller Maersk and BSR.
- The Advisory Group will need to identify a definition of sustainable supply chains. This is also missing in the Practical Guide for Continuous Improvement.
- The tool will need to include good practice examples from SMEs.
- Changes to take away from discussion:
 - The tool needs to be repositioned as a learning tool, rather than just a self-assessment tool.
 - Recommendations in the output should be included.
 - A pilot version should be ready for testing by end of January 2012

10. Practical Guide on Continuous Improvement – Revision

Anita Househam (Global Compact Office) presents to the Advisory Group some draft edits to the Practical Guide for Continuous Improvement, to include the gender dimension. The edits had been prepared by the International Trade Center (ITC). The draft edits raise the question as to whether the Practical Guide requires a revision, to also include other developments, such as the Human Rights Council's endorsement of the UN Guiding Principles on Business and Human Rights.



- The Advisory Group acknowledges that the Practical Guide will need an update at some stage. Other issues should also be included, such as the broader concept of the sustainable value chains. The Advisory Group agreed that the best solution for such revisions is to add chapters/appendices. However, the Advisory Group also agreed that this was not a priority at this stage, and that it should reconsider this at a later stage.
- Cody Sisco (BSR) suggested that an interim solution could be that the Global Compact's Human Rights Working Group develop a Good Practice Note with focus on the gender dimension in the supply chain. The Advisory Group could become a part of the review process of such a document.
- The Global Compact Office will thank the ITC for their input and explain that they will address the topic through the Good Practice Notes.

11. Advisory Group membership update

Anita Househam (Global Compact Office) updates the Advisory Group on the confirmed list of members, following a process of revising the membership. 22 members have committed their continued participation in the Advisory Group. Although there are some gaps with regards to sector and region in the group, it would aim not to exceed 25 members, to ensure that all the Advisory Group members are actively engaged and participate on a regular basis.

The Advisory Group also discussed its mission and role, and recommended that the Global Compact Office develops a more strategic workplan that would outline the specific high-level objectives and activities of the group. Individual Advisory Group members could take the lead on proposing and developing specific projects/issues to take on going forward.

- If an Advisory Group member strongly recommends a new member, this can be proposed to the rest of the group to discuss whether it should be invited to join.
- Advisory Group in-person meetings should include sessions open to non-Advisory Group members, in particular Local Network companies and



companies from LEAD, where they are invited to provide input and present their experiences, challenges and solutions, on supply chain sustainability.

- For the meetings, Advisory Group members will need to take ownership over specific agenda items (prepare and chair the specific session) and taking the lead on specific workstreams/deliverables.
- The Advisory Group agrees that its Mission Statement needs to be revised to reflect its role as advisors to the UN Global Compact Board on supply chain sustainability.
- The Global Compact Office will draft a first version of the strategic workplan for discussion by the Advisory Group.
- The Global Compact Office will reach out to individual Advisory Group members to take the lead on specific projects/issues.

12. Next Meeting

The next meeting will take place on **24-25 January** in **New York City**.

End of meeting.



- PARTICIPANT LIST -

Organization	Country	Sector	Name	Title
A P Moller Maersk	Denmark	Industrial Transportation	Ms. Renata Yourievna Frolova	Head of Responsible Procurement
Arcelor Mittal	Global	Industrial Metals & Mining	Mr. Michael Wilhelmer	Manager – Global Procurement Services
BSR	Global	Non-business stakeholder	Mr. Cody Sisco	Manager-Advisory Services
Cafeterias Toks S.A. de C.V	Mexico	Beverages	Mr. Gustavo Pérez Berlanga	Senior Vice President - CSR and Toks University
Cemex	Mexico	Construction & Materials	Mr. Juan Antonio Espinosa	Director, Procurement Planning & Control
Chair			Mr. Mads Øvlisen	
CSR Europe	Belgium	Non-business stakeholder	Mr. Stefan Crets	Executive Director
DNV	Norway	Professional services	Mr. Christian Ruhs	Head of Corporate Audits & Financial Governance
GDF Suez	France	Gas, Water & Multiutilities	Ms. Malia Belkacem	Senior CSR and strategy programs Manager
Hitachi, Ltd.	Japan	Technology hardware & equipment	Mr. Brian Larnerd	Senior Manager Corporate Social Responsibility & Chief Executive for the Americas Office
Infosys	India	Software & Computer Services	Mr. Kaushik Ramakrishnan	Europe Client Partner - Sustainability Solutions
Innovation Norway	Norway	Non-business stakeholder	Ms. Trude Andersen	Head of CSR
KPMG	United Kingdom	Professional services	Ms. Eleni Pasdeki-Clewer	Sustainable Procurement Programme Manager



Marshalls plc	United Kingdom	Construction & Materials	Mr. Chris Harrop	Group Marketing Director
Nokia	Finland	Telecommunications	Mr. Mika Kiiskinen	Director
Reed Elsevier	United Kingdom	Media	Dr. Márcia Balisciano	Director, Corporate Responsibility
Rio Tinto	United Kingdom	Industrial Metals & Mining	Ms. Liyang Li	Adviser - Global External Affairs
Shop Direct	United Kingdom	Leisure Goods	Mr. Michael Spenley	Supply Chain Development
STR Responsible Sourcing	USA	Professional services	Ms. Rachelle Jackson	Sr. Director, Sustainability Practices
Telenor Group	Norway	Telecommunications	Mr. Stein Hansen	Senior Vice President
UK Local Network	United Kingdom	Non-business stakeholder	Mr. Steve Kenzie	Network Contact Person
UN Global Compact Office	Global	Non-business stakeholder	Ms. Anita Househam	Issue Manager – Supply Chain Sustainability and Coordinator of the Advisory Group