



Second Meeting of the United Nations Global Compact Advisory Group on Supply Chain Sustainability

23 June 2010

**UNA-USA Offices
New York, USA**

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Summary

The second meeting of the UN Global Compact Advisory Group on Supply Chain Sustainability was convened on 23 June 2010, in New York. The meeting, which took place on the day before the 2010 Global Compact Leaders Summit, was chaired by Mr. Mads Øvlisen, Member of the UN Global Compact Board and Chair of the Advisory Group.

The meeting gathered 20 business representatives for a one-day discussion on the issue of supply chain sustainability. The objective of the meeting was to present the project deliverables resulting from the first phase of work on this issue for discussion and feedback. It also aimed at consulting with Advisory Group members regarding communication and rollout strategies, as well as discussing emerging issues on the horizon for business and the next steps for the Global Compact to take on this issue. Several members of the advisory group were invited to present their company's sustainable supply practices.

Key outcomes:

- The Advisory Group recommended that the Global Compact continue working on the issue of supply chain sustainability, and agreed to carry on as an Advisory Group for the Global Compact Office. The members of the Group asked the Global Compact to develop a new Terms of Reference for the Advisory Group to be discussed with the members and other stakeholders.
- The members of the Advisory Group agreed that the resources produced will be helpful for Global Compact participants in embedding sustainability issues in their supply



management practices, and that the new guide provides useful recommendations both for newcomers and more experienced companies.

- Regarding next steps, it was recommended that the Global Compact Office, together with partner organizations such as BSR (Business for Social Responsibility), should focus on finalizing and raising awareness of the new guidance material to business before embarking on any new projects.
- Finally, the Advisory Group asked the Global Compact Office to develop a strategy for Phase 2 of this project, including a list of concrete project ideas, for the Advisory Group to consider before the next meeting of the Group.

Key action points

- The Global Compact will, together with partners, finalize ongoing projects and disseminate the resources to the business community.
- Advisory group members will help identify opportunities for distributing the new resources through their own networks.
- The Global Compact Office will develop a new ToR for the Advisory Group, as well as strategize about priorities for the next phase of work related to supply chain sustainability. These documents will be shared and discussed with the Advisory Group and other relevant stakeholders.
- The Global Compact and BSR will convene a conference call for the Advisory Group in the fall of 2010.

Opening remarks and welcome

The Chair of the Advisory Group, Mr. Mads Øvlisen, officially opened the meeting and, on behalf of the Global Compact Office and the Global Compact Board, thanked the advisory group members for their willingness to work with the Global Compact and BSR on this issue.

He outlined the objectives of the meeting and encouraged the members of the Advisory Group to provide feedback both on the process and the deliverables. Mr. Øvlisen thanked the members of the Group for contributing actively in this process, and for providing recommendations, sharing comments and examples of good practices with the Global Compact and BSR team. He highlighted the importance of this work for the Global Compact Office and acknowledged that



the new guidance has filled a critical gap, where the Global Compact now can provide guidance to companies in how to implement the ten principles in their supply chain management.

Presentation of “Supply Chain Sustainability: A Practical Guide to Continuous Improvement”

Mr. Cody Sisco and Ms. Blythe Chorn from BSR convened the first session where the final version of the guide was presented to the Advisory Group. Mr. Sisco introduced the session, walking the participants step by step through the different sections of the guide. Ms. Chorn subsequently outlined some of the issues that were chosen not to be included in the current version of the guide, such as impact on the broader community, worker empowerment and downstream engagement. They encouraged the Advisory Group to provide feedback on the guide and to provide suggestions as to where we should go from here.

The members of the Group expressed satisfaction with the final result, and said that the guidance is valuable for Global Compact signatories and that the recommendations it provides are useful both to newcomers and more advanced companies. They said it was important to include sections on sub-tier engagement in the guide as well as a separate section on partnerships, collaboration and stakeholder engagement. Some members questioned the usefulness for SME customers and smaller suppliers.

Members of the Group raised some challenging issues, including: addressing the fact that suppliers may be actively outsourcing their problems; clarification of the drivers of sustainable supply management (security of sustainable supply, investors and consumers); defining what due diligence means for supply chain, and the relationship between supply chain management and inclusive economic development.

Key recommendations:

- In addition to the existing English version, the guide should be translated into all other UN languages (French, Spanish, Chinese, Arabic, Russian), to ensure its uptake by companies all around the world.
- Explore development of a pocket version of the guide, or a “build your own” functionality on the website.

Presentation of the new website “Sustainable Supply Chains: Resources and Practices”



This session was cancelled due to technical difficulties. However, Cecilie Hultmann of the Global Compact Office informed participants that a first test version of the website was ready to be launched the following day at the Leaders Summit. The website will be made available from the Global Compact website. A final version of the website will be released in the fall of 2010.

The Online Learning and Assessment Tool – Progress and Next Steps

Mr. Sisco of BSR updated the Advisory Group on the status of producing the online learning and assessment tool. He informed the advisory group that Global Compact Office and BSR had made the decision to postpone the project due some difficulties with regards to the technical options for the tool. The new aim was to complete the project and launch the final version in the fall of 2010. He then outlined the process of developing the content of the tool, and walked the participants through the main modules and assessment questions.

The Advisory Group agreed that the overall outline of the content of the tool seemed sensible.

Key recommendations:

- The tool should be closely linked to the recommendations provided in the implementation guide.
- It is critical that the tool generates an instant report providing feedback on the assessment.
- The Global Compact and BSR should invite the members of the Advisory Group to test the tool before it is finalized and launched.

Communication and Rollout

The next session focused on communication and rollout strategies, and was moderated by Ms. Cecilie Hultmann of the Global Compact Office. She introduced the session outlining the consultative process during the development of the deliverables, including some of the organizations and stakeholders that had provided input during this process. She explained how the Global Compact Office planned to communicate the launch of the deliverables the following day, including with a brief presentation by Mr. Mads Øvlisen during the Summit, a news item on the Global Compact website, a mentioning in the Monthly Bulletin to Global Compact participants and in the bi-monthly newsletter to Global Compact Local Networks. The work of the advisory group, and a description of the resources produced, was also included in the *Global Compact Annual Review – Anniversary Edition*. Ms. Hultmann asked the participants for input



regarding how the Global Compact and partners can raise awareness of the guidance, and how the Office can support the implementation of the guidance by Global Compact and beyond. She also invited Advisory Group members to share how they can support this effort.

Key recommendations:

- Engage Local Networks in the rolling out of the resources (from translation to use). Ask Networks to present guidance at their meetings.
- Prepare a few powerpoint slides presenting the guide that can be used by Advisory Group members, Local Network focal points and others to present the guide.
- Share the resources with industry groups, supply chain initiatives and organizations, and encourage them to distribute to their constituents.
- Produce a “how to use this guide” to be posted on the website where the guide is made available.
- Convene webinars to present the guidance to Global Compact signatories.
- Explore the possibility to use social media such as Facebook to disseminate information and to allow the public to comment.
- Use the guidance to organize training and workshops for Global Compact signatories.

Several Advisory Group members said they were willing to distribute the guidance through their own network of contacts.

Emerging Issues “On the Horizon” – kick-off presentations by Advisory Group Members

In the final session of the meeting, the members of the Advisory Group were invited to share their views on emerging supply chain issues facing business, and what role the Global Compact and partners can play in supporting business in overcoming some of the main challenges these may present. The first part of this session was moderated by Ms. Claudine Musitelli of the Global Social Compliance Programme (GSCP). Several advisory group members were invited to kick-off the discussion by presenting their companies’ sustainable supply practices as well as some thoughts on emerging issues facing their company, including: Mr. Sandeep Dadlani, Infosys; Ms. Marcia Balisciano, Reed Elsevier; Ms. Zoe McMahan, HP; Ms. Beroz Gazdar,



Mahindra & Mahindra Ltd; Mr. Willem-Jan Laan, Unilever; and Mr. Gustavo Perez, Restaurantes Toks.

Emerging issues identified:

- Greening the value chain: need to address impacts across the value chain by working with suppliers to improve in particular carbon, water and waste footprint as well as reduce the impact of consumer use.
- Challenge of defining companies' «sphere of influence» and segmenting between key suppliers and those who represent the most risk to the company. Emerging practice is to build the capacity of first tiers suppliers to engage with (monitor and audit) their own suppliers.
- A need to improve corporate systems and processes to protect from emerging sustainable supply chain risks. A company is never 100 per cent safe from risk, but in general supply chain sustainability issues are not systematically identified, assessed and mitigated.
- The importance of collaboration for impact: development cooperation (with governments and NGOs), certification schemes and engaging in industry collaboration. In some areas, cross- industry collaboration is needed (such as gold).
- Need to clarifying the benefits of sustainability programs: sustainable supply chain is about the sustainable supply of input; supply chain sustainability may lead to competitive advantages.
- Need to introduce better management practices in a shorter timeframe.
- Challenge of accessing small suppliers (such as smallholder farmers) in areas of weak governance (particularly in developing countries).
- Improving impact on local communities: strategies to link small producers into the companys supply chain.

Emerging Issues and Next Steps - Discussion

The discussion around emerging issues and next steps for the Global Compact Office was moderated by the Chairman Mr. Mads Øvlisen. He asked the Advisory Group to share their recommendations regarding the overall strategy of the Global Compact and partners on the issue of supply chain sustainability going forward.



Key recommendations:

- The Global Compact, together with partners such as BSR, should first focus on finalizing ongoing projects, and disseminating the guidance to Global Compact participants, before embarking on any new projects. The Global Compact Office should, as much as possible, monitor the uptake of the resources. The Global Compact Office should also consider how companies beyond the GC network can be reached with this guidance.
- In the next phase, it is important that the Global Compact and the Advisory Group focus on concrete and tangible projects to avoid becoming a "talk shop". The Global Compact should collect and evaluate existing resources out there to identify what already exists. Based on this, the Global Compact should develop a list of possible projects to focus on for discussion at the next meeting of the Advisory Group.
- The Global Compact should identify and invite a few small- and medium sized companies to join the Advisory Group.



- PARTICIPANT LIST -

Organization	Country	Sector	Name	Title
UN Global Compact Board	Global		Mr. Mads Øvlisen	Chair - UN Global Compact Advisory Group on Supply Chain Sustainability
Business for Social Responsibility	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	Procurement Director, Planning & Control
Ford Motor Company	USA	Automobiles & parts	Ms. Monique Oxender	Global Manager - Supply Chain Sustainability
Global Compact Network Spain	Spain	Non-business stakeholder	Ms. Cristina Sánchez (on behalf of advisory group member Ms. Isabel Garro Hernández)	Communications Manager
Global Social Compliance Program (GSCP)	Global	Non-business stakeholder	Ms. Claudine Musitelli	Director
Hewlett-Packard	USA	Technology hardware & equipment	Ms. Zoe McMahon	Supply Chain Social and Environmental Responsibility Manager
Infosys Technologies Ltd	India	Software & Computer Services	Mr. Sandeep Dadlani	Vice President - Retail, CPG & Logistics
Innovation Norway	Norway	Non-business stakeholder	Ms. Trude Andersen	Head of CSR
Mahindra & Mahindra Limited	India	General industries	Ms. Beroz Gazdar	Vice President - Infrastructure Development Sector



Nestle S.A.	Switzerland	Beverages	Mr. Christian Frutiger (on behalf of advisory group member Ms. Hilary Parsons)	Public Affairs Manager, Supply Chain
Reed Elsevier Group plc	UK	Media	Ms. Márcia Balisciano	Director, Corporate Responsibility
Social Accountability International (SAI)	Global	Non-business stakeholder	Ms. Eileen Kaufman	Executive Director
STR Responsible Sourcing	USA	Professional services	Ms. Rachelle Jackson	Director, Research & Development
Takeda Pharmaceutical Company Limited	Japan	Pharmaceuticals and Biotechnology	Mr. Koichi Kaneda	Senior Manager, CSR and Corporate Branding
Telenor Group	Norway	Telecommunications	Mr. Stein Hansen	Senior Vice President
Unilever	UK	Beverages	Mr. Willem-Jan Laan	Director Global External Affairs
Volkswagen AG	Germany	Automobiles & parts	Mr. Gerhard Prätorius	Head of Coordination CSR and Sustainability
Business for Social Responsibility (BSR)	Global	Non-business stakeholder	Ms. Blythe Chorn	Associate – Advisory Services
UN Global Compact Office	Global	Non-business stakeholder	Ms. Cecilie Hultmann	Issue Manager – Supply Chain Sustainability and Coordinator of the Advisory Group