



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

2-3 March 2011

**Presidente Intercontinental Hotel
Mexico City, Mexico**

Content

1. *Meeting report*
2. *Draft Mission Statement*
3. *Participant List*

Summary

The third meeting of the UN Global Compact Advisory Group on Supply Chain Sustainability was convened on 2-3 March 2011, in Mexico City. The meeting, which was hosted by Restaurantes Toks, was chaired by Mr. Gustavo Perez Berlanga, Senior Vice President CSR, Restaurantes Toks and member of the Advisory Group, in Mr. Mads Øvlisen's absence.

The objective of the meeting was to present the developments of the final project deliverable from the first phase of the work stream for discussion and feedback. It also aimed to outline the Advisory Group's mandate of the work stream as a whole, and to agree on concrete next steps.

Key outcomes:

- Commitment by advisory group members to actively proceed with the work stream.
- Development of a draft mission statement outlining the objective and priorities of the work stream going forward.
- Continuation on the finalization of the Self-Assessment Tool.
- Regarding next steps; the Global Compact Office will, with the support of Advisory Group members, proceed with the concrete deliverables in terms of maximizing the uptake of the developed resources.



- Finally, the Advisory Group members asked the UN Global Compact to develop a 1 year Programme Management Plan.

DAY 1

1. Opening remarks and welcome

Ms. Anita Househam of the Global Compact Office welcomes the participants and thanks Restaurantes Toks for hosting this meeting. She expressed a special welcome to the CEO of Restaurantes Toks, Mr. Federico Bernaldo de Quiros who joined the group for the first part of the session.

Apologies are made on behalf of Mr. Mads Øvlisen, Chair of the advisory group, who was unable to participate in the meeting due to illness. Gustavo Perez Berlanga from Restaurantes Toks kindly offered to Chair the meeting in his place.

2. Welcome and Presentation by our hosts: Restaurantes Toks

CEO Mr. Federico Bernaldo de Quiros welcomes the group to Mexico City and outlines some of the priorities of the company and how it will continue to work to integrate the principles of the UN Global Compact.

Mr. Gustavo Perez Berlanga presents the 3-day agenda, including the Advisory Group's visit to Guanajuato and the Santa Rosa marmalade factory.

3. Tour de Table – Reflections over the past year

Each of the participants were asked to introduce themselves and their organisation, and briefly outline developments and their priorities over the past year. In summary, the participants touched upon the challenges of ensuring their sustainability practices reached sub-tier suppliers, the issue of traceability (of raw material) and participation in global forums as priorities within their organisation.

4. The UN Global Compact; General Update, Including on the Supply Chain Website, the Practical Guide and the 2011 Annual Local Network Forum



Ms. Anita Househam provided the Advisory Group with an update on recent developments on the Practical Guide and the Supply Chain Sustainability website:

1) The Practical Guide

- a. New version 2011 – An updated version has been re-printed (750). The guide is one of the UN Global Compact's most popular publications, with over 500 copies disseminated since October 2010, and hits online.

2) The Website

- a. An MoU has been drafted and is currently being signed with CSR Europe.
 - i. CSR Europe's Role: responsible for day-to-day updating of the website (including reviewing new articles and resources submitted, and publishing approved articles); actively promote and raise awareness of the website through CSR Europe network of companies and stakeholders; reach out to organizations for further initiatives or practices; explore with the Global Compact Office how website can be approved; financially contribute to cost of developing and hosting the website (half of USD 12,000).
 - ii. The Global Compact Office's role: Overall responsibility for managing the website; manage relationship with technical service provider; reach out to organizations to encourage them to register their initiatives/practices on the website; together with CSR Europe identify potential supporting partners (regional)
- b. The UN Global Compact Office and CSR Europe are in the process of collating a list of potential partners.
- c. New Initiatives/Practices: CSR Europe has currently secured an additional 15 practices which will be posted on the website over the next week or so. A summary of these practices was presented to the group. The Advisory Group was informed that companies can submit examples directly on the website itself or by contacting Anita Househam at the UN Global Compact.

3) Other: The Annual Local Network Forum 2011 –

Will take place from 16 – 20 May. The event was scheduled to be Cairo, but has been moved to Copenhagen. There will be a lunch-time session on Supply Chain Sustainability on the 17 May, between the Human Rights and Labour Working Group meetings, linking the issues areas together.



5. The UN Global Compact and the Supply Chain Sustainability Work Stream

Ms. Anita Househam presented a summary of the UN Global Compact's 2011-2013 Strategic Plan; After 10 years, and with over 8,000 signatories, the UN Global Compact's focus for the next 10 years is to bring responsible business to scale. A goal of 20,000 participants by 2020 has been set by the UN Secretary General. Equally, the quality of participant engagement and participation will be improved by building on past experiences and lessons learned in the core areas; increasing transparency and sustainability reporting by all participants (CoP); building capacity of Local Networks; strengthening the UN-business platform; and improving management of Global Compact participants. Having very much focused on dialogue and learning, the UN Global Compact will increase its efforts to help drive collective and individual action (supported by dialogue and learning). Targeted efforts will aim to drive higher levels of performance by companies, whether as a started or at the cutting-edge of practice.

Ms. Sofia Elizondo of the Global Compact Office outlined in greater detail the Leadership Blueprint for Sustainability and LEAD:

The Blueprint for Corporate Sustainable Leadership, launched during the Leaders Summit June 2010, was developed to challenge and inspire companies to achieve higher levels of sustainability performance within the UN Global Compact. It provides an action plan in three core dimensions: (i) integrating the Global Compact ten principles into strategies and operations; (ii) taking action in support of broader UN goals and issues; and (iii) engaging with the Global Compact; as well as in cross-cutting components that enable the three dimensions. Value Chain Implementation is a major action item under the first dimension., (see more: http://www.unglobalcompact.org/HowToParticipate/Business_Participation/blueprint_for_corporate_sustainability_leadership.html)

Global Compact LEAD is a newly developed platform to serve as a vehicle for implementation of the Blueprint for Corporate Sustainability Leadership. (see more: <http://www.unglobalcompact.org/HowToParticipate/Lead/index.html>) There are 55 LEAD companies, some of which are also members of the Advisory Group. Since Supply Chain issues are a part of the Blueprint, and since there is an overlap of Supply Chain Advisory Group members with Global Compact LEAD companies, there is a potential link between the two work streams. The Advisory Group is asked to provide feedback.

Key recommendation:



- The Advisory Group will follow the development of Global Compact LEAD and revisit the discussion on linkages at a later date. At this time, the Advisory Group will continue to operate independently of Global Compact LEAD.

6. Looking Forward, part 1 – The Supply Chain Sustainability Work Stream

The initial phase of the workstream was very much focused on the delivery of 3 specific projects in 2010, with an unclear mission beyond this. The Advisory Group was asked to collectively identify what its objectives and priorities should be going forward. The session concluded with the development of a draft mission statement to be circulated to the whole group for further discussion and final sign-off.

Mission Statement of the UN Global Compact Advisory Group on Supply Chain Sustainability

The UN Global Compact Advisory Group on Supply Chain Sustainability addresses and acts on supply chain sustainability by identifying, implementing, and disseminating best practices globally.

Objectives

Serve as a global reference across sectors on supply chain sustainability.

Work to ensure the availability of practical tools and resources including guides, training, reference documents, recommendations, etc.

Inform and advise on common issues and solutions for supply chain sustainability across industry sectors e.g. raw material sourcing, policy, women's empowerment, anti-corruption, SMEs.

Approach

- Building on existing work of industry and regional groups or develop practical tools and resources as needed
- Leveraging the experience of the Advisory Group
- Feeding to and receiving feedback from Local Networks to promote best practices regionally
- Engaging with the UN system and other stakeholders
- Integrating across UNGC issue areas



Role of the Advisory Group

The Advisory Group was asked to consider what should be expected from its members, and who should participate. Since its inauguration, some Advisory Group members have not shown any active involvement, whilst requests have been made from other companies to participate.

Key Recommendations:

- *The UN Global Compact will draft criteria for membership in the Advisory Group*
 - *The Advisory Group should consist of around 20 active members, with good geographical and sector diversity.*
- *The UN Global Compact should actively facilitate dialogue and provide the Advisory Group with regular email updates.*
- *The UN Global Compact will provide information to the Advisory Group to 'build the business case' for their ongoing participation.*
- *The UN Global Compact will reach out to all current members requesting them to express their interest in their continued participating as Advisory Group members.*
- *The UN Global Compact will draft a Terms of Reference for discussion, outlining the criteria and expectations for participation.*
- *The UN Global Compact will present suggestions for how the continued work of the Advisory Group could be funded and what funding/contributions will be expected from each participant.*

8. Presentations by Companies

Mr Michael Wilhelmer from Arcelor Mittal presented their Responsible Sourcing Programme.

Ms. Ana Linares from Maersk Mexico presented their sustainability strategy.

Emerging issues identified:

- *Leading Companies see the business case in developing and implementing a responsible sourcing programme.*



- Multinationals with advanced sustainability programmes may face challenges implementing their standards in supplier environments.

End of Day 1

Day 2

9. Output: The Online Assessment Tool – Presentation of Mock-up and Draft Questionnaire for Discussion

Ms. Blythe Chorn from BSR updated the Advisory Group on the project's objectives and provided an overview of its status to date. The project was postponed from last year and revisited in the Autumn 2010. Over the past 3 months BSR and the Global Compact Office have had regular meetings with SAP in order to develop and complete the Self-Assessment Tool.

Key recommendations:

- On IP and branding:
 - Once the draft agreement has been formulated, the Global Compact Foundation's lawyers will review it with special attention to the IP issues. The outline legal agreement will also be shared with the group.
- User confidentiality:
 - Ask SAP to remove company name item in the profiling section to protect participant confidentiality and encourage completion of the questionnaire.
 - Ask SAP to only use ranges for answers on company information.
 - Ask SAP to make the industry classification table more generic.
- Content:
 - Ask SAP to adjust wording to improve clarity of questions.
 - The advisory group will review the questionnaire in greater detail over the next week and provide feedback to the UN Global Compact and BSR.
 - The group will consider whether the questionnaire caters for SMEs sufficiently.
- Mock-up of the tool should be ready for mid-April for review / testing within the advisory group.
 - The UN Global Compact will ask SAP to clarify how peer benchmarks are set and what happens with old data over time.



- Telenor and Cemex will pilot the questionnaire in advance of the mock-up version being ready to get feedback from SMEs on the value of the tool.



10. Looking Forward, part 2 – Outreach of Existing Tools

Ms. Blythe Chorn presented proposals for how the current tools can be best promoted.

Agreed next steps/projects:

- The UN Global Compact will develop a powerpoint presentation/curriculum to facilitate training/workshops and webinars by local networks, advisory group members etc. BSR, Ford, and Restaurantes Toks will provide material from their work which will feed into the material.
- Guide Translation
 - Spanish – Restaurantes Toks (ongoing)
 - German – Austrian Local Network (pending, seeking funding)
 - Chinese – Telenor, with input from STR Responsible Sourcing
 - Hindi (and other main Indian languages) – Telenor (confirmed, to be completed Spring 2011)
 - Portuguese – The Global Compact Office will explore opportunity with Instituto Ethos
- Quick Guide (for SMEs) – An online pamphlet (1 page front and back) will be developed based on the practical guide. SME input will be provided using Local Networks. Ford will work on first version early summer 2011 based on existing content in the Practical Guide. The Advisory Group will review and provide input over the summer so that the Global Compact Office can finalize in advance of the fall meeting of the Advisory Group.
- The KPI discussion will take place on the next conference call with the advisory group
 - The UN Global Compact will ask Advisory Group members to send their current KPIs so that these can each be individually presented to the group and incorporated into a proposal for future work on this topic.
- Online Assessment Findings Report – AG members were interested in this idea, but deferred a decision until later in the year until the tool had been launched.
- Programme Management Plan for next year – to be developed by the Global Compact Office.

Next Meeting TBC – Fall 2011



- PARTICIPANT LIST -

Organization	Country	Sector	Name	Title
Arcelor Mittal	Luxembourg	Industrial Metals & Mining	Mr. Michael Wilhelmer	Manager – Global Procurement Services
BSR	Global	Non-business stakeholder	Ms. Blythe Chorn	Associate, Advisory Services
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 Mexico	Mexico	Non-business stakeholder	Mr. Rodolfo Sagahon	Network Focal Point
UN Global Compact Office	Global	Non-business stakeholder	Ms. Anita Househam	Issue Manager – Supply Chain Sustainability and Coordinator of the Advisory Group
UN Global Compact Office	Global	Non-business stakeholder	Ms. Sofia Elizondo	Special Adviser
Hitachi, Ltd.	Japan	Technology hardware & equipment	Mr. Brian Larnerd	Senior Manager Corporate Social Responsibility & Chief Executive for the Americas Office
Infosys Technologies Ltd.	India	Software & Computer Services	Mr. Balu M. Balashankar	Senior Delivery Manager
Maersk Line	Mexico	Industrial	Ms. Ana Linares	Process Excellence Manager



Mexico		Transportation		
Cafeterias Toks S.A. de C.V	Mexico	Beverages	Mr. Gustavo Pérez Berlanga	Senior Vice President - CSR and Toks University
Social Accountability International (SAI)	Global	Non-business stakeholder	Ms. Eileen Kaufman	Executive Director
Telenor Group	Norway	Telecommunications	Mr. Stein Hansen	Senior Vice President
Volkswagen AG	Germany	Automobiles & parts	Dr. Gerhard Prätorius	Head of Coordination CSR and Sustainability