

PUTTING PRINCIPLES INTO ACTION



NETWORKS CONFERENCE London, 4/5 November 2004

A pre-conference briefing paper for UNGC Country and Regional Networks,
prepared by the UK Global Compact Network

SESSION 1: A GOVERNANCE SYSTEM FOR NETWORKS

Challenges

- How can UNGC participating companies learn from each other about how the ten principles could or should be implemented?
- How can matters be debated at GC network stakeholder level, and decisions taken at a global level which apply to all Global Compact participants?
- How can participating companies benefit from local contact with other GC participants and still be part of a global enterprise?
- How can support be delivered from the UNGC office to the participants?

The UN Global Compact currently has 1,700 participating companies. As this number continues to grow, an informal, one-to-one relationship between the UNGC office and each company is less and less feasible.

In many countries, companies and other stakeholders have already begun to add structure by organising themselves into networks. At present, the relatively small number of networks still permits a representative of each network to gather round a table to exchange ideas- as they will at the London conference.

It is hoped that the conference will be able to act as an interim decision making body for the GC. But for the longer term, the GC networks need to be linked by a more formal governance system, which

- is robust, representative and credible;
- allows the UNGC to make proactive, consensus-based policy statements;
- facilitates practical and cost-effective decision-making at local, national and global levels.

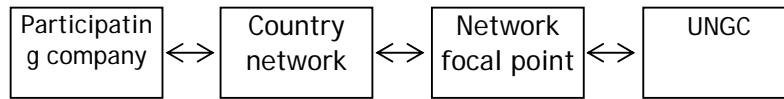
Delegates to the London conference are invited to contribute ideas for the formation of a basic governance system for the GC networks.

Points for discussion

A governance system for UNGC networks needs to delegate decision making to a manageable number of individuals, without diluting the intentions of individual participants through too many layers of government. It also needs to ensure parity of representation for all signatories.

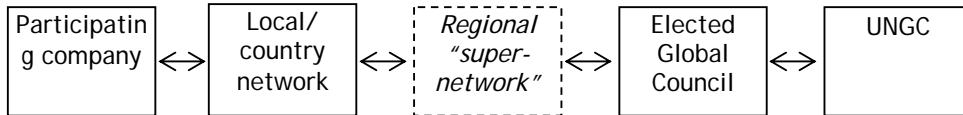
It is clear that defining networks on national boundaries alone will not accomplish this. Geography (and geopolitics) might suggest the organisation of regional groupings. For instance, participants in Europe might find advantage in sending delegates to meet under a European umbrella. Also participants in vast countries such as Australia or the USA might find it convenient to hold regional meetings.

Current structure / *de facto* information flow



Possible future structure

As the number of participants grows, a more formal structure will aid global decision-making. For example:



- Is this a suitable model for governance of UNGC networks over the next 5 years?
- What constitutes "critical mass" at the local or national network level - in other words, can a network have "too many" members? Or too few?
- How do we make selection of representatives democratic, when networks vary so greatly in size and make-up?
- Similarly, when we select delegates from amongst the networks for a higher decision making body, how can we ensure parity of representation for participants? For example, which selection process would better reflect the circumstances of the GC: one participant, one vote or one network, one representative?

What could UNGC do?

- Continue to encourage the formation of networks
- Encourage networks to form higher-level regional groupings
- Maintain the integrity of the governance structure by 'approving' networks, reflecting the emerging network structure on the UNGC website
- Act as a communications hub, providing points of contact for new signatories on the website
- Establish a 'global council' of UNGC participants, composed of delegates drawn from the highest network level. The council could meet annually to make decisions on an agenda drawn up by the networks and the UNGC

What could individual participants do?

- Approach other participants to form local or country networks
- Once critical mass has been achieved, country networks consider regional groupings
- Regional groupings delegate representation to the global council

SESSION 2: TAPPING THE FULL POTENTIAL OF NETWORKS

Challenges

- The UN Global Compact has the potential to be the biggest action-oriented association of businesses in the world, with the widest and deepest geographical reach. How can we help the UNGC to reach and fulfil that potential?
- The UNGC exists to promote improved business performance in the area of the ten principles. Although this is largely delivered at single business level, we are beginning to see wider co-operation and interaction at national network level, as well as some truly international initiatives. How do we tap the reservoir of international corporate potential by providing for interaction between participants at all levels?

Points for discussion

The London conference will be an opportunity to explore the different ways we can work together, as individual companies, as networks and with other actors. Network representatives are invited to bring ideas and proposals to the conference.

Networks vary in size and countries have different histories of exposure to the issues of Corporate Social Responsibility (CSR). This is not a problem, but rather an opportunity. No one has a monopoly of correct perspective on the global CSR challenges which face us all, and the GC has great potential both as an 'introductions agency' and as a vehicle for sharing analysis and developing solutions.

Some opportunities:

- Businesses (and NGOs?) could come together, via the Global Compact, to work on particular CSR issues. These issues might be sectoral (e.g. water supply), thematic (e.g. access to medicine) or geographical (e.g. organisations with an interest in India).
- A "buddy" system could be established, where a more developed network develops a closer relationship with a nascent network with a view to exchanging insights and broadening perspectives on both sides.
- The UNGC should be capable of providing a powerful 'business voice' on matters of world policy. How can the governance and structure of the networks facilitate this?
- The UNGC has already established some excellent NGO connections. How can these be strengthened/maximised?
- There may also be an opportunity for greater involvement of certain core UN agencies in the work of the GC as a whole and in particular networks or initiatives.

SESSION 3: MAKING PROGRESS TANGIBLE: MEASUREMENT & COMMUNICATION

Challenges

Critics of the Global Compact claim that it cannot effectively demonstrate that it makes a difference in terms of improved corporate performance.

- How can we make improved corporate performance more transparent?
- How can we ensure that communication on improved performance is relevant, comparable and trustworthy?
- How can we measure and evaluate progress without introducing a massive bureaucratic or audit burden?
- How can networks help signatories to communicate their progress against the ten principles of the Global Compact?
- What is the role of the networks: encouraging, reinforcing, policing?

There are currently over forty local networks of participants operating around the globe. In most cases these are groupings of participants from a single country. These have largely grown up and developed through the 'goodwill' and support of participating local companies or through Government support. They are largely autonomous in operation and have various degrees of participation. In some cases NGOs are vital participants, in others national Governments provide the structure and encouragement to participate.

It is assumed that all participants in local networks perceive a benefit in meeting and communicating with other companies to discuss the merits and challenges of participation in the UNGC. In some cases, they share best practice in how to implement strategies which support the UNGC principles. For others it may be no more than a networking opportunity.

In other words, there is little homogeneity between the networks. This diversity makes it difficult to devise a common approach to measuring and communicating on progress - an essential mechanism of the UNGC.

Points for discussion: Measurement & transparency

The London conference should seek to develop simple measures to make more transparent the progress that companies make after signing up to the ten principles.

Network representatives are invited to bring proposals to the conference on this subject. One option is as follows:

- **Establish a simple points system** to reward initiatives or changes in practice made by a business in response to the challenges of the Global Compact.
 - Upon signing up to the GC, a business could register (with the GC office or regional or country network) its existing initiatives and standards of practice, starting in year one with a number of points to indicate its level of Global Compact Engagement.

- In each subsequent year, it registers continuing progress (in the form of initiatives or changes to practice) with regional or global offices to add points to its Global Compact Engagement score.
- A simple Index of Engagement under the Global Compact could then be established at the global level.

This proposal has the potential for endless and fruitless discussion about detail. Our aim should be to keep the whole process as simple as possible, with simple definitions for qualifying initiatives / changes.

Far more stretching is the challenge of measuring the quality or effect of change without introducing a massive bureaucratic or audit burden. This is a matter on which Global Compact participants can usefully work with NGOs, which face a very similar challenge in monitoring and evaluating the effects of their own programmes.

Points for discussion: Communicating change & progress

Some parties are of the view that networks should not get involved with the individual company's responsibility to demonstrate progress direct to the UNGC office. However, we suggest that it is desirable for networks to take some responsibility for communicating on progress on behalf of their members.

Here are some suggestions as to how this might work:

- **Networks police communication on progress by exception**
 - Companies submit their communication on progress to the UNGC website in the current manner within the annual deadline.
 - Companies not submitting their communication within the deadline are notified to local network by UNGC office. Local network undertakes to remind the companies in question of their lapse.
 - If communication fails to happen within a certain period, company names are removed from list of participants.
- **Networks promote more collective responsibility - a lighter touch.**
 - Networks operate their own areas within the UNGC website, allowing local companies to post communication on progress as part of a wider regional forum (to include matters of local / national interest such as case studies, papers, events etc.)
 - UNGC encourages the development of these regional hubs. Self-policing might be more effective at this level due to greater familiarity with the individual companies.
- **Networks communicate on collective progress**
 - Companies submit communication on progress as they do now, but networks also have their own requirement to submit a collective progress report to the UNGC website. This would report on activities during the year and submit plans for the coming year, with the focus on demonstrating collective, rather than individual company progress.

All these options have resource and governance issues and need to be driven by the desire of the networks to play an active role to strengthen the UNGC.