

# Annual Report for the German Global Compact Network 2007

*Deutsches Global Compact Network (DGCN)*



## Network objectives and priorities

- What are the main priorities for the Network this year?

→ 1) In 2007 the German Global Compact Network primarily focused on reforming its internal setup and governance structure, circling around the formation of a steering committee. After the approval by the German Global Compact members, a multi-stakeholder steering committee was elected, each sector voting for their respective representatives: Now the committee comprises of 8 formally chosen members, four representatives from the private sector, 2 from NGOs and 2 from the public sector, representing the most closely involved national ministries. Furthermore, standing replacements were identified in order to secure a continuous representation.

2) As in past years, the Network's topical work focused on two activities, first two "working conferences" utilized by members and some invited guest speakers as a learning platform, and second the Network's Global Compact Yearbook, soon to be published at the end of 2007.

## Organization

- Who is the network focal point?

→ The Network's Focal Point is financed by the German Federal Ministry of Economic Cooperation and Development, set up within the structure of the German Technical Cooperation's (GTZ) Public Private Partnership Office. Responsible are its Director Jörg Hartmann and Constanze Helmchen.

- Is there a steering committee or decision making body? How often does it meet?

→ As described above, a steering committee was elected in summer 2007. It will be convened at least twice yearly, supported by the Focal Point.

## Participation

- Who are the network participants (number of MNCs, SMEs, sectors represented, civil society, and government)?

### Global Compact Members Germany

Category	Formal GC members	% of total GC members	Associated members <sup>1</sup>
Companies	50	43,48	
Small and Medium Enterprises	46	40,00	

<sup>1</sup> No formal membership, but regular participation in Global Compact Meetings.

<b>Business Associations<sup>2</sup></b>	4	3,48	3
<b>Cities</b>	2	1,74	
<b>Nongovernmental Organizations</b>	7	6,10	4
<b>Academic</b>	3	2,60	8
<b>Foundations /CSR-Organizations</b>	3	2,60	2
<b>Public Sector</b>			3
<b>Total</b>	<b>115</b>	<b>100</b>	<b>20</b>

- What is the relationship between the network and the government?

→ The relationship is defined on several levels: First, within the German government the Federal Foreign Office deals with the United Nations and its agencies. Hence, the German Global Compact Network is in close contact and coordination with this Ministry in all aspects of general UN-politics. Secondly, the German Federal Ministry of Economic Cooperation and Development decided some time ago to support the Global Compact and its development and outreach in Germany (and sub-Saharan Africa) and finance a support structure to initiate constructive multi-stakeholder learning and discussion on relevant topics. Hence, the GC Focal Point for Germany is currently located within the GTZ-structure. Thirdly, most recently the government has been given an official voice in the steering committee of the German GC Network (see above). Here, not only the Ministries of Foreign Affairs and Economic Cooperation are involved, but in addition the Ministry of Economics and Technology is invited to participate.

### Activities

- How does the network play its role as a promoter of the Global Compact at the local level, adapting universal values into local language and culture (outreach, learning, policy dialogue and partnership events relating to the ten principles and the Millennium Development Goals, translation of documents, website in local language, etc)?

→ 1) In regular conferences members discuss the local adaptation of GC principles, including the problems and challenges in doing so. These conferences, twice in 2007, also serve as outreach to new members and interested parties, potential new members, academia and NGOs, and to a certain extent for policy-relevant dialogue with members from the public sector and politics.

As in years before, by the end of 2007 the German Focal Point will have organized the translation into German of three updated especially relevant publications. It will also have launched a new stand-alone website for the German Global Compact Network in German (and possibly in part in English).

- How does the network encourage “Communications on Progress” and support the development of case studies according to the GC research guidelines?

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<sup>2</sup> Local and global Business Associations.

→ The German Focal Point supports its members in the formulation of COPs through relevant guidance material available in English and German and selected advisory services.

- How active is the network in promoting partnership projects? (see next bullet point)
- How does the network encourage deeper engagement of its participants through dialogue with several stakeholders and participation in local learning events (number of case studies and examples developed)?

→ Topics at our learning events and conferences have again in 2007 been chosen to deliver an appealing mix, above all for private enterprises but involving a tri-sectoral approach, i.e. involving a mix of inputs and speakers from the public, private and the NGO-sectors.

Due to the overlapping structure and personnel of the German Network's Focal Point with the GTZ's Public Private Partnership-Office, GC-members can easily be referred to the knowledgeable services of the PPP-team. In addition, companies also join forces with others beyond the Global Compact's framework, be that in dialogue or more formal partnership structures. Though difficult to trace and monitor these, and thus without substantial evidence, we are informed regularly that meetings at our conferences turn into some form of fruitful exchanges.

- What is the network's communication role,

In all communication processes the German Focal Point takes a more or less central role, unless member companies address themselves directly to the Global Compact Office in New York.

...between its companies and other stakeholders,

→ At GC-conferences the Focal Point brings together these actors; in response to concrete requests from stakeholders the Focal Point also acts as broker – transmitting contact details and communicating between parties in critical cases.

...with other networks world-wide,

→ Here, too, the Focal Point offers to connect interested parties from and to different networks; both on request and as part of network events.

...with the Global Compact Office,

→ regular communication in both directions

...with government and the public in a given country or region?

→ with the German government (see above); with the German public the Focal Point organizes some outreach, especially by way of participating in and speaking at relevant conferences and in cooperation with Universities and Young Leaders Seminars.

- To what extent does the network engage new companies with the Global Compact (number per year)?

→ The Focal Point and Network do not engage in actively recruiting new members. So far, 13 companies have joined in 2007 (both small/ medium DAX 30); in 2006 the German Global Compact welcomed 35 newly signed.

- Activities planned for the coming year.

→ The German Global Compact's Steering Committee has recommended the German Global Compact to focus on two specific topics: "sustainable (production and) consumption" and "human rights and business". Until later this year, members will have identified their specific interest on these issues in order to jointly formulate an adequate activities plan for 2008. Furthermore, companies will be encouraged to contribute to the budget for these and other activities, increasing their ownership in the Network's actions and profile.

- How has the network been engaged in issues relating to the integrity measures? And does the network have a policy on such engagement?

→ In 2006, the German Global Compact signed a Memorandum of Understanding with the National Contact Point for the OECD Guidelines which offers this arbitration mechanism also in case of non-compliance with the ten GC principles. However, up to date this mechanism has only been invoked once.

The highly publicized Siemens corruption case was followed by numerous questions to the Focal Point, on whether the company would be disqualified from the Global Compact. But as no official complaint reached the Focal Point, on the national level the Global Compact did not publicly react.

### **Progress**

- A short self-evaluation of progress made against objectives in the past year.

→ Compared to the status of the Global Compact in Germany a year ago – both in terms of Global Compact as an issue and as a network – progress has been made along three lines in particular:

a) Again, membership increased, in particular in terms of enterprises (now 2/3 of DAX 30) and academia.

b) 2007 marked Germany's presidency of the G8 process and summit. It is remarkable how consistently the Global Compact is mentioned in the Summit's accompanying and final documents: Alongside the OECD Guidelines on Multinational Enterprises and the ILO Labor Standards, the Global Compact's ten principles are thus stressed as one of three core instruments in furthering the debate and practice of corporate social responsibility. This certainly is testament to the awareness of public policy makers and the public – in Germany – of the Compact and its potential in shaping companies' behavior.

c) Within the German Global Compact Network, the debate on an adequate internal governance structure has moved forward significantly, with the election of a steering committee and thus appropriate institutional decision making structure (see above).

- Examples of best practices.

→ See the German Global Compact Yearbook 2007 (forthcoming shortly) for case studies.

- Major challenges that the network has faced and how they were tackled.

→ The major issue in 2007 for the German Global Compact was to define an appropriate governance structure for the Network. Considering the German Network's

multistakeholder approach, this was no minor challenge to retain the balance of membership between the private, public and NGO-sector during this process, and translate it into an appropriate and legitimized representation in the steering committee. In the end, consistently and vocally maintaining the multistakeholder principle as one of the network's key features served to guide the at times contentious debates to a fruitful solution.

## Attachment: Network Fact Sheet for 200\_:

Network Management								
Annual Network Meeting (yes/no)	COP facilitation (yes/no)	Helped to facilitate other integrity measures (e.g. complaint mechanism) (yes/no)	Website (if yes, URL)	Name Focal Point	Steering Committee (yes/no)	Steering Committee has non-business participants (yes/no)	Secretariat hosted by	Member fees (if yes, amount for Company/ SME/ other)
Yes	Yes, n part	Yes, since 2006	No	Jörg Hartmann, Constanze Helmchen	Yes, since 07 2007	Yes	Focal Point	No

Number Local Network Participants - both formal (115) and associated (20)										Government participation in Network
TOTAL	MNCs	SMEs	Micro-enterprises (<10 employees)	Business Organization	CSR Organization	Labour Organization	Civil Society organizations	Academic Institution	Other Stakeholders	Yes/ no
135	50	45	1	7	1	observer	11	11	9 (cities, foundations)	Yes

Number of Activities					
Outreach Events	Learning Events	Policy Dialogues	Partnership projects	Cooperation with other Local Networks	Other activities
10	2	2	~10	2	