

Annual Report 2007

Global Compact Network Ukraine



Background

UN Global Compact initiative was launched in Ukraine on 25th April 2006 in Kyiv with the support of leading local and multinational companies as well as senior representatives of Government. The first signatories of the initiative were 34 leading Ukrainian and Multinational private companies, associations and civil society organizations. Signatories of the GC in Ukraine stated their continued commitment to setting up a Global Compact network in Ukraine as the framework with which to push forward and promote corporate social responsibility and the Global Compact principles in Ukraine.

Network objectives and priorities

1. Global Compact promoted and GC network expanded and strengthened
 - outreach and promotion activities
 - building the capacity of the main CSR stakeholders
 - knowledge sharing and networking
2. Partnerships for development with private sector established .

Organization

The focal point of the GC Network in Ukraine is Ms. Elena Panova, Public-Private Partnership Officer. The network has only a general assembly which meets twice a year to discuss progress and agree upon specific activities and collective actions to be taken by the network members. The decisions are taken collectively by all members. The network members have decided to agree upon the governance structure of the network and elect Steering Committee by the end of 2007.

Participation

To date the Network consists of 79 participants among which are leading Ukrainian and Multinational private companies, SMEs, business associations and civil society organizations. There are 42 MNCs and big Ukrainian private companies, 6 SMEs, 2 micro-enterprises, 7 business organizations, 3 CSR organizations, 4 labour organizations, 14 civil society organizations and 1 academic institution. All major sectors of business are represented within the Network: banks, insurance companies, telecommunication, oil and gas production, food and beverages production, fast moving consumer goods (FMCG) production, metallurgy, pharmaceuticals production, building and construction, retail trade, consulting and a wide range of services. The number of GC signatories grows dynamically and rapidly – from 34 signatories as of the launch of the initiative in April, 2006 to 79 signatories as of September, 2007.

Ukrainian government supports the Global Compact initiative in Ukraine on both National and local levels. The examples that illustrate the commitment are as follows:

- The President and Prime Minister issued welcoming addresses to be included to the first edition of the Responsible Business Directory Ukraine (RBD).
- Representatives of Ministry of Labor and Social policy and Ministry of Economy were present at the launch of RBD and addressed the participants with the speeches.
- The President issued a welcome address to the participants of the international Media Forum on CSR organized by the UN under the auspices of the GC Network. A representative of the National Committee on TV and Radio broadcasting was present at the Forum.
- Regional GC launches are supported by both regional governors and city mayors.

**The Network activities for the period September 2006 - September 2007 include:
Outreach and promotion activities:**

- Two Regional GC launches conducted in Donetsk and Lviv regions in partnership with the Regional Chambers of Commerce and Industry and the Regional governors and mayors. A key note speaker of the event in Donetsk was Ms. Severine Deboos, ILO Programme Coordinator in Central and Eastern Europe.
- Pre-launch visit and presentation of GC has been conducted in Odessa in September, 2007. The GC initiative was presented to a number of stakeholders, such as local and regional authorities, business association, regional trade unions federation and local businesses. During the visit a press conference has been conducted at the Odessa regional press club. The launch event is planned for November;
- Presentation of GC initiative has been conducted at the International conference on Building Local Partnerships for Economic Development in Zaporozhie. The conference was organized by SUAL-RUSAL Company and local authorities;
- Presentation of “GC and Company Competitiveness” at the CSR Forum devoted to competitiveness organized by the Federation of Trade Unions in Ukraine on 31 May, 2007;
- The First Responsible Business Directory Ukraine published and launched in partnership with the Ukrainian Chamber of Commerce and Industry, European Business Association and American Chamber of Commerce. The event was also attended by the Government representatives, Deputy Minister of Economy and Deputy Minister of Labour and Social Policy who complimented private sector's engagement, realized in corporate social responsibility, on the way to social and economic well-being of the country.
- Three issues of the GC network newsletter has been released;
- The official web-site of the GC network in Ukraine has been developed, tested and officially launched during the General GC meeting on 27th September 2007: www.globalcompact.org.ua
- More than 70 publications including interviews has been issued in Ukrainian and international printed and web-based media (Georgia, Kazakhstan, Russia) about the Ukrainian GC Network, its activities and events. 2 special TV programs about CSR and GC organized at the National TV channels. 2 radio interviews carried out.

Building the capacity of the main CSR stakeholders:

- Multi-stakeholder discussion on “Corporate Social Responsibility: from charity towards sustainable development” conducted on 17 April, 2007 with the main objective to initiate a substantial dialogue between the main CSR players in Ukraine on the difference between charity and CSR and the external and internal reasons for businesses to emphasize predominantly on charity. A key-note speaker of the forum was Mr. Christian Thommessen, Director of the Private Sector Division, UNDP Headquarters. As a result participants together with UN GC Team agreed on holding a series of discussions, covering most appealing topics or issues in connection to CSR and experience/knowledge exchange.
- A workshop on Non-financial Reporting for the GC companies organized on 19 June, 2007. The training was conducted by Ms. Elena Topoleva and Mr. Andrey Topolev, international experts with extended experience in consulting companies in Russia and abroad on non-financial reporting. A special focus of the workshop was put on Communication on Progress (COP) reporting.
- Two round-table discussions on the role of media in CSR conducted under the auspices of Global Compact. The discussions were focused on the importance to distinguish CSR from charitable donations and on the role that media plays in the CSR development in Ukraine.
- The first International Media Forum on CSR was held in partnership with the Expert magazine and MTS company. The Forum brought together more than one hundred media representatives from all around the world together with experts from the private sector to discuss how media can reinforce the CSR development. The main objective of the Forum was to launch a debate about the two distinctive roles of media – on one hand as promoter, watchdog and educator on CSR related issues, and on the other hand as business itself which has its social and environmental responsibilities. The experience of leading media such as BBC, Great Britain; Kommersant, Russia; Newsbreak Publishing Inc., Philippines; Inter-news, Ukraine and Edipresse, Ukraine was presented and discussed during the Forum.
- General Meeting of GC signatories carried out in September. Models of GC network governance structure presented by the guest speakers: Mr. Michael Spenley, Executive director of Littlehoods Ltd., Chairman of the British GC network and Mr. Stamen Tassev, Executive director of the Bulgarian Business Leaders Forum, member of the Bulgarian GC network.

Knowledge sharing and networking:

- The CSR manager at UMC, a leading mobile operator and GC member company attended the first East European GC networks meeting on 23-25 April, 2007 in London to share the experience of the Ukrainian GC network good practices. Ms. Saprykina made a presentation on “GC promoting positive changes in UMC”.
- The Ukrainian GC network was represented at the Global Compact Leaders Summit on 6 July, 2007 with a delegation of 7 representatives from 5 leading GC companies: System Capital Management, Institute for Oil Transportation, Foxtrot, Geshtald Consulting Group and Donbass Fuel Energy Company.

Improving the CSR policy environment in Ukraine:

- At the request of Ministry of Economy, comprehensive comments on the Draft Government Concept for PPP development 2007 – 2012 were elaborated and submitted to the Ministry.
- Working relations with the Ministry of Labour and Social Policy have been established on developing a National Corporate Social Responsibility Framework on the basis of best international practices of development the national policies for corporate social responsibility.
- A Memorandum of Understanding between UN and the State Committee on Regulatory Policy and Entrepreneurship has been developed;

Partnership projects:

- 1) Advocating and promoting Global Compact principles
 - Main partners: System Capital Management and UN;
 - Main objective: advocating and promoting Global Compact initiative in Ukraine;
 - Project description: a partnership project has been signed between UN and System Capital Management, a GC company member. The SCM Grant of USD 50,000 to be utilized for advocating and promoting Global Compact principles through recruitment of Private Sector Communication Officer and development of GC web-site.
 - Status to date: GC Communications Officer hired, GC website developed, GC launched in Donetsk.
- 2) Say “STOP” to human beings traffickers
 - Main partners: International Organization for Migration (IOM) and Astelit (TM life:), KyivStar, and MTS;
 - Main objective: to join forces to counter trafficking in human beings and raise awareness on protecting Ukrainians’ rights when working abroad.
 - Project description: Partnership between the three leading national mobile operators and IOM on counter-trafficking of human beings through the establishment of short emergency number to be available free of charge to the potential victims of human trafficking. The agreement has been signed on 25 April together with the official launch of the project;
 - Status to date: a national toll-free counter-trafficking hotline "527" established. More than 1700 calls by now.
- 3) Enhancing youth social competencies
 - Main partners: Intel Microelectronics Ltd. and UNDP;
 - Main objective: Development of young peoples’ 21st century skills through establishment of e-communities and introduction of innovative ICT based tools.
 - Status to date: joint project on establishment of e-communities launched at 10 universities across the country.
- 4) Responsible Business Directory
 - Main partners: UN and UCAN. Additional partners: European Business Association, American Chamber of Commerce, Ukrainian Chamber of Commerce and Industry;
 - Main objective: Development of the first publication about socially responsible businesses in Ukraine for a wide audience in Ukraine and abroad. The main

objective of the project is to promote Ukrainian businesses already applying GC principles and CSR policies.

- Status to date: publication issued and launched.

More detailed information and photo galleries of the events are available at the web site of the Ukrainian GC Network www.globalcompact.org.ua

Planned activities for Sep 2007 – Sep 2008:

- To establish the governance structure of the network;
- To launch the GC in three more regions in Ukraine;
- To conduct GRI training for the GC members;
- To conduct 4 presentations of GC principles implementation, hosted by GC companies (under the initiative “Business talks GC to business”);
- To support the elaboration of COP reports;
- To further expand the partnership with private sector on counter trafficking in human beings by inviting two other Global Compact members – leading oil companies to join the initiative.
- To broker partnership between UNDP Ukraine and Coca Cola Ukraine under the umbrella of the Regional UNDP/Coca Cola water project “Every Drop Matters”.
- To develop a Joint UN Country Team Programme “Living Heritage” in partnership with Intel, the Ukrainian Government and academia;

Progress

The Ukrainian GC network has achieved all the annual targets agreed. The expansion of the network is rapid – from 34 signatories as of the launch of the initiative in April, 2006 to 79 signatories as of September, 2007. The GC participants are actively involved in all network activities, including supporting financially the network events. The main priority for the network will continue to be building the capacity of its members and the other CSR stake-holders in the country.

Best practices

<p>“Business talks GC to Business: a way to better understand and apply the ten principles”</p>	<p>“Business talks GC to Business” is an initiative introduced by the GC network Ukraine with the main objective to showcase best practices in implementing GC principles at company level during a visit to the selected company’s venue. The excellent range of presentations by the leading Ukrainian experts and strong business opinion leaders set the standards for such future company lead best practices meetings. When business talks to business, all benefits and advantages of joining the Compact are highlighted by a proven success stories by the real market players and this way it stimulates the private sector to be more projective in terms of the long term commitments to the ten principles.</p>
<p>Applying “One UN” approach to</p>	<p>A Private Sector Unit at the UN Resident Coordinator Office was established with the main objective to serve as a liaison between</p>

partnering with private sector	GC members, UN agencies and other national stakeholders by identifying potential partnerships and facilitating the partnership process. This joint approach avoids overlapping and competition among the UN Country Team members in their efforts to involve private sector in development partnerships as well as builds the capacity of the respective UN agencies' staff to work with private sector. Approaching the private sector as one UN and establishing the Global Compact network as a platform for multistakeholder partnership turned to be a successful model, leading to sustainable progress in involving and increasing the role of private sector in social and economic development of Ukraine.
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Major challenges faced

Rapid expansion of the network and the lack of governance structure make difficult the strategic management of the network. A lack of national ownership that is observed to date is expected to decrease after the governance structure is established and functional. Another challenge identified is that most of the subsidiaries implement locally the HQ's global CSR programmes which make them less flexible in engaging in locally developed initiatives and partnership projects.

Attachment: Network Fact Sheet for 2007:

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	No	Yes http://www.globalcompact.org.ua/	Ms. Elena Panova	No	N/A	United Nations Office in Ukraine	No

Number Local Network Participants										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
79	42	6	2	7	3	4	14	1		No

Number of Activities					
Outreach Events	Learning Events	Policy Dialogues	Partnership projects	Cooperation with other Local Networks	Other activities
5	4	2	4	3	