



**THE GLOBAL
COMPACT**

SHANGHAI DECLARATION

UN Global Compact Summit: China
30 November – 1 December 2005
Shanghai, China

We, the participants of the UN Global Compact Summit: China, agree to the following statements:

Role of Business in Society

- 1) Expanding global commerce is shaping relations and deepening interdependencies between states, cultures and people. Economic openness and advances in technology, science and communications have led to the globalization of business and, thus, to a fundamental shift in the pattern of economic activities and opportunities.
- 2) The ongoing transformation and expansion of markets around the world remains an uneven and fragile process. Due to the expanding reach of business, embedding universal principles in the global marketplace has become an imperative for creating more robust and equitable markets. Responsible business practices lead to social and economic inclusion, helping to advance international cooperation, peace and development.
- 3) Business can be an influential and practical force for good. The contribution of business to society is multi-faceted – from creating employment and income, providing technical skills and social benefits, strengthening management, to bringing market-based solutions to pressing social and environmental problems, and upholding universal principles. Responsible businesses have proven to be a positive force in spurring development and improving human conditions.
- 4) Responsible business practices as advanced by the UN Global Compact can significantly strengthen business operations. Proactive corporate policies and practices that respect human rights and ensure safe and decent workplace conditions, environmental protection and good corporate governance create more sustainable value and benefits for workers, communities and society at large. They also enable business to attract and retain skilled workers, save costs, enhance productivity, create trust and positive reputation with stakeholders, and build brands.
- 5) The financial community is increasingly connecting environmental, social and governance performance to a company's overall valuation, thereby placing a premium on businesses that responsibly manage such risks and opportunities.

Actions for Responsible Business

- 6) We, the participants of the *UN Global Compact Summit: China*, commit to continuously advance the implementation of the UN Global Compact and its principles. We will strive to give concrete meaning to a principle-based change approach in our operations. On our part, this requires ongoing efforts and partnerships with other actors of society, as

well as willingness to learn, engagement in dialogues and dedication to practical actions.

- 7) We commit to build on best practices and to form alliances and collaborative efforts with like-minded businesses, including between foreign and local companies and within industry sectors.
- 8) We recognize the promise of cross-sectoral approaches to overcoming societal challenges and will form alliances and partnerships with actors in other sectors of society, such as not-for-profit organizations and educational institutions, to share experiences and knowledge regarding the implementation of the UN Global Compact.
- 9) We commit to carry-out educational and outreach efforts to ensure the integrity and safety of the workplace, as well as to inform employees about workers' rights, including the right for employee voices to be heard.
- 10) We commit to addressing key environmental challenges by taking action, where practical, in areas such as research, innovation, sustainable consumption and production, clean technologies, cooperation, education and self-regulation that can positively address the environmental degradation and damage to the planet's life support systems brought by human activity.
- 11) We commit to implement transparency in transactions, to develop no-bribe policies and to support a culture of good corporate governance.
- 12) We will ensure that supply chain capacities are built to effectively implement the UN Global Compact.
- 13) We commit to become proactive in critical areas where our voices and competencies can substantively contribute to the solutions of priority challenges, such as HIV/AIDS and other critical health concerns, and community engagement for sustainable and long-term development.

The Role of Governments

- 14) We recognize that business-led efforts can only be sustained and brought to scale if public institutions, the rule of law, and transparent and predictable regulatory efforts support responsible business practices. We ask Government to actively encourage principled corporate practices and promote accountability and transparency. Government can reinforce responsible business through educational support, incentives that reward good practices and disincentives to minimize negative behaviour.
- 15) We recognize that the wider benefits of responsible business practices can only materialize if Governments provide for and strengthen a multilateral trading system that is open, fair and non-discriminatory, and if they further improve the international financial regime by putting in place a healthy and orderly trading financial environment conducive to growth and development. We are especially concerned that protectionism and inward-orientation could deny developing countries the ability to take full advantage of trading opportunities where they enjoy a comparative advantage. We call upon Governments to show global responsibility by bringing the Doha round of trade negotiations to a successful conclusion – only then can business fully contribute to poverty reduction and harmonious development. We also call upon Governments that have not yet done so to ratify or accede to the United Nations Convention against Corruption as a matter of high priority.