

The Global Compact in Sri Lanka 14-15 June, 2006

Objective: To energize and inform Sri Lankan participants in order to strengthen their engagement in the Compact. To provide Sri Lankan companies and key stakeholders with a better understanding of the principles of the Global Compact, implementation options and the Compact's annual requirements re: communicating progress with a view to re-launching a Global Compact Network in Sri Lanka in late 2006/early 2007.

14 June

Series of bilateral meetings with potential/ already "champions" of the GC in Sri Lanka in key industries. Further motivate companies to engage in the initiative with a view to re-launching the Global Compact in the country in the months ahead.

15 June

Participants of the Global Compact in Sri Lanka were invited to attend a UN Global Compact/ Chartered Institute of Management Accountants (CIMA) workshop on strategic CSR and the Global Compact held at the CIMA auditorium in Colombo. Approximately 40 corporate participants attended the event which served to inform, energize and re-engage Sri Lankan Global Compact participants.

Mr. Chandra Jayaratne of the Chamber of Commerce gave a moving speech to open the event which highlighted how participation in the Global Compact can benefit Sri Lankan corporations. A portion of the workshop was devoted to distinguishing between philanthropy "doing good to look good" and strategic CSR. The point was made that strategic CSR is the new model for a sustainable business.

Mr. Ravi Fernando of MAS Holdings/Strategic CSR Futures worked with participants to assist them in developing a CSR Framework for their respective organizations. Ms. Melissa Powell, Regional Manager for South Asia, UN Global Compact Office informed participants about the Global Compact, recent developments and engagement opportunities including a potential GC Network and the Compact's annual requirement, the "Communication on Progress".

Key Outcomes of the two days:

- 1. The foundation of a GC Network in the country has been established. All key stakeholders expressed a strong interest in developing a Global Compact Network Steering Committee for Sri Lanka. (Organizations include the Employers Federation of Ceylon, Ceylon Chamber of Commerce, PIM, CIMA and UNDP along with a number corporate leaders from the key industries in the country.) Ravi Fernando, Global Compact focal point for MAS Holdings will continue to drive this process.**
- 2. Post-Graduate Institute of Management (PIM), the pioneer of advanced management education in Sri Lanka has recently joined the Compact. In**

addition to engaging in the GC's academic network, the Dean agreed to the following in terms of curriculum development: The institution will incorporate an elective on sustainability, political & environmental issues which will include the Global Compact in the syllabus for MBAs starting in January 2007.

3. Chamber of Commerce will have a large regional event focused on CSR in October/November which may provide a good opportunity to re-launch the Global Compact in the country. They also have "Peace & Reconciliation Committee" (new sub-committee recently developed that we should link with the GC's work on the role of the private sector in zones of conflict).
4. Chartered Institute of Management Accountants (CIMA) Sri Lanka hosted the Global Compact/CIMA workshop on Strategic CSR and will continue to partner with the Global Compact in order to help Sri Lankan corporations implement the GC principles into their day-to-day operations. Going forward, it was agreed that this professional body should play an important role in terms of advocacy and training linked to CSR and the Compact.
5. A lot of interest in engaging corporations/Government around the anti-corruption issue.

Bilateral meetings on 14 June included:

- Employers Federation of Ceylon
- Ceylon Chamber of Commerce
- PIM
- Aitken Spence
- MAS Holdings
- John Keels
- Hayleys
- Dialog
- Kelani Valley Plantations
- Mabroc Tea
- UNDP
- World Bank

Outcomes of bilaterals

1. Aitken Spence

Focus of Discussion: How can the company "activate" the GC & proposed methodology for implementation. Indicated that communication from local/national focal points GC faded out and as a result their COP was not submitted.

Follow-up:

- Building stronger commitment - creation of internal team/ network & branding
- Adopting 'eco tourism' as strategy to differentiate the business/environment focus
- Use the "We Support the Global Compact" logo at its hotels to promote the Compact and its principles
- They have another 34 companies that they could ensure sign-on to the Compact as well.
- Interested in participating on the GC Network Steering Committee that will be developed in the months ahead.

2. Employers Federation of Ceylon

- Variety of activities have been undertaken by the EFC to recruit businesses & create active engagement since the GC's launch in 2000.
- Major concerns were flagged as to the integrity measures/ complaints procedure recently adopted in the new governance structure of the GC. They don't feel the public method of handling complaints sits well with the voluntary nature of the initiative and feel it may create a vulnerability/expose some Sri Lanka companies to complaints from a variety of politically motivated unions.
- It was agreed that the UN GC Office can give a Global Compact Network in Sri Lanka (once established) the opportunity to vet any complaints received by our Office before our Office acts upon them.

Follow-up:

- Ravi will take the matter up with Gotabhaya upon his return. EFP will participate on the steering committee of the Compact in Sri Lanka.

3. Chamber of Commerce

- GC identified as an international link for the provision of tools & resources and national implementation is encouraged via local networking.
- Alliance with the Neelan Tiruchelvam Trust to recognize stakeholders with exemplary HR practices

Follow-up:

- Need some type of greater incentive for companies to engage in the Compact. A Corporate Citizen Award could be a good option.
- Peace & Reconciliation Committee (new sub-committee recently developed by the Chamber – link with the GC's work on the role of the private sector in zones of conflict)
- South Asian Alliance for responsible business (SAARC regional initiative)
1st Meeting held with Chamber of Commerce India, Federation of Chambers Nepal & Metropolitan Chambers of Nepal, Chambers in Pakistan inter alia.
2nd Forum scheduled for 2-3 November 2006
2nd – inauguration

3rd – programming

4th – site visits

Relaunch of GC could be linked to this international event.

- Event will serve to give SAARC Regional Excellence in CSR Award – Could link the Global Compact/principles to this award and have Georg Kell attend the event, and give award which would recognize a company for responsible corporate citizenship.
- Champions to be defined & recognised from different sectors. Build a nucleus of good cases with criteria of:

Community

Environment

Economic

Customer

Labour/ MAS Holdings

4. Hayleys & Mabroc Plantations

- Corruption is central issue. The realities of global trade & a competitive industry in the Sri Lankan context make the practical application of the anti corruption principle very difficult. It is difficult for a company to operate in the South Asian context.
- Need to create a level playing field (Coke & Gap signing on to the GC critical)

Follow-up:

To combat the corruption issue it is clear that there should be an attempt to create mutual understanding via a multi stakeholder process whereby UN agencies, corporate leaders & government come together. They would be interested in engaging in such a process.

- Named “Best Corporate Citizen of 2004 & 2005” (Schools, Ranaviru, Environment)

5. Post-Graduate Institute of Management (PIM)

- Has recently joined the Compact and is very interested to link-up with the GC Academic Network attend upcoming events. - Work related to the Tsunami & National Award for best HR Practices flagged

Follow-up:

- Provide details re: upcoming academic event
- Curriculum development: Elective to be incorporated on sustainability & political & environmental environment which will include the Global Compact in the syllabus for MBAS starting January 2007. Also present learning opportunities to company leaders showcasing good examples of implementation via learning & course content.
- Programme against corruption: Promoting anti-corruption through the MPA programme. Public corruption training offered among other initiatives.
- Programme on conflict prevention across the private sector at a national level
- PIM could be used as the venue for the GC Network steering committee meetings.
- PIM courses could be used to help companies operationalize the GC once they have joined the GC to ensure companies engage.

6. Dialog Telekom

- GC Principles & strategic membership discussed – championing CSR & influencing public policy in the long run discussed
- Dialog currently working with the Telecom Providers Association while also maintaining a Code of Ethics which is to be strategically branded & launched shortly. GC would fit well into the company's strategy.

Follow-up:

- Potential signatory

7. John Keells Holdings

- How the private sector can impact public policy through regional learning/collective action events (i.e. anti-corruption efforts in Malawi and Argentina)
- At JKH adoption of GC through a value system
- JKH has a number of diverse businesses and is working on a number of fronts to implement the GC principles:
 - Education English/Social Skills & soft skills/Career Guidance
 - Health Awareness on Aids & HIV with Ministry & ILO
 - Environment Village development: irrigation systems, electricity, sustainable agriculture (self help – buy produce) to improve quality of life
 - Community Development

Follow-up:

- Buy in & leverage the Colombo UN (UNDP in particular) to set up a steering committee with private sector partners. PIM is a good partner but should not necessarily be the driver though it could provide the venue. UNDP could be the driver of the Committee since there will be greater recognition of the initiative if it comes from UNDP.
- Ownership of the Government in the GC initiative is also critical (ensuring that government is on-board will carry the immediate advantage of making the Compact a high level initiative that flows down to all companies. Adoption of the 10 principles would then come more naturally.)
- Recognition element must be tied in – GC awards scheme is a good idea.

8. Commercial Bank

- Best practice since inception but official launch of corporate governance in 2003.
- Developed a CSR Trust (25 million) set up with focus on the following:
 - Human rights
 - Development
 - Worker Relationships
 - Scholarship scheme for undergraduates (2.5 mill per year)
 - Rs 2500 per month for 100 people – selection if students via UGC
- Innovative micro-finance schemes: Skill and integrity of applicant used as collateral for loan applications.

- There are a number of other large responsible companies in the country who should sign-on to the initiative.

9. World Bank

- Work with Small & Medium Enterprise Development: good links with regional chambers of commerce across the country for implementation.
- Anti-corruption also a priority issue.
- Interested in engaging the second tier of companies in Sri Lanka, not just the leaders (as the GC has been attempting to do until present)
- No agreement by the World Bank on the Compact's child labour principle.

Follow-up:

- GC Network in Sri Lanka could explore involving regional chambers of commerce and piggy-back on their structures such that smaller companies could also engage in the initiative.
- Chamber has done some great work on the role of companies in post-conflict situations. They have a very efficient Secretariat and could be useful from an organizational perspective re: getting a GC Network up and running.
- Send Global Compact CD Rom tool
- World Bank may assist with support & funding especially linked to SME engagement in the Compact.

10. UNDP

Follow-up:

- UNDP may develop a national human development report and the role of the private sector in development would be a key component of the report. The GC Network in Sri Lanka (once established) could contribute to this project.
- UNDP is interested in playing a role on the Steering Committee of the proposed GC Network however it will be important to articulate exactly what would be expected in terms of resources, perhaps a rotational meeting venue etc. They could play the minimum Secretariat function.
- Ensuring the Government is on-board with the GC initiative will be critical. They should attend the re-launch event etc. Important to ensure there is a strong partnership between the public and private sectors so efforts should be made to engage the Government as early as possible.
- UNDP will have a dialogue with the Finance Secretary (PB? PV?) in order to get him interested in the GC.
- UNDP would like private sector feedback to the UNDAP process. Ravi was invited to make a presentation to UN inter-agency group (which is developing the common country assessment in collaboration with the Government). The UN's common programming process would like private sector feedback and would like to explore ways to engage the private sector in the process toward reaching the MDGs.
- Ravi will brainstorm with Radhika after reviewing the country team briefing note that will be sent to him for his review.

- Ravi will send GC Network in Sri Lanka concept note to Abu.

11. Brandix

Follow-up:

- Interested in further engaging in the Compact including by showcasing good examples at the international level. They are also interested in participating in a GC Network in Sri Lanka. Feels that companies can achieve more if they collaborate with other Sri Lankan corporations and the Global Compact is a good platform for doing so.
- Provide further details re: the COP process when necessary.