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ARTICLE FOR *NIKKEI* ON THE GLOBAL COMPACT

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One of the most exciting trends under way in Japan today is the blossoming of corporate citizenship. Japanese companies – already established leaders in the world economy in a wide range of industries and sectors – are demonstrating ever stronger leadership in the advancement of responsible business practices, combining their renowned excellence in the production of goods and services with universal values. So it is not surprising that more and more Japanese companies are finding in the United Nations Global Compact a strategic platform to bring about positive change.

When I first proposed the Global Compact at the World Economic Forum in Davos in January 1999, I warned that globalization would be only as sustainable as the social pillars on which it rested. Global unease about poverty, social inequality and marginalization were beginning to reach critical mass. I was concerned that unless global markets were embedded in shared values and responsible practices, the global economy would be fragile, and vulnerable to backlash.

That is why I urged business to work with the United Nations to build and fortify those social pillars. I called on business leaders to join the Global Compact as a vehicle for exercising enlightened self-interest: to embrace universal principles in the area of human rights, labour and the environment, and to help achieve more stable and inclusive markets. The principles of the Global Compact enjoy universal consensus and legitimacy. They are derived from three declarations: The Universal Declaration of Human Rights; the International Labour Organization's Declaration on Fundamental Principles and Rights at Work; and the Rio Declaration on Environment and Development. In practical terms, the Compact does not ask business to do the job of governments; rather, it invites them to demonstrate that taking a proactive stand on human rights, providing decent working conditions, and protecting the environment is not only the right thing to do – it also makes good business sense.

I am delighted to report that business has heeded the call to action. More than 1,200 companies from over 70 countries, including Japan, as well as dozens of civil society organizations and global trade union federations, are learning how to work together through learning and dialogue. The Compact has inspired a range of new projects on the ground, and many corporations are addressing issues such as human rights for the first time. Business, labour and non-governmental organizations have discovered that cooperation is better than

confrontation. And the United Nations itself has learnt how to open up its doors and how to work with actors in the private sector.

For Japan, with its large number of multinational companies, a stable and inclusive global economy is clearly of great importance. In January 2001, Kikkoman became the first Japanese company to join the Global Compact. Today, 13 Japanese companies are participating – and interest is growing. Certainly, issues of social responsibility are not new in Japan. In the 1960s, for instance, corporate responsibility was expressed through efforts to improve management-labour relations. In the 1970s, Japanese society, including the private sector, began to tackle seriously the issue of environmental stewardship amid rising concerns about pollution and waste disposal.

Today, Japan is building on its solid track record on the environment to embrace broader social issues, including human rights – both at home, and, via their foreign operations and business partners, abroad. This is very encouraging. But we can do even better. I urge all Japanese companies and leading business groups to support the Global Compact by committing themselves explicitly to its principles. As we prepare for a major Global Compact summit meeting in New York in June 2004, I very much hope that more Japanese companies will step forward. The fact that many Japanese companies are already using the Global Reporting Initiative should provide further impetus, since the Compact and the Initiative work hand in hand – the Compact as a value-based platform for responsible corporate citizenship, and the Initiative as a model for public accountability.

The Global Compact Network Japan, created in December 2003, will be instrumental in driving our partnership forward. The Network will develop an approach specifically designed to meet the needs of Japanese business leaders, and strengthen partnerships with business organizations such as the Japan Business Federation and other corporate-responsibility groups in Japan and around the world. Through the sharing of experiences, the Network will advance the principles of the Global Compact, while ensuring that it is translated appropriately into the Japanese business community's special value system and culture. Through the active engagement of Japanese companies and other stakeholders, I am optimistic that the Global Compact will provide a useful platform to advance corporate citizenship and help produce a more sustainable and inclusive world economy so that globalization's benefits can be shared by everyone, including the world's poor.

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