A GLOBAL COMPACT FOR DEVELOPMENT

ADVOCACY & PUBLIC POLICY ENGAGEMENT
Advocate Conscientiously & Lobby Responsibly

SOCIAL INVESTMENT & PHILANTHROPY
Give Generously & Strategically

CORE BUSINESS
Invest Long Term & Be Profitable
Implement the Ten Principles
Develop Inclusive Business Models

PARTNERSHIPS & COLLECTIVE ACTION
A Global Compact for Development
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WHY BUSINESS SHOULD SUPPORT DEVELOPMENT
Companies increasingly recognize that advancing broader societal objectives is necessary to ensuring the growth and stability of their own business operations.

THE BUSINESS POTENTIAL
In many countries, particularly those that have remained at the bottom of the economic pyramid, a company’s deep commitment to infrastructure development, local capacity-building, education, health, job creation and disaster relief can be critical to advancing the national development agenda as well as helping the company to build new markets.

Corporate efforts that contribute to United Nations development goals are critical to growing sustainable and inclusive markets world-wide. Working toward UN objectives has a positive influence on a business’ reputation and credibility. Enlightened businesses also recognize the value-creation potential. The UN Millennium Development Goals (MDGs), which aim to improve the livelihoods of billions of people around the world, are an entry-point for business to engage in development. The MDGs have a particular emphasis in 2010, as the UN reflects on progress made in the first 10 years and looks ahead.

Successful development requires sufficient private sector investment to enable broad-based sustainable growth. Responsible investment can assure the longevity and robustness of UN interventions. Governments and the UN can benefit from the financial, logistical and practical support provided by the private sector. More than ever, businesses are needed to contribute, invest, and partner.

THE UN ENABLING ENVIRONMENT
Formal recognition of the private sector’s importance was recently given by the General Assembly in its 2009 Resolution under the agenda item Towards Global Partnerships (A/RES/64/223). This has reinforced the mandate of the UN to engage in public-private partnerships that advance humanitarian and development objectives. The UN Global Compact as well as a growing number of UN organizations are increasingly offering opportunities for private sector engagement, especially to advance the MDGs.

The UN acknowledges the significant contributions of the private sector towards humanitarian and development objectives, both through independent efforts and in partnership with the UN, Governments, civil society organizations, academic institutions or other entities. Approximately 50 percent of Global Compact participants who responded to the 2009 implementation survey indicated that they are engaged in cross-sector partnerships to advance the UN development goals.

Global Compact participants are engaging in important and influential activities that help to build frontier markets by providing opportunities and access within the Least Developed Countries. There is much to learn from these efforts and many of these programmes can be scaled further to maximize their impact.
WAYS BUSINESS CAN SUPPORT DEVELOPMENT
The following details the various ways in which companies can contribute to social and economic development.

CORE BUSINESS OPERATIONS & VALUE CHAINS

INVEST LONG TERM & BE PROFITABLE
To reach the Millennium Development Goals, investment and business growth in developing countries is needed on a much larger scale. This is especially the case for the Least Developed Countries, which are generally characterized by a small and enervated private sector.

By successfully locating core operations and supply chains in developing countries, in a responsible manner, companies can create jobs, generate income and contribute to the transfer of knowledge and technology in these locations. Companies that take a long-term perspective to doing business there will typically have a more significant and lasting effect on societies as they invest in physical infrastructure, educate the workforce and build capacity for local research and development.

IMPLEMENT THE TEN PRINCIPLES
Operating in countries where people are less likely to have their basic needs met and where regulation is not always enforced, companies must assess and manage their impacts on the population and the environment. Companies should assure that they operate in accordance with the ten principles of the Global Compact, in the areas of human rights, labour, environment and anti-corruption. If they do not, there is a risk that the negative impacts of their operations will outweigh the positive financial and economic effect of their investments.

Implementation of the ten principles constitutes, in itself, a direct and valuable contribution to development. Companies that uphold the effective abolition of child labour, for example, are well-positioned to help more children receive at least basic education. Similarly, businesses that work against corruption in all its forms contribute to the elimination of what is one of the single-most important barriers to development today.

DEVELOP INCLUSIVE BUSINESS MODELS
Over the last few years, companies - particularly those participating in the United Nations platform the Business Call to Action - are increasingly mobilizing their technologies, processes, products and skills to build more inclusive business models. This has the potential to contribute significantly to the eradication of poverty, as well as the realization of the MDGs.

Companies that engage the poorest segments of the population – often called the “Base of the Pyramid” – as suppliers, distributors or other types of business partners can help generate income and stimulate entrepreneurship. Similarly, companies that develop safe and affordable products for the poor and market them in innovative ways can help meet basic needs, increase productivity and raise the standard of living of the poor.

Experience suggests that building inclusive business models is also a commercially viable approach to doing business in poor markets. In some cases, such ventures can be profitable from the very outset. Often, however, they require considerable investments over time before they become profitable. For that reason, various forms of seed or venture financing are becoming available.

SOCIAL INVESTMENT & PHILANTHROPY

In many countries, businesses have traditionally offered different types of financial support to local communities and the poor, which continues to be a significant way for companies to contribute to social and economic development.

In addition to financial support, companies increasingly allow or even encourage employees to volunteer their time and expertise and also make product donations or other types of in-kind contributions. Companies increasingly are identifying and supporting synergies between core business imperatives and the needs of societies, that have a positive effect on both.

Establishing a more strategic link between social investments and core business makes it more likely for such activities to be sustainable and reach a
scale of significance. By doing so, companies may be able to make more resources available to contribute positively, for example, to education or the provision of healthcare, as long as they carefully consider any potential negative consequences their actions may have. Close cooperation with other organizations is also important to avoid duplication and maximize impacts.

ADVOCACY & PUBLIC POLICY ENGAGEMENT

At the local, national and global level, companies can make significant long-term contributions to development by engaging in advocacy and public policy formulation. This requires companies to acknowledge the overlaps between the most urgent development needs and challenges in their own operating environment, as is the case with water scarcity, widespread corruption, climate change or epidemic levels of HIV/AIDS. The private sector typically carries significant political weight and is able to call attention to particular development challenges. But they will be heard only in proportion to their willingness to raise their voices.

Corporate leaders can contribute significantly to development by participating in summits, conferences and other important public policy interactions related to sustainable development. They can also make significant contributions by engaging with governments to improve the status of social and environmental policy by, for example, encouraging appropriate healthcare and education reform and the adoption of sound social and environmental policies. Companies can also play an important role by calling for the strengthening of public institutions and their administrative capacity to bridge government gaps and improve the enabling environment.

PARTNERSHIPS & COLLECTIVE ACTION

While companies can, and do, make significant contributions to development when acting on their own, they are most likely to be successful if they join industry peers, NGOs, the UN and others in partnerships and collective action.

From small, local partnership initiatives to massive global advocacy campaigns, most UN agencies, funds and programmes have greatly improved their appetite for and ability to work jointly with the private sector and now engage in partnerships for mutual value and maximum impact. Similarly, a host of local, national and global civil society organizations are now teaming with business in joint efforts to solve shared challenges and meet common objectives, such as combating corruption or safeguarding the environment.

Partnerships with such organizations can be particularly useful in pilot projects when new and innovative approaches are required.
GLOBAL COMPACT PLATFORMS TO SUPPORT DEVELOPMENT

The Global Compact offers several platforms and tools for business to advance UN development goals. These platforms, linked to the ten principles, are focused initiatives and resources that leverage expertise to best contribute to development objectives.

BUSINESS.UNIT.ORG was launched in 2010, and is a joint effort of more than twenty UN organizations, coordinated by the Global Compact and the Office for the Coordination of Humanitarian Affairs (OCHA). The site allows companies willing to partner with, or contribute to, the United Nations to browse a catalogue of development needs and partnership opportunities, or submit ideas for collaboration. Based on shared interests, the site flags potential matches that are then connected directly. As the first central resource of UN system needs, the site is well positioned to contribute to UN goals by connecting development needs and interested private sector entities.

COMMUNICATING PROGRESS is a part of the commitment to the Global Compact. Participants must communicate annually with their stakeholders on progress made in implementing the principles. Far from a pure reporting exercise, the Communications on Progress (COP) are an opportunity for companies to showcase innovative approaches to sustainability and demonstrate how they contribute to society, from core business to collective action or social investments. While COPs have traditionally been used to demonstrate how companies integrate the principles in their core operations, more and more companies are using them to showcase their contribution to UN Goals and the MDGs specifically.

BUSINESS CALL TO ACTION (BCTA) is a multi-stakeholder, global partnership that challenges companies to adapt business models and apply their core competencies in innovative, commercially viable ways to accelerate progress towards the MDGs. BCTA provides its members with opportunities to share expertise, knowledge, and best practices for market-based approaches to development; advice and linkages with companies, donors, and other key stakeholders; and access to a high visibility leadership platform.

LOCAL NETWORKS advance the Global Compact and its principles within particular geographic contexts. They perform important roles in rooting the Global Compact within different nations and cultures, and help to manage the organizational consequences of the initiative’s rapid expansion. The over 90 Local Networks throughout the world conduct awareness-raising events, provide guidance and training programmes and convene multi-stakeholder events to address relevant regional development concerns.

THE WOMEN’S EMPOWERMENT PRINCIPLES are a set of seven principles offering practical guidance to businesses on how to empower women in the workplace, marketplace and community. The MDGs emphasize the important role of equal opportunity and full participation by women in society to development. The Principles seek to point the way to best practice by elaborating the gender dimension of good corporate citizenship and business’ role in sustainable development. They also aim to guide business’ interaction with government, civil society and other stakeholders in their work on gender equality.

CARING FOR CLIMATE is a voluntary and complementary action platform that provides a framework for business leaders to advance practical solutions and help shape climate change policy as well as public attitudes. Recognizing that ensur-
ing environmental sustainability is addressed by the MDGs, Caring for Climate offers an interface for business and governments at the global level, with the aim of transcending national interests and responding to the global nature of the issue with pragmatic business solutions.

**THE CEO WATER MANDATE** is a public-private initiative designed to assist companies in the development, implementation and disclosure of water sustainability policies and practices. It is increasingly clear that lack of access to clean water and sanitation in many parts of the world causes great suffering in humanitarian, social, environmental and economic terms, and seriously undermines the UN development goals. The CEO Water Mandate recognizes that the business sector, through the production of goods and services, impacts water resources – both directly and through supply chains.

**GUIDANCE ON ANTI-CORRUPTION REPORTING** provides practical guidance on a broad set of reporting elements and is rooted in existing reporting practice. Corruption is recognized to be one of the world’s greatest challenges. It is a major hindrance to sustainable development, with a disproportionate impact on poor communities. This practical resource will become integral to scaling up efforts in the fight against corruption.

**BUSINESS AND PEACE** initiatives of the Global Compact focus on enhancing the capacity of the private sector to make a positive contribution to peace and development. Conflict-affected countries around the world are the furthest behind in achieving the MDGs and yet a prerequisite for development progress is peace and stability. The Global Compact provides participants with a platform for sharing experiences and lessons-learned with a view to assisting companies in implementing responsible business practices in conflict-affected and high-risk areas consistent with the Global Compact ten principles. Recently launched resources in this area include the report “Guidance on Responsible Business in Conflict-Affected and High-Risk Areas: A Resource for Companies and Investors” and “Doing Business While Advancing Peace and Development.”

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**In the decade** since the Goals were first agreed, we have learned a great deal about what works, and where we need to focus our effort. Evidence shows that the Goals can be achieved, even in the poorest countries, when good policies and projects are backed by adequate resources.

- UN Secretary-General Ban Ki-moon on the Millennium Development Goals.
COMPANY EXAMPLES

The following is a list showcasing some of the activities that Global Compact participants are undertaking to address the MDGs. These scaleable initiatives reflect different types of engagement that collectively target all of the MDGs.

WHAT THE ICONS STAND FOR

**MDG 1:** Eradicate Extreme Poverty and Hunger

**MDG 2:** Achieve Universal Primary Education

**MDG 3:** Promote Gender Equality and Empower Women

**MDG 4:** Reduce Child Mortality

**MDG 5:** Improve Maternal Health

**MDG 6:** Combat HIV/AIDS, Malaria and other Disease

**MDG 7:** Ensure Environmental Sustainability

**MDG 8:** Develop a Global Partnership for Development
**Invest Long Term & Be Profitable**

**Diageo Plc.** (UK, Food Producers), joined a project to develop the local cultivation of ingredients and trained farmers to grow the crops needed for their product. Diageo breweries in Nigeria now source 95% of their grain from local farms, sustaining around 27,000 jobs. Diageo received a World Business and Development Award in support of the MDGs in 2008.

**Sumitomo Chemical Company** (Japan, Chemicals) with a joint venture partner, and in response to the Business Call to Action, has generated 7,000 jobs in Tanzania by establishing local factories; they will also explore the possibilities of opening sewing and logistics facilities. In addition, the company has donated over 330,000 anti-malaria bed nets – worth around $2 million – to the Millennium Villages programme in sub-Saharan Africa. One hundred villages in 10 African countries received the nets, enabling at least half-a-million people to be protected from exposure to malaria.

**Syngenta International AG** (Switzerland, Chemicals) provides innovative tools and technologies that help farmers produce more on limited farmland. The company developed a tropical sugar beet that yields the same quantity of sugar per hectare as cane in half the time, directly improving the livelihoods of smallholder farmers and their communities in developing countries. Syngenta received a World Business and Development Award in support of the MDGs in 2008.

**China Mobile Communications Corporation** (China, Mobile Telecommunications) is reducing their environmental footprint and raising public awareness on environmental protection by identifying and scaling up efforts to reduce emissions within the communications sector in China. Efforts include transferring to electronic billing, delivery of newsletters and developing an eBook programme.

**Levi Strauss & Co.** (US, Personal Goods) paired with Business for Social Responsibility to expand the hERproject peer health education training to six factories throughout Egypt. The hERproject connects businesses with health educators who train employees in reproductive health, maternal nutrition, disease prevention and accessing health services. In addition to supporting the hERproject, Levi Strauss has also sponsored an intensive return-on investment study in the hope of demonstrating that health awareness promotion can have substantial economic benefits to an employer.

**Promon S.A.** (Brazil, Software & Computer Services) operates a youth and family programme in an underprivileged community in Brazil. The programme provides activities and cultural learning opportunities. Adults are offered workshops on crafts and guidance on how to market their crafts to produce extra income. The programme has had several positive outcomes; in particular the extra family income has helped to decrease the incidence of child labour.

**Rio Tinto Plc.** (UK, Industrial Metals & Mining) recognizes the importance of gender as a factor in social dynamics, community development and stability. Rio Tinto published a resource guide entitled Why Gender Matters to explain key considerations regarding gender during
the planning and implementation of gender-related policies and initiatives. The main notion behind this guide is the concept of inclusiveness and equality.

Sayga Food Industries (Sudan, Food Production) has initiated and endorsed the Green Bakery project, which reduces the consumption of firewood at bakeries. The project also aims to lower the emission of harmful smoke particles by upgrading baking stoves used at traditional bakeries. The project has increased the bakers’ productivity and reduced the degree of occupational hazards.

Thales (France, Aerospace & Defense) has implemented a charter which states that the company will assure that suppliers comply with their Code of Ethics, the Global Compact principles and the OECD. This involves selecting suppliers from each market based on fair selection; defining and meeting mutual commitments; identifying and sharing risks; and protecting suppliers’ intellectual property rights. This approach helps to level the playing field, establishing fair competition in all markets.

Develop Inclusive Business Models

Cadbury (UK, Food Producers), the Cadbury Cocoa Partnership was created in response to the Business Call to Action to encourage the development of thriving cocoa communities in Africa, Southeast Asia, and the Caribbean. The Partnership, a £45 million ($73 million) initiative, supports sustainable cocoa farming and seeks to improve the lives and incomes of more than one million farmers. Through this initiative, Cadbury will promote sustainable livelihoods for one million cocoa farmers; increase cocoa crop yields 20% by 2012, and 100% by 2018; and create new sources of income in 100 cocoa farming communities.

The Coca-Cola Company (US, Beverages) along with local bottling partners has generated more than 6,000 new jobs in 15 countries across Africa through its Business Call to Action initiative that aims to significantly expand its network of locally owned, low-cost micro-distribution outlets, or Manual Distribution Centers (MDCs). Since 2008, The Coca-Cola Company has helped over 1,200 entrepreneurs open MDCs in base-of-the-pyramid markets. As a result of this initiative, the beverage company is on target to generate up to $320 million in new revenues.

Cemex (Mexico, Construction & Materials) developed an initiative to reduce the Mexican housing deficit which leaves more than 20 million people with inadequate shelter. Cemex and its network provide products and technical assistance, including architects who help design homes to optimize space and reduce waste. Cemex received a World Business and Development Award in support of the MDGs in 2006.

Danone (France, Beverages) Danone Poland developed a breakfast product, Milk Start, which has high nutritional value for children and is affordable for low-income consumers. The product is an instant formula, which does not have the storage issues prevalent among dairy products and beverages. Through a multi-stakeholder partnership with NGOs and local businesses, Danone manufactured, packaged, marketed and successfully distributed the product in low-income communities.

DSM N.V. (Netherlands, Chemicals) partners with the World Food Programme in Improving Nutrition, Improving Lives to ensure that nutritional needs of WFP beneficiaries are met. The programme focuses on enhancing both the quality and the quantity of the “food basket” that WFP offers to approximately 90 million impoverished people worldwide. DSM provides WFP with expertise, high-nutrient products, and financial assistance.
Endesa S.A. (Spain, Gas, Water & Multiutilities) developed a programme in poor areas of Brazil where customers exchange recyclable waste for electricity account credits. The programme has led to a substantial reduction of losses and unpaid accounts for Endesa and has helped to increase distribution to new customers who were previously unable to access electricity. Endesa received a World Business and Development Award in support of the MDGs in 2008.

MAS Holdings (Sri Lanka, Personal Goods) operates the MAS Women Go Beyond programme to encourage female employees – who comprise 75 percent of their total workforce – to work toward higher positions within the company by equipping them with the right skills. Initiatives of this programme include career advancement, work-life balance, skill enhancement and rewarding excellence.

MTN (South Africa, Mobile Telecommunications) offers real time health reporting via the Phones for Health programme in Kenya, Rwanda and Tanzania. Phones for Health allows health workers in the field to use a standard handset equipped with a downloadable application to enter health data. Once entered, the data is mapped and analyzed by the system and immediately available to health authorities at multiple levels via the web. The system also supports tools for communication and coordination among field staff.

SABMiller Pte (UK, Beverages)
SABMiller India partners with NGOs and agriculture scientists to educate farmers and disseminate best practices for barley cultivation. They also provide seeds and pesticides, and provide education on their proper usage. The programme’s aim is to improve the barley value chain in India and to secure a long-term reliable source of locally-grown barley. Farmers and the local community also benefit from optimization of land use. Securing income enables them to participate in the growth of the Indian market. SABMiller is a Business Call to Action participant.

Safaricom Limited (Kenya, Mobile Telecommunications) established M-PESA, a service allowing customers to transfer money and access other mobile banking services using their mobile phone. The reliable saving mechanisms and credit services provided by M-PESA have helped poor communities increase income and work their way out of poverty. Safaricom received a World Business and Development Award in support of the MDGs in 2008.

Tetra Pak Group (Sweden, Beverages) and their partners and customers work with local farmers to improve links between production, processing and consumption. Programmes exist in countries around the world, including Guatemala, Palestine, Pakistan, Bangladesh, Iran, Indonesia, Kenya and Russia. Tetra Pak received a World Business and Development Award in support of the MDGs in 2006.
Banco Itau SA (Brazil, Financial Services) together with UNICEF launched PIC/ Itaú child, an investment and capitalization plan managed by the company, in which part of the profits are converted into monthly contributions to UNICEF. The ultimate objective is to ensure an ongoing financial stream to education projects supported by UNICEF.

Eczacibasi Holding Co. (Turkey, Financial Services) in partnership with Georgia Pacific and Ipek Kagit developed The Solo Primary School Personal Hygiene Education Program which targets primary school students, teachers and principals as well as the National Education Directorates of cities and towns. The programme emphasizes the importance of using tissue paper to reduce the spread of disease. Eczacibasi received a World Business and Development Award in support of the MDGs in 2006.

GlaxoSmithKline (UK, Pharmaceuticals & Biotechnology) is committed to donating an anti-parasitic medicine, albendazole, to all countries where Lymphatic Filariasis (commonly known as elephantiasis) is endemic for as long as necessary to eliminate the disease. GlaxoSmithKline received a World Business and Development Award in support of the MDGs in 2006.

IKEA Group (Sweden, General Retailers) IKEA Social Initiative is working with UNICEF to deliver tangible benefits to advance children’s rights, such as health, education, protection, nutrition, water and sanitation, for millions of women and children in India. IKEA’s programmes for strengthening children’s rights aim to prevent and eliminate child labour and ensure the basic rights of children to receive quality education. By addressing the root causes of child labour IKEA is working in partnership to bring long lasting improvements to the rights of children.

ING Group (Netherlands, Financial Services) has established the programme Chances for Children that empowers children worldwide to discover their own potential. The programme includes various services such as homework assistance projects, mentoring programmes, painting classrooms and renovating playgrounds. ING employees act as donors and volunteers.

Merck & Co. (US, Pharmaceuticals) has donated $56.5 million to support the African Comprehensive HIV/AIDS Partnerships. Merck is also donating its HIV/AIDS medicines to Botswana’s national antiretroviral treatment programme, Masa, for the duration of the partnership. Merck received a World Business and Development Award in support of the MDGs in 2006.

Pearson plc. (UK, Media) works with Book Aid International to encourage literacy in East Africa through the creation of mobile reading tents in areas that lack access to libraries. Pearson has provided financial and in-kind support including books and publishing expertise. Pearson also supports the construction of libraries and community knowledge centers in these regions.

Unilever (UK, General Industrials) in partnership with WFP operates Together for Child Vitality, a programme that focuses on improving the nutrition and health of poor school children. Additionally they have developed a health and hygiene education programme now being incorporated in schools for teachers and students.
Deutsche Post DHL (Germany, Industrial Transportation) with OCHA has established a global network of Disaster Response Teams that provide free logistical support in the wake of natural disasters. A Memorandum of Understanding (MOU), signed upon deployment, regulates DHL’s cooperation with local government offices. These arrangements help to minimize the administrative efforts needed to launch a deployment, helping to avoid on-the-ground delays when major natural disasters strike. In January 2010, the team was deployed within 48 hours of the earthquake in Haiti to coordinate warehouse management of incoming aid and support airport logistics.

Environmental Quality International (Egypt, Support Services) has partnered with the local community and local authorities to learn from their knowledge of the environment and cultural heritage, and to build political support for their development projects. Key initiatives include industry-lauded ecotourism and the development of a cottage industry engaging women in the community to revitalize traditional handicrafts and artisanship.

Infosys Technologies (India, Software & Computer Services) has adopted overseas rules and regulations for emissions, which have higher regulatory standards compared to the current law in India. Through white papers and efficiency reports, Infosys has lobbied the government to adopt a more energy-efficient infrastructure. This has led to the creation of smart grids and a greater proportion of clean energy in the electricity grid.

Leo Burnett Co. (UK, Media) entered a multi-year pro bono alliance with UNIFEM to mount a public awareness campaign called Say NO—End Violence against Women that created an Internet-based platform for people to “click and be counted.” More than five million individuals signed on to the campaign, many using new media technology.
Business Contributions to Development

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Advocate Conscientiously & Lobby Responsibly

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The Principles of the UN Global Compact

The UN Global Compact calls on business leaders to embrace and enact the following set of universal principles within their sphere of influence.

**HUMAN RIGHTS**

Principle 1  Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2  make sure that they are not complicit in human rights abuses.

**LABOUR**

Principle 3  Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4  the elimination of all forms of forced and compulsory labour;
Principle 5  the effective abolition of child labour; and
Principle 6  the elimination of discrimination in respect of employment and occupation.

**ENVIRONMENT**

Principle 7  Businesses are asked to support a precautionary approach to environmental challenges;
Principle 8  undertake initiatives to promote greater environmental responsibility; and
Principle 9  encourage the development and diffusion of environmentally friendly technologies.

**ANTI-CORRUPTION**

Principle 10  Businesses should work against corruption in all its forms, including extortion and bribery.