Thank you and good afternoon, distinguished guests, friends and colleagues. It is an honor to be here, and what a beautiful setting this is.

I wish to applaud Executive Director Raj George and the Cal State East Bay Small Business Development Center for their leadership in convening this important conference, and thank you also to the US Small Business Administration and California State University East Bay, our co-sponsors.

I believe strongly that we are in the midst of a global revolution, no less profound than any political revolution or other transformation brought about by the human desire for a better and more prosperous world. It is a revolution that goes by many names.

Bill Gates, during his commencement address at Harvard last week, called it “creative capitalism”. At the United Nations we call it “corporate citizenship”. And here today, “sustainability”.

While the terms vary, there is a common and powerful objective: embedding economies and markets in shared values and principles so that everyone may
benefit from the process that we call globalization – including the world’s poor.

And while the United Nations, public authorities, universities and civil society organizations are key agents in this revolution, it is largely being led by the people in this room – enlightened business leaders who believe that creating value and advancing values are not mutually exclusive, they are two sides of the same coin.

This belief has led to a new and historic partnership between the business community and the international community. Indeed, it is increasingly clear that the private sector and the United Nations share many goals: building and supporting strong economies, alleviating poverty, protecting the environment, and advancing human rights so that everyone can live in dignity and peace. It is recognized by business that enterprise can only grow and prosper if communities are healthy and thriving – be they in the rich developed world or in emerging and frontier markets.

And, on the flip side, an equally important revelation: that the business sector is a crucial engine of growth and development. Believe it or not, this concept is only now gaining hard currency in many parts of the UN system, which in the past too often viewed the business community with suspicion and mistrust – and, I should add, vice versa.

Certainly there is no shortage of problems and crises driving this new partnership. These include:
➢ **Extreme poverty**: almost half of humanity struggling on less than two dollars a day.

➢ **HIV/AIDS**: Over 20 million men, women and children dead, and the number of infected at over 40 million.

➢ **Climate change**: the degradation of life-sustaining environmental systems on a massive scale.

These and other global problems are too large and complex for any one sector of society to solve alone. They demand collective action and a special compact, and that is precisely what the United Nations launched seven years ago.

Then, it was a radical notion: an invitation to companies – large and small – to embrace universal values in partnership with governments, civil society, labour and other stakeholders.

Responding to the call, 50 brave companies stepped forward and embraced a set of social and environmental principles and launched the Global Compact. No one was quite sure whether the experiment would work.

Today, I am pleased to tell you that the Global Compact has become the world’s largest corporate citizenship initiative, with more than 4000 participating companies and stakeholders from over 100 countries. And more than 40 percent of our participants are small and medium-sized businesses.
This is not a philanthropic exercise. Companies commit to implementing the ten principles throughout their operations and are required to report progress annually.

Countless initiatives and projects have been undertaken in support of the Global Compact, and very real impact is being achieved by companies in countries and markets around the world. These will be documented in our first comprehensive Annual Review, to be released next month at our Leaders Summit in Geneva.

Why do companies join the Compact? Their motivations include:

- A desire to satisfy the rising expectations of a host of stakeholders who believe that corporate citizenship is a business and ethical imperative.
- Managing a range of environmental, social and governance issues that present both risks and, in some cases, opportunities.
- Creating empowered and motivated workforces and attracting the best talent available.
- Finally, building sustainable and inclusive markets.

Recognizing global urbanization trends, the Global Compact has extended this partnership to city governments. Later today, you will hear about the Business Council on Climate Change – a groundbreaking initiative launched by the City of San Francisco in partnership with local business, the Bay Area Council, and the Compact.
Of course, voluntary efforts like the Global Compact and offshoot initiatives can only go so far, and must act as a complement to – and not a replacement for – effective government regulation.

As for small business, it is now recognized that sustainable development depends on the emergence of a growing number of responsible entrepreneurs and small and medium-sized enterprises. One of the challenges facing these so-called SMEs, notably in developing countries, is that they lack the capacities and resources to learn about how to implement sustainability strategies. These companies are therefore either caught by surprise by sudden “CSR requirements” from their customers and business partners, sometimes in the form of complicated codes of conduct, or they face increasing difficulties accessing global supply chains. This is and will also be an issue for mature-market SMEs.

Recognizing this, the Global Compact is stepping up its work with the small business sector.

At our Leaders Summit next month and later this year, we will be launching our first all-encompassing implementation tool for small business – in partnership with the United Nations Industrial Development Organization. This tool will build on the recently released Responsible Entrepreneur Achievement Programme (REAP), which is assisting small business with implementation and reporting efforts aligned to sustainability issues.
In short, it is imperative that this movement cease being framed as only a big-company agenda. Small business – the backbone of economies everywhere – must be a player in all debates, discussions and partnerships. This conference is pioneering in this regard.

Today we will hear from a host of experts and practitioners from a range of sectors and fields. While it is appropriate that environmental sustainability and issues related to climate change are high on the agenda, we as a general movement must also be careful not to crowd out other important issues, including protecting basic human rights, combating disease, fighting poverty, and stamping out corruption.

We at the Global Compact believe strongly that there is no turning back from this revolution. Corporate sustainability is not optional – it is required for businesses that wish to succeed now and in the future. Business and society are partners on this journey, responsible for each other’s welfare and wellbeing. Working together, we have a historic opportunity to make the world a better place.

Thank you.

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