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978-0-521-14553-4 - The United Nations Global Compact: Achievements, Trends and Challenges

Edited by Andreas Rasche and Georg Kell

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The United Nations Global Compact

The **United Nations Global Compact** is a strategic policy initiative that encourages businesses to support ten universal principles in the areas of human rights, labour standards, the environment and anti-corruption. It is the world's largest voluntary corporate responsibility initiative with more than 7,300 business and non-business participants in over 130 countries. This book reviews the first ten years of the Compact's existence (2000–2010) by presenting exclusively commissioned chapters from well-known scholars, practitioners from the business world and civil society, and Global Compact staff. They reflect on what the Global Compact has achieved, what trends it may have to respond to and what challenges are ahead. The book not only contains up-to-date reflections but also debates recent changes to the structure of the Compact, including the Communication on Progress policy, the role of Global Compact Local Networks and the role of emerging specialized initiatives.

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AACSB	Association to Advance Collegiate Schools of Business
ABERJE	Brazilian Association of Business Communication
ALNF	Annual Local Networks Forum
APIMEC	Association of Investment Analysts and Professionals of the Capital Market (Brazil)
ASrIA	Association for Sustainable & Responsible Investment in Asia
BMZ	German Ministry for Economic Development and Cooperation
BSR	Business for Social Responsibility
CEL	teChnology Enhanced Learning
CEO	chief executive officer
CFC	chlorofluorocarbons
CIO	chief investment officer
CIS	Commonwealth of Independent States
CITES	Convention on International Trade in Endangered Species
CLIP	Corporate Learning Improvement Process
CO ₂	carbon dioxide
COP	Communication on Progress
COP	Conference of the Parties
CPI	Corruption Perception Index
CSR	Corporate Social Responsibility
CUT	Unified Workers Confederation
CVM	Security and Exchange Commission (Brazil)
DJSI	Dow Jones Sustainability Index
EABIS	European Academy of Business in Society
ECA	Statute of Children and Adolescents (Brazil)
ECLAC	Economic Commission for Latin America and the Caribbean
ECOSOC	United Nations Economic and Social Council

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EFMD	European Foundation for Management Development
EH&S	environmental health and safety
IASM	European Institute of Advanced Studies in Management
EITI	Extractive Industry Transparency Initiative
EMAS	Eco-Management and Audit Scheme
EMS	environmental management systems
EQUIS	European Quality Improvement System
EPA	Environmental Protection Agency (US)
EPAS	EFMD Program Accreditation System
EPG	Eminent Persons Group
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
ESG	environmental, social and governance
EuroSIF	European Sustainable Investment Forum
FDI	foreign direct investment
FIDES	Social and Business Development Institute Foundation (Brazil)
G8	Group of 8
GCAC	Global Compact Advisory Council
GCLN	Global Compact Local Network
GDP	gross domestic product
GFME	Global Foundation for Management Education
GHF	Global Humanitarian Forum
GHG	greenhouse gas
GRI	Global Reporting Initiative
GRLI	Globally Responsible Leadership Initiative
GTZ	German Technical Cooperation
HRCA	Human Rights Compliance Assessment
HRM	human resource management
IAT	Inter-Agency Team
IBAMA	Brazilian Institute of Environment and Renewable Natural Resources
IBASE	Brazilian Institute of Social and Economic Analyses
ICC	Citizen Charcoal Institute
ICC	International Chamber of Commerce
ICFTU	International Confederation of Free Trade Unions
ICT	information and communications technology
IEA	International Energy Agency
IETA	International Emission Trading Association

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IIGCC	Institutional Investors Group on Climate Change
IISD	International Institute for Sustainable Development
ILO	International Labour Organization
IMF	International Monetary Fund
INCR	Investor Network on Climate Risk
IOU	Institute of Organization and Administrative Science
IPCC	Intergovernmental Panel on Climate Change
ISBM	International Schools of Business Management
ISE	São Paulo Stock Exchange Corporate Sustainability Index
ISO	International Organization for Standardization
ISS	Institutional Shareholder Services (now Risk Metrics)
IT	information technology
ITUC	International Trade Union Confederation
IUCN	International Union for Conservation of Nature
KPI	key performance indicator
LEED	Leadership in Energy and Environmental Design (Symantec)
MDGs	Millennium Development Goals
MNC	multinational corporation
MNE	multinational enterprise
MoU	memorandum of understanding
NCP	national contact point
NGO	non-governmental organization
NYSE	New York Stock Exchange
OECD	Organization for Economic Cooperation and Development
OHCHR	Office of the UN High Commissioner for Human Rights
OHSAS	Occupational Health and Safety Standard
PACI	Partnering Against Corruption Initiative
ppm	parts per million
PPP	public–private partnership
PR	public relations
PRI	Principles for Responsible Investment
PRME	Principles for Responsible Management Education
PSG	Pharmaceutical Shareowners Group
R&D	research and development
RESIST	Resisting Extortion and Solicitation in International Sales and Transactions

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RFP	Requests for Proposals
RSE	Roundtables on Sustainable Enterprise
SA 8000	Social Accountability 8000
SAI	Social Accountability International
SCS	Scientific Certification Systems
SEC	Securities and Exchange Commission (US)
SEC	Security and Exchange Commission (Brazil)
SEE	sustainable enterprise economy
SER	Social and Environmental Reports (Petrobras)
SGSR	Secretary-General's Special Representative
SIF	Social Investment Forums
SME	small and medium-sized enterprise
SOE	state-owned enterprise
SRF	socially responsible fund
SRI	socially responsible investment
TI	Transparency International
TNC	transnational corporation
TRAC	Transparency in Recording on Anti-Corruption
TUAC	Trade Union Advisory Committee
UDHR	Universal Declaration of Human Rights
UKSIF	Sustainable Investment and Finance Association (UK)
UN	United Nations
UNCAC	United Nations Convention Against Corruption
UNCED	United Nations Conference on Environment and Development
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNEP FI	United Nations Environment Programme Finance Initiative
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNODC	United Nations Office on Drugs and Crime
UN WSSD	United Nations World Summit on Sustainable Development

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USP	unique selling proposition
WBCSD	World Business Council for Sustainable Development
WEF	World Economic Forum
WMO	World Meteorological Organization
WRI	World Resources Institute
WSSD	World Summit on Sustainable Development
WTO	World Trade Organization
WWF	World Wide Fund for Nature

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Nessa Whelan has been a Network Coordinator with the United Nations Global Compact Office (2002–9). In this role she focused primarily on the development and facilitation of Global Compact Local Networks with particular emphasis on Europe and Asia. Nessa holds a MA in Comparative Ethnic Conflict from Queen's University Belfast.

Regina Wentzel Wolfe is Senior Wicklander Fellow at the Institute for Business and Professional Ethics, DePaul University, Chicago. She was Christopher Chair in Business Ethics at Brennan School of Business, Dominican University, Illinois, from 2004 to 2008 and Associate Professor of Theology at Saint John's University, Minneapolis, from 1994 to 2004. Wolfe has a BSBA from the McDonough School of Business, Georgetown University, an MTM from Loyola University Chicago and a PhD from King's College, University of London, UK.

Carolyn Y. Woo has been the Dean of Mendoza College of Business at the University of Notre Dame since 1997. Before then, she served as Associate Executive Vice President for Academic Affairs at Purdue University, Indiana. Woo's research focuses on strategy, entrepreneurship and organizational systems. She lectures regularly on individual integrity, ethical systems and corporate citizenship. She currently serves on a number of corporate and non-profit boards including AON Corporation, NiSource Incorporated, Catholic Relief Services and University of Portland. She was chair of the Association and Advance Collegiate Schools of Business (AACSB) International and co-convenes the United Nations Global Compact initiative Principles for Responsible Management Education (PRME).

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We sincerely thank all involved parties. We trust that our combined effort has translated into an exciting and useful resource reflecting on the first ten years of the Global Compact, and also on the challenges lying ahead.

Andreas Rasche and Georg Kell
Coventry and New York, October 2009

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Foreword

What began as a commitment by a few dozen inspired business leaders ten years ago has grown into the world's largest and most recognized platform for promoting responsible business practices. The Global Compact has evolved in substance, too, not just in size, as the debate it sought to spark and advance – on the environmental and social responsibilities of business – has emerged as an issue of strategic importance in boardrooms around the world.

As a unique partnership between business, civil society and the United Nations, the Compact has given inspiration and direction to the many efforts by business to improve their own performance and do their part in addressing the multiple global challenges we face, from abject poverty to climate change. This book offers a comprehensive analysis of the initiative's governance, its engagement mechanisms and, most importantly, its impact. I commend it to a wide global audience, and to all who want to learn more about the Compact's journey and its proven capacity to generate positive change for people and the planet.

Ban Ki-moon
UN Secretary-General

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Why This Book Matters!

With over 7,300 business and non-business participants, the United Nations Global Compact is the largest corporate citizenship initiative in the world, and a unique one. This book provides a comprehensive overview of the Global Compact, discusses new aspects and offers a review of the first ten years of its existence. Why is it important?

First, it introduces three important issues that have hardly been dealt with in the literature before: (1) the Communication on Progress (COP) policy, (2) the role of Global Compact Local Networks (GCLNs) and (3) the role of emerging specialized initiatives. Second, because so many practitioners are involved, it contains many new and valuable case studies and examples. Third, it links responsible business practices and responsible management education, and paves the way towards a genuine partnership aligning mutual objectives. The management profession has indeed a fundamental responsibility to assume, to the benefit of society as a whole.

The book will be particularly valuable to three distinct, though linked, sets of readers.

Global Compact business and non-business participants: These readers will find much of interest in the book because it covers many issues that are of direct relevance to them. These include, for example, GCLNs and COP policy implementation. In addition, the book shows how the different parts of the initiative work together and offers a more detailed view and appraisal of the Compact that goes beyond any ‘quick view’ that has so far been available.

Academics researching the Global Compact: Academic interest in the Global Compact has grown strongly in recent years. This is especially true of some of the newer features of the initiative, for example specialized programmes such as Caring for Climate. And while this volume is not a ‘theoretical resource’, it is likely to become a much-used reference work by academics pursuing research on the impact of the Global Compact.

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Why This Book Matters!

Students of corporate citizenship/corporate responsibility: Graduate and postgraduate students who work in the field of corporate responsibility/corporate citizenship will also find much of value in these pages. Many courses on corporate responsibility use or refer to the Global Compact and the book, which eschews the academic jargon often favoured by journal articles, will provide an accessible and appropriate student resource.

But whatever their background, I sincerely hope that all readers will find much to both enlighten and inspire them!

Professor Eric Cornuel

Director-General and CEO of the

European Foundation for Management Development (EFMD)

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The Ten Principles of the United Nations Global Compact

The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

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 standards

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 should 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.