

Corporate Citizenship in  
The World Economy



# UNITED NATIONS GLOBAL COMPACT

## What Is the UN Global Compact?

Never before in history has there been a greater alignment between the objectives of the international community and those of the business world. Common goals, such as building markets, combating corruption, safeguarding the environment and ensuring social inclusion, have resulted in unprecedented partnerships and openness between business, governments, civil society, labour and the United Nations.

Launched in July 2000, the **UN Global Compact** is both a policy platform and a practical framework for companies that are committed to sustainability and responsible business practices. As a leadership initiative endorsed by chief executives, it seeks to align business operations and strategies everywhere with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

Through a wide spectrum of specialized work-streams, management tools, resources, and topical programs, the UN Global Compact aims to advance two complementary objectives:

- Mainstream the ten principles in business activities around the world
- Catalyze actions in support of broader UN goals, including the Millennium Development Goals (MDGs)

By doing so, business, as the primary agent driving globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere and contribute to a more sustainable and inclusive global economy.

The UN Global Compact is not a regulatory instrument, but rather a voluntary initiative that relies on public accountability, transparency and disclosure to complement regulation and to provide a space for innovation.





## Why Companies Participate

The UN Global Compact seeks to combine the best properties of the UN, such as moral authority and convening power, with the private sector's solution-finding strengths and resources, and the expertise and capacities of other key stakeholders. The initiative is global and local; private and public; voluntary, yet accountable.

**Participation in the UN Global Compact offers a wide array of practical benefits:**

- Adopting an established and globally recognized policy framework for the development, implementation, and disclosure of environmental, social, and governance policies and practices.
- Linking business units and subsidiaries across the value chain with the UN Global Compact's Local Networks around the world — many of these in developing and emerging markets.
- Sharing best and emerging practices to advance practical solutions and strategies to common challenges.
- Accessing the United Nations' extensive knowledge of and experience with sustainability and development issues.
- Advancing sustainability solutions in partnership with a range of stakeholders, including UN agencies, governments, civil society, labour, and other non-business interests.
- Utilizing UN Global Compact management tools and resources, and the opportunity to engage in specialized workstreams in the environmental, social and governance realms.

“We need business to give practical meaning and reach to the values and principles that connect cultures and people everywhere.”

– Ban Ki-moon, Secretary-General of the United Nations

## Participation in the UN Global Compact

### The Corporate Commitment

The UN Global Compact is a leadership initiative, requiring a commitment signed by the company’s chief executive, and, where applicable, endorsed by the highest-level governance body of the organization. In the context of this commitment, any company joining the initiative is expected to:

- Make the UN Global Compact and its principles an integral part of business strategy, day-to-day operations, and organizational culture;
- Incorporate the UN Global Compact and its principles in the decision-making processes of the highest-level governance body (i.e. board);
- Engage in partnerships to advance broader development objectives (such as the Millennium Development Goals);
- Integrate in its annual report (or in a similar public document, such as a sustainability report) a description of the ways in which it implements the principles and supports broader development objectives (also known as the Communication on Progress); and
- Advance the UN Global Compact and the case for responsible business practices through advocacy and active outreach to peers, partners, clients, consumers and the public at large.

### How do you join the UN Global Compact?

To participate in the Global Compact, a company:

- Sends a letter signed by the chief executive (and, where possible, endorsed by the board) to the Secretary-General of the United Nations, expressing support for the Global Compact and its principles (mailing address: United Nations, New York, NY 10017; fax: +1(212) 963-1207).
- Completes the online registration form on the Global Compact website ([www.unglobalcompact.org](http://www.unglobalcompact.org)) and uploads a digital copy of the chief executive’s letter of commitment.

### Financial Contributions

In addition to these actions, participating companies are asked, upon endorsement, to make an annual financial contribution to help support the work of the UN Global Compact. The general contribution levels are set as follows:

- For companies with annual sales/revenues of USD 1 billion or more, the suggested annual contribution is USD 10,000;
- For companies with annual sales/revenues between USD 250 million and US \$1 billion, the suggested annual contribution is US \$5000;
- For companies with annual sales/revenues of less than USD 250 million, the suggested annual contribution is USD 500.

Further sponsorship opportunities are available for events and specialized work streams.

The Foundation for the UN Global Compact serves as the financial intermediary for all contributions ([www.globalcompactfoundation.org](http://www.globalcompactfoundation.org)).



## Maximizing Engagement in the UN Global Compact

The UN Global Compact offers numerous platforms for action and innovation for participants to demonstrate leadership on critical issues and advance the ten principles.

### Global Compact Local Networks:

Local Networks in over 80 countries perform increasingly important roles in rooting the UN Global Compact within different national and cultural contexts. As self-governed multi-stakeholder bodies led by business, they support companies in their efforts in implementing the Global Compact (both local firms and subsidiaries of foreign corporations), while also creating opportunities for further engagement and collective action. They also play a key role in facilitating participants' Communications on Progress and safeguarding the overall integrity and brand of the Global Compact. For more information on local engagement opportunities, visit the Global Compact website.

**Dialogues and Learning:** A culture of dialogue and learning is crucial to continuous performance improvement. From its inception, the Global Compact has fostered and promoted dialogue between business and other stakeholders around critical challenges, covering a diverse range of sustainability issues. These working symposia and policy dialogues take place at the global, regional and local levels, and further information on issues and events is available on the Global Compact website.

**Specialized Workstreams:** The corporate responsibility movement has evolved significantly, triggering a need to place stronger focus on key

issue areas driving the global agenda. The UN Global Compact has responded to these trends by launching several specialized workstreams on critical issues such as climate change (Caring for Climate), water (The CEO Water Mandate), management education (The Principles for Responsible Management Education), or responsible investment (The Principles for Responsible Investment). These programs offer UN Global Compact participants additional engagement opportunities, aiming to advance both practical solutions and sensible public policy development.

**Partnership Projects:** The UN Global Compact asks its participants to seek partnerships in support of broader UN goals, such as the Millennium Development Goals. The basic concept of partnerships is simple and straightforward — to identify common ground between the private and the public sectors, and to combine their resources, skills and expertise to improve results. As the primary entry point of business to the United Nations System, the Global Compact is uniquely positioned to channel the capacities and resources of its participants and other stakeholders. Partnerships focus on the many areas where private actors and public institutions can engage in win-win relationships, such as poverty reduction, health, education and community development.

# The Ten Principles of the United Nations Global Compact

The UN 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

- 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.

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