The UN Global Compact

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THE CASE FOR CORPORATE RESPONSIBILITY
A Simple Truth

"Corporate responsibility is not about how money is spent, it's about how money is made."

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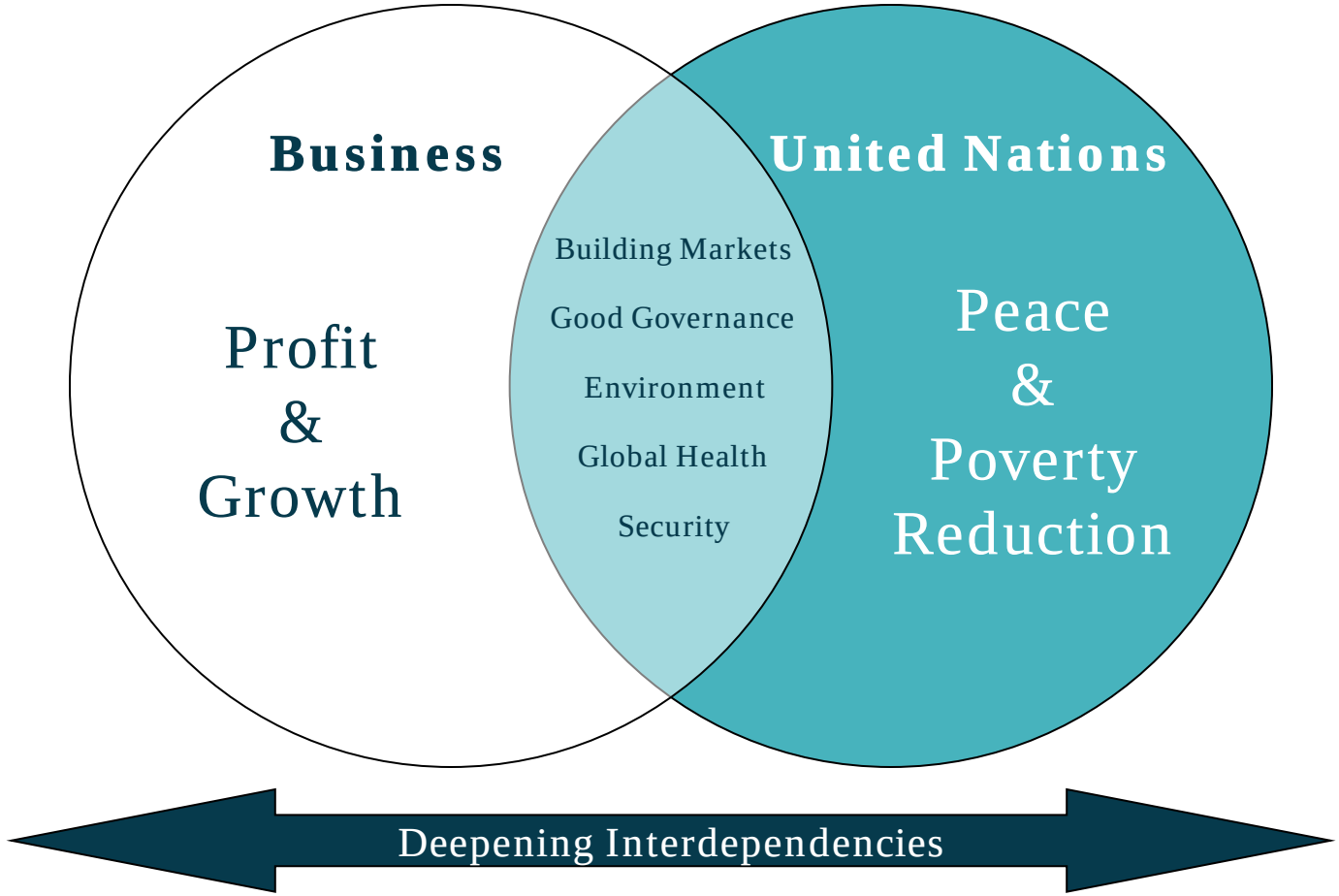
THE UN GLOBAL COMPACT
The UN & Business – Odd Couple?



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THE UN GLOBAL COMPACT
Overview

Launched on 26 July 2000 in New York with roughly 40 businesses

"A more sustainable and inclusive global economy."

Multi-stakeholder platform for collective action

Rooted in universally accepted conventions:

Universal Declaration of Human Rights

ILO Declaration

Rio Declaration

UN Convention Against Corruption

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THE UN GLOBAL COMPACT
The 10 Principles

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 all forms of corruption, including extortion and bribery.

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THE UN GLOBAL COMPACT
Vision and Mission

VISION

"A more sustainable and inclusive global economy."

TWO COMPLEMENTARY OBJECTIVES

Make the ten principles part of business strategy, operations and culture everywhere.	Internalization
Facilitate partnerships in support of broad UN goals, including the Millennium Development Goals.	Contribution to Development

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THE UN GLOBAL COMPACT
The Global Compact Today

- 5800 active business participants in 135 countries
- 1800+ non-business participants from civil society, labour, academia
- Equal representation in developed and developing world
- 49 percent small and medium-size enterprises (SMEs)
- 170 of the Financial Times Global 500 companies (by market cap)
- 80+ active local networks around the world)

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The Global Compact is not...

- a regulatory authority;
- a substitute for regulation at the national or international level;
- a UN seal of approval or label;
- a PR exercise.

THE UN GLOBAL COMPACT
Clarification

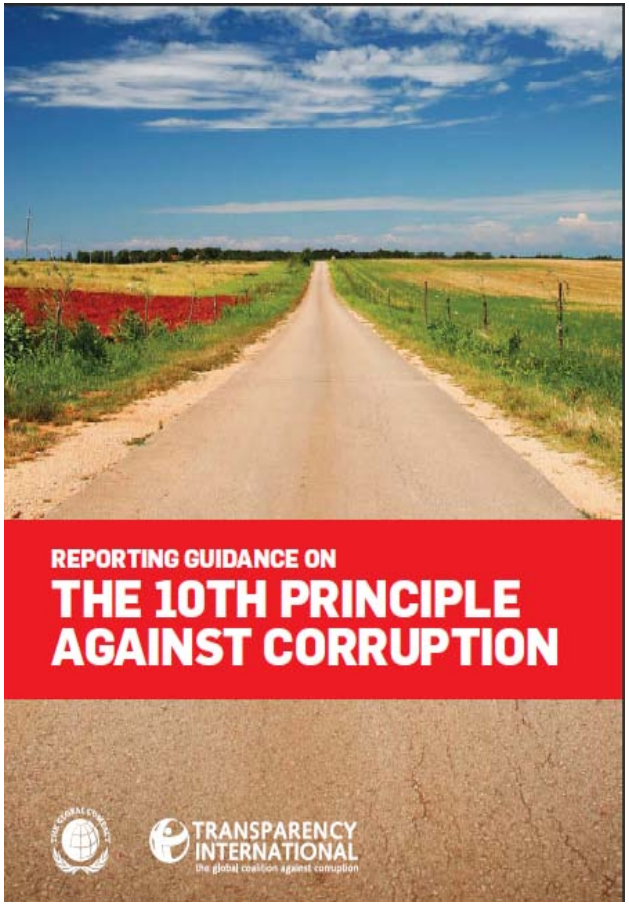
- Leadership Commitment (CEO and Board);
- Willingness to engage in continuous performance improvement;
- Setting strategic and operational goals, measuring results;
- Openness to dialogue and learning around critical issues;
- Participate in events at local (and global), engage in stakeholder dialogue;
- Commitment to transparency, accountability & public disclosure;
- Annual Communication on Progress (COP).

The 10th Principle Working Group

- Objectives of Working Group
- Membership
- Meetings and next meeting
- Tools and Resources

ANTI-CORRUPTION REPORTING GUIDANCE

‘Anti-Corruption Guidance Raises Bar for Company Reporting’



- **Transparency International (TI) and the United Nations Global Compact published on 9 December 2009 a new reporting guidance for companies committed to combating corruption.**
- **The Reporting Guidance sets out and promotes the strong benefits of reporting on anti-corruption by providing a structured and comprehensive document that encourages thorough and consistent reporting of anti-corruption efforts.**
- **The Reporting Guidance provides a comprehensive set of 22 Reporting Elements which can be reported against in a mainly descriptive manner.**
- **From 2011, all Global Compact participants if reporting on anti-corruption, will be required to report in their COP against Basic Reporting Elements.**

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ANTI-CORRUPTION REPORTING GUIDANCE

But why a guidance on anti-corruption reporting?

- **A survey by the Global Compact of reporting on the ten principles showed that 42% of companies surveyed viewed reporting against the 10th principle as presenting the greatest difficulty.**
- **Transparency International 2007 survey of reporting by 500 global companies found that companies have a long way to go in disclosing that they are integrating anti-corruption reporting practices into their organizations.**
- **Only 14% of companies achieved a five start rating and 75 companies did not score a single point.**

The Guidance aims to assist companies to meet the challenge of reporting on anti-corruption.

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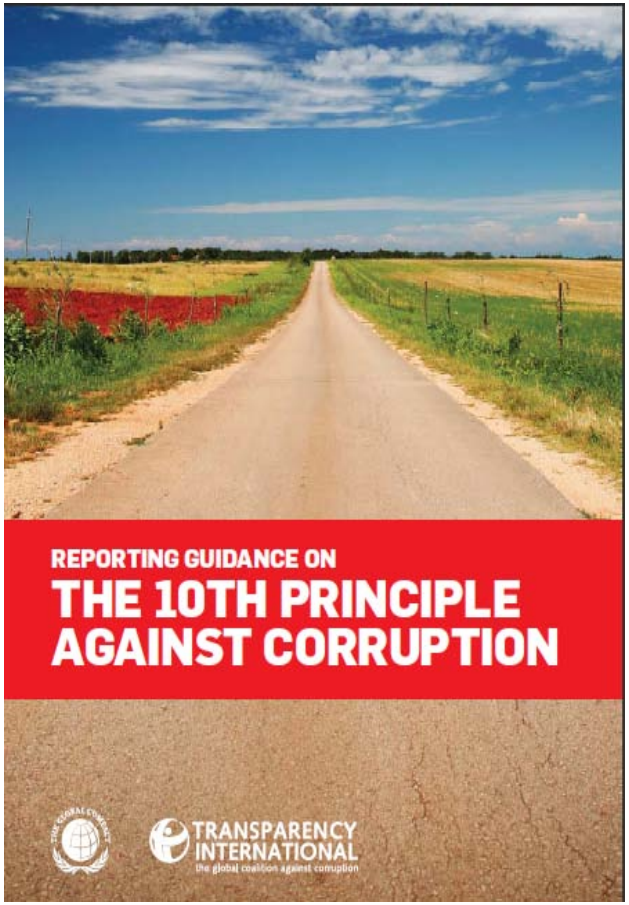
ABOUT THE REPORTING GUIDANCE
Overview of the document



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Foreword by Huguette Labelle (TI)

Welcome Message from Georg Kell (UNGC)

About the Reporting Guidance

1. Objectives and Structure
2. Communication on Progress

Section 1: The Business Case for reporting on the 10th Principle

1. Increased internal integrity and transparency
2. Enhanced reputation
3. Common information basis

Section 2: Reporting Elements for the 10th Principle

1. Commitment and Policy
2. Implementation
3. Monitoring

Annex A: Examples of what to report on

Annex B: List of sources for reporting indicators

Annex C: Additional Global Compact resources on Anti-Corruption

ABOUT THE REPORTING GUIDANCE

Section 1: The Business Case for reporting for the 10th Principle

Why reporting on anti-corruption?

Reporting on anti-corruption is an important way for a company to **demonstrate** that it s a **responsible** company living up to its **commitment** to the Global Compact's 10th principle.

Benefits:

There are **three major benefits** from reporting on anti-corruption:

Increased internal integrity and transparency	**Reporting on anti-corruption raises awareness among employees and provides a means of control and discipline for the management.**
Enhanced reputation	**Reporting on anti-corruption positively influences your organisation's reputation in the marketplace and society.**
Common information basis	**Reporting on anti-corruption establishes a common language to measure, compare, discuss and improve anti-corruption activities and practices.**

Please note:

The first two categories apply to individual organisations (independent of their size), whereas the third category outlines benefits also for the overall community.

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ABOUT THE REPORTING GUIDANCE

Section 1: The Business Case for reporting for the 10th Principle

Increased internal integrity and transparency

- strengthening anti-corruption behaviour, including better risk management and compliance;
- encouraging and supporting employees in resisting corruption;
- providing management with a foundation for analysis of progress, planning and continuous improvement; and
- motivating employees to be proud of the organization's integrity and reputation.

Enhanced reputation

- obtaining a competitive advantage as a preferred choice of ethically
- concerned customers, suppliers and other stakeholders;
- attracting highly skilled and motivated people;
- supporting and encouraging business partners and challenging competitors to resist corruption by setting standards of excellence;
- reducing your cost of financing by helping external financing institutions to assess risk premium through enhanced information; and
- increasing the credibility of voluntary initiatives such as the Global Compact by demonstrating commitment to their values and principles through reporting on progress.

Common information basis

- sharing experience and procedures with other organizations;
- stimulating multi-stakeholder dialogues;
- increasing importance of disclosure on anti-corruption activities in overall sustainability agendas; and
- driving media coverage of good anti-corruption practices through provision of comparable progress reports.



Reporting on anti-corruption can provide strong benefits and sends a strong signal that the company is living up to its commitment to the Global Compact's 10th principle.

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ABOUT THE REPORTING GUIDANCE
Section 2: Reporting Elements for the 10th Principle

- The Reporting Guidance provides a comprehensive set of 22 Reporting Elements which can be reported against in a mainly descriptive manner.

The guidance comprises of **22 Reporting Elements**, outlined in the following **matrix**:

	Basic Reporting Elements	Desired Reporting Elements
Commitment and Policy	B1-B2	D1-D5
Implementation	B3-B6	D6-D11
Monitoring	B7	D12-D15

- **By reporting elements:**
  - **Basic Reporting Elements:** These 7 Elements are considered to be the basic level of reporting on an organization's anti-corruption policies and procedures;
  - **Desired Reporting Elements**: These additional 15 Elements give you the opportunity to report more extensively on your anti-corruption policies and procedures.
- **By categories:**
  - **Commitment and Policy:** how your organization has committed to a zero-tolerance of corruption
  - **Implementation:** how your organization's commitment has been put into practice through detailed policies and systems
  - **Monitoring:** how your organization monitors progress and has a continuous process for improvement

ABOUT THE REPORTING GUIDANCE
Section 2: Reporting Elements for the 10th Principle

Commitment and Policy:

Basic Reporting Elements		Desired Reporting Elements	
B 1	Publicly stated commitment to work against corruption in all its forms, including bribery and extortion	D 1	Publicly stated formal policy of zero-tolerance of corruption
B 2	Commitment to be in compliance with all relevant laws, including anti-corruption laws	D 2	Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption
		D 3	Carrying out risk assessment of potential areas of corruption
		D 4	Detailed policies for high-risk areas of corruption
		D 5	Policy on anti-corruption regarding business partners

Implementation:

Basic Reporting Elements		Desired Reporting Elements	
B 3	Translation of the anti-corruption commitment into actions	D 6	Actions taken to encourage business partners to implement anti-corruption commitments
B 4	Support by the organization's leadership for anti-corruption	D 7	Management responsibility and accountability for implementation of the anti-corruption commitment or policy
B 5	Communication and training on the anti-corruption commitment for all employees	D 8	Human Resources procedures supporting the anti-corruption commitment or policy
B 6	Internal checks and balances to ensure consistency with the anti-corruption commitment	D 9	Communications (whistleblowing) channels and follow-up mechanisms for reporting concerns or seeking advice
		D 10	Internal accounting and auditing procedures related to anti-corruption
		D 11	Participation in voluntary anti-corruption initiatives

Monitoring:

Basic Reporting Elements		Desired Reporting Elements	
B 7	Monitoring and improvement processes	D 12	Leadership review of monitoring and improvement results
		D 13	Dealing with incidents
		D 14	Public legal cases regarding corruption
		D 15	Use of independent external assurance of anti-corruption programs

ABOUT THE REPORTING GUIDANCE
Section 2: Reporting Elements for the 10th Principle

1 Description:
- Importance
- How to implement
- What to report (Examples)

2 Cross-reference:
- Cross-reference to Reporting Elements within this Guidance

3 Other reporting indicators:
- Example of reporting indicators from other organizations (FTSE4Good, the Global Reporting Initiative, the International Corporate Governance Network, PACI and TI)

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Example

B1 Publicly stated commitment to work against corruption in all its forms, including bribery and extortion

1 Importance:
The culture of integrity and compliance in an organization starts at the top. Commitment means that the organization shows by its public communications and actions that it will not tolerate corrupt behaviour by its employees or business partners. A public statement enhances an organization's reputation, reinforces the internal policies and systems among employees and business partners and can help to deter corruption.

1 How to implement:
Public commitment can be shown in various ways: public declaration by the organization (e.g., by the CEO, Board or equivalent body, owner or management) through such channels as annual shareholder meetings and reports, interviews, management letters circulated to each employee, public meetings, departmental meetings, supplier and other business partner communications, statements on the internet and intranet, keynote speeches to and from heads of business units.

1 What to report (Examples):
- Provide your organization's statement against corruption.
- Describe where the statement can be found publicly (e.g., website, corporate citizenship report).

2 Cross-reference to Reporting Elements within this Guidance:
If a commitment is stated in a detailed policy, please refer to Reporting Element D1.

3 Example of reporting indicators from other organizations:
- **Organization:** Partnering Against Corruption Initiative (PACI)
  - **Reporting indicator:** No. 6: Does your company publish its anti-corruption commitment externally, i.e. on its website and/or in its annual report?

The first corporate reports using the Guidance have already been published.

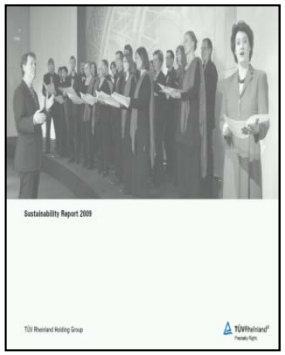
Example 1: Accenture



United Nations Global Compact Communication on Progress Report Supplemental Report on Principle 10

http://www.accenture.com/Global/About_Accenture/Company_Overview/Corporate_Citizenship/Reporting.htm

Example 2: TÜV Rheinland Holding Group



Sustainability Report 2009

http://www.tuv.com/web/media_get.php?mediaid=33480&fileid=81090&sprachid=2

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FIGHTING CORRUPTION IN THE SUPPLY CHAIN

UNGC 10th Principle Sub-Working Group on Supply Chain

Objective:

- To help create a level playing field to counter bribery, especially among SMEs.

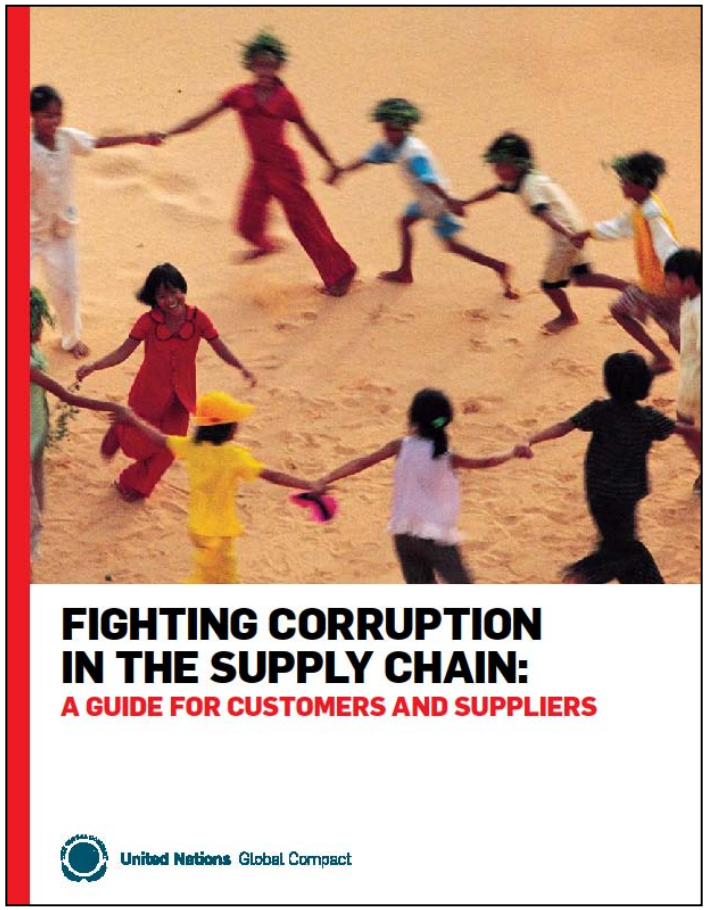
Focus:

- On MNCs' dealings with suppliers and contractors on issues of anti-corruption as a key point of leverage.

Product:

- Guide, offering a framework and resources for customers and suppliers to engage in fighting corruption.

FIGHTING CORRUPTION IN THE SUPPLY CHAIN
Fighting Corruption in the Supply Chain



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Executive Summary

Introduction

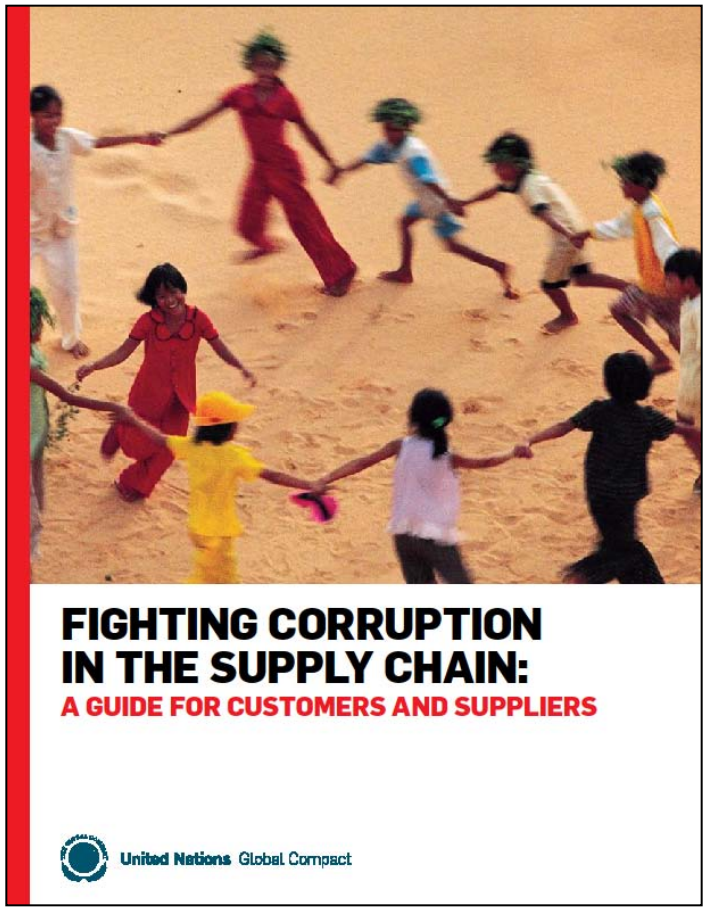
Section 1: The Business Case for Fighting Corruption in the Supply Chain

- The Costs of Corruption in the Supply Chain
- What Customers Can Do
- The Supplier's Perspective
- The Value of Collective Action

Section 2: Customer-Supplier Engagement

- Assessing Risk – Questions to Ask
- What Customers Can Expect
  - The Importance of Cooperation
  - Supplier Education
  - Dealing with Supplier Objections
  - Synergy: Integrating Corruption Controls with Existing Supply Chain Controls

FIGHTING CORRUPTION IN THE SUPPLY CHAIN
Fighting Corruption in the Supply Chain



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Section 3: Guidance on Preventing and Responding to Corruption in the Supply Chain

- General Guidance on Anti-Corruption Practice
  - Corruption Prevention
  - Corruption Response
- Guidance on Anti-Corruption Practice Related to Specific Supply Chain Corruption Scenarios
  - Corruption During the Vendor Selection Process
  - Corruption During Contract Performance
  - Corruption Involving Bribery of Government Officials or Other Third Parties

Recent publications

- E-learning program – Six interactive learning modules on the UNCAC as it applies to the private sector
- Resisting Extortion and Solicitation in International Transaction- A handbook based on real-life scenarios and practical solutions
- Collective action against corruption: What is CA, etc.
- Clean Business is good business- Business case to fight Corruption.
- etc.

QUESTIONS & ANSWERS



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