

UNGC UK Network Meeting with Georg Kell, March 12, 2008

On Wednesday March 12th, the UK Network and Reed Elsevier were privileged to host Mr Georg Kell, Executive Director of the United Nations Global Compact.

A transcript of the event is provided below.



Photo: Michael Spenley, Marcia Balisciano, and Georg Kell.

Marcia Balisciano (Reed Elsevier): I would like to welcome Mr. Georg Kell, the Executive Director of the United Nations Global Compact and Michael Spenley the chairman of the UK Network to this event. This is a great opportunity for all of us. We have been signatories for a long time and we have found it to be very beneficial. We are pleased and excited to hear about their priorities for 2008.

Georg Kell (Executive Director UNGC): It's a pleasure to be here. How best can I share what I know? The best way I can make use of this time is by recalling what the United Nations Global Compact is all about. And then I will also share what we think is important in the coming years.

I feel that individuals still make change happen. However, truly the modern era of corporate responsibility was born right here in the city of London. The compact is a public commitment to principles covering the areas of human rights, corruption, labour standards, and the environment. It was born out of the globalization of the late nineties when some governments started to retreat from the concepts of organization. We understand that it is voluntary and it is expected to inspire actions, learning, and culture.

We have many soft laws out there and the governments are very good in celebrating them, but implementation is lagging behind. The governance failure is a basic dilemma that affects both the UN and business.

How the compact works is through leadership, often a committed CEO, and then when it is internalized into the organization's culture. We can share some great examples of large corporations that are approaching it from a management framework. We expect as a minimum a public disclosure on the progress that is made and the renewal of leadership commitment made (maybe in the yearly corporate responsibility reports etc) periodically. We are always interested in public disclosure, and especially interesting case stories, and hope that benchmarks and matrices are developed to measure as a result of them.

In the United Nations Global Compact we encourage participants to engage on two levels. Firstly through local networks, for example the UK network, to define whatever they consider collectively to be important. We also offer a few global platforms, for example we have the Human Rights working group, the Anti Corruption working group, the working group on Business and Conflict, and the working group on Investor Business relationships. In addition to that we also offer two important issue engagement platforms:

- 1) Caring for the climate. Next year we are organizing The World Climate Summit, which will be an excellent opportunity to showcase progress and
- 2) The CEO Water Mandate. The CEO Water Mandate is a comprehensive program on water management with 20 large corporations engaging so far.

Our global operation is tied together through Communications On Progress. We have currently 3000 Communications On Progress in our database. We hope that in 10 months or so we will be able to offer the first stop for analysts to identify implementation gaps etc. I feel that mastery in proactive engagement, which can be publicly exposed, is very important. When it comes to environmental, societal, and governance issues it does make perfect sense to publicly disclose and use it as a strategic tool. We are still growing enormously and are focused on India, China, and Brazil.

The United Nations Global Compact makes many important contributions. It helps global integration; it is based on the notion that building a sustainable inclusive market is the best bet against poverty, technology and know how and peaceful coexistence. Openness is encouraged which as a concept is vital to business.

Value chains today are enormously diffused all over the world. Keeping the value chain going is very important. We are globalists to the social dimension who are convinced that markets need environmental and social pillars.

There are many aspects on the implementation side of United Nations Global Compact. We are on the threshold. We launch the Principles for Responsible Investment initiative in the New York stock exchange today with 300 investors are actively engaged in it. The board meeting took place this Monday and long-term investors are catching up with business. There are no ready truths out there and much of the knowledge is proprietary. We don't expect a uniform evaluation tool coming out of the investor's initiative.

The other initiative is education. In July we launched an education initiative 'principles for responsible management of education'. There are 100 business schools already aligned with the initiative. We expect that this will lead to the next generation of business leader who knows about the compact so we won't have to preach it to them anymore!

A paper from the last G8 meeting is going to be issued as an authoritative CSR instrument. The governments are showing a good appetite for it, but we want to maintain the voluntary nature of the principles. The governments do very important things, but the soft power concept in the Global Compact is very important. It has to be very distinct from, but complimentary to regulatory instruments for success.

In the UN, usually when a new Secretary General comes in they want to throw away all the old things and start anew instead of building on the old things. Secretary-General Ban Ki-moon has fully embraced the Compact with perhaps more rigour than Kofi Annan did. This is because Secretary-General Ban has really had the chance to analyse and fully internalise

the compact. The only question he asks is why is Korea not here. We were embarrassed to say that we were concentrating too much on Japan and China. We are now concentrating on Korea.

We are building a brand, calling it the United Nations Global Compact. But really it is leveraging the UN brand. If that is weak, we are weak. But we are still in the makings of the group; we are half UN but half private. We have grown from a 2 people operation to 20. The chair of Anglo American is the chair of our foundation. We have initiated a fund raising strategy for 2008. We urgently need to increase the private sector contributions because so far we have been depending on governments who have been driving and supporting us. But the public private initiative must be shared equally. The governments will remain involved but we hope that we will gain more visibility in the large corporations.

We offer very concrete sponsorship opportunities for 2008. Lots of tools forth coming on caring for the climate, corruption, water, etc. There is a publication in the back that I invite you to look into.

If we don't meet our funding goal in 2008 we are in trouble. But we have met some heavy resistance from some very deeply engaged companies who feel that if we get a fee then the voluntary nature will be lost.

The global compact is the child of the third wave of the mid nineties. I am saying this because ideologically if I look to Europe today there are only 3 countries where a commitment to openness matches that of this country. In this country organizations like the IBLF are leaders in campaigning for the concept of openness. The late Robert Davies and Jane Nelson have done as much for the UN and the United Nations Global Compact as 3 Secretary Generals. It is a legacy that we are carrying forward. The only thing we did in New York was bringing it to scale. I am saying this because we want you to look at us in New York as not a new effort but as a continuation. I do believe that it is a historical mission. It is about the unique opportunity to make markets robust and inclusive. Corporate Responsibility the way we understand it can only thrive in open, competitive markets. If we get it right, globalization is a race to the top.

Michael Spenley: Thank you for your global / New York perspective. I am always surprised how 20 people get the coverage that you do.

Georg Kell: I believe that no change happens unless there are committed people involved, not simply an organization. We have stories on how individuals convinced each other and everything ended up happening on a very large scale. We have 70 local networks some of which are very active and outspoken and we have a large board that is very active in its own right. Once investors recognize that deep engagement and commitment pays off you see the immediate benefit.

Michael Spenley: I would like to invite some questions at this point.

Q&A

Adrian Henriques (Amnesty UK): I am very interested in the concept of soft law and standards, what is your perspective on John Ruggie's project?

Georg Kell: John is my former boss, we worked together very closely, he is doing very important work, but it is very complicated. The evaluation of human Rights is very frustrating and complex. The dilemma is implementation, are there too many conventions? The real problems being faced are imperfect governance. I hope that this is seen as an experiment in seeing that international soft law does work.

Deb Leary (Forensic Pathways/UK Network): I am concerned that the term CSR gets high-jacked and think it is very important for the regional networks to work together.

Georg Kell: I completely agree. This year we are a bit better staffed so we can recognize regional networks. There will be events in Asia and Latin America to allow the networks to interact because the network interchange is very important. We have also been promised that the knowledge bank will be up and running soon. The next annual network forum meeting will be hosted in Germany. It will be in Bonn; a little bit bigger this time involving not only the local network managers, but also each company will be bringing other interested ones.

Martin Emanuelson (Cisco Systems): My company is a signatory and we have successfully made a statement at the board level, but there has been no decision framework developed for all the employees in the company. We have found that some decisions made down the chain are not really compatible in the system. What best practices have you seen in front line employee decision frameworks?

Georg Kell: This is one of the big issues. The companies that have recently joined do their homework thoroughly before joining. The ideal model is when the company has the organisational capacity internally to put together all those components (environment, health and safety, Human Rights management etc) and can integrate them. There has to be a good internal platform to incentivise it. The most positive examples are the ones that speak to empowerment, improvement, and employees understanding the importance of it. Some companies have built management incentive structures on the implementation side, but as this is such a varied field there can be no uniform answers.

There is a lot of good guidance out there on individuals. We have a lot of tools. In fact there are so many tools that we have recently developed a tool guide. It is not really the absence of tools holding it back but the management side.

I don't like the term best practice... it should always stay inspirational, we should never say now we have achieved the highest level as indicated by the term 'best practice'.

Jessica Sansom (Innocent Drinks): What we are seeing is an explosion of ethical labelling: animal welfare, fair trade, organic, local produce... Do you have a viewpoint on ethical labelling, and if there is a liaison between the United Nations Global Compact and any of these?

Georg Kell: We have no contact on the consumer side. It is a complex issue. The best bet is the ISO 2000, as it will connect to the consumer. There must be some sort of sector specific quality assurance over time. All too often they can also form market barriers for the south. The process is not clean, but overtime it can be improved. It is a topic that will be ripe for exploration. We need to work out solid principles for labelling that speak to material issues in a balanced way.

Nigel Middlemiss (Echo Research Group): When we report on activities under each of the principles we look at both foot print issues and how by proxy we can support the spirit behind each principle. My question is, if there is any particular principle that you feel is slipping on the slope, one where a global effort will really play a dividend?

Georg Kell: There are two issue areas that are slipping behind:

- Human rights: despite all the efforts made the practical implementation is still lagging.
- Anti corruption: the issue as bad as it was 10 years ago. We have some country level success stories (Malawi, Argentina), but it is still lagging

These two areas are difficult. For getting human rights very proactively into corporate practices you need a real solid platform. The good news is that there is more and more of these platforms available. There are some very good groups focusing on the practical side.

I am personally convinced that the corruption issue is the root cause of misuse of power, but we have tool to move against it.

I am also a little bit worried climate change in which we are deeply involved. The issue is so big and challenging. On the one hand it is a winner (technology wise) as you can showcase solutions. On the other hand if you are in an industry that is not in that side, it is more difficult. If you get your house right for climate change today you are likely to not only be ahead of the curve, but you can actually position yourself in the head of the caravan. Copenhagen will change the world no question about it. This issue will not only refuse to go away, but will come back each year with more and more intensity. It is a very fundamental issue and it is important to get on it, even if it is only getting your own house in order.

Janet Williamson (TUC): It seems to me that there would be a difference between soft laws in a country like the UK and then other countries. What are your views on how soft law can avoid becoming a substitute for regulation? And, what is the role of the Global Compact?

Georg Kell: I know only of four instances in seven years where a situation occurred where soft law was used. In all other situations where the governments are weak etc, I am convinced that soft law helps to build hard law. How to get it going is the question. In Malawi and Argentina there was an effort from like-minded companies. There are examples of how collective action can give a real impetus for soft law influencing hard law.

Michael Spenley: Thank you to all the companies for endorsing our letter to the government. The next meeting of the UK network will be held on the 31st of this month.

Attendees

UK Network Participants

Frances Darton, Achilles Group
Karen Patey, Arup
Louella Eastman, Aviva
Michelle Wolfe, Aviva
Krishna Chaudhuri, Cadbury Schweppes
Simon Gilbert, De Beers
Will Peskett, Diageo
Nigel Middlemiss, Echo Research
Deb Leary, Forensic Pathways
Michael Spenley, Littlewoods
Alyson Warhurst, Maplecroft
Kevin Franklin, Maplecroft
Peter Hughes, Pearson
Alison Tracey, Pentland
Marcia Balisciano, Reed Elsevier
Sarah Dyson, Reed Elsevier
Andrew McNab, Scott Wilson
Noor Yafai, Shell
Marianne Mwaniki, Standard Chartered
Mark Barnett, The Consortium for
Purchasing and Distribution

Guests

Mark Emanuelson, Cisco Systems
James Wallace, Royal and Sun Alliance
Christine Thompson, SAB Miller

Observers

Adrian Henriques, Amnesty UK
Jo Hamlyn, UK Network Secretariat
Steve Kenzie, UK Network Secretariat
Hannah Tariq, IBLF
Peter Brew, IBLF
Janet Williamson, TUC