



# FONDATION GUIL 

Summary Report on

Private Event at the World Economic Forum Annual Meeting 2009 in Davos

## **UN Global Compact: Approaching the Second Decade**

With Special Guest

United Nations Secretary-General Ban Ki-moon

29 January 2009  
Davos / Switzerland

Supported by:



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Conf d ration suisse  
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## 1. Introduction

The dialogue, which was initiated by the Guilé Foundation, started at the World Economic Forum in 2008. A third Private Event is planned during the World Economic Forum 2010. The results of the process will be presented at the Leaders Summit in 2010, which marks the 10<sup>th</sup> anniversary of the Global Compact. The two main objectives of the Private Event were:

1. Take stock of the past decade and look back on what the Global Compact has achieved;
2. Look forward: How can the reputation and credibility of the Global Compact be strengthened?

Representatives of the Guilé Foundation and the co-hosts (Swiss FDFA, KPMG and Novo Nordisk) welcomed the participants. They congratulated the Global Compact for the tremendous efforts it has made in the past decade. Company representatives also highlighted the value they derive from the initiative.

With its ten principles covering human rights, labour standards, environmental issues and anti-corruption, the Global Compact promotes the idea of sustainable growth through market solutions. Yet, it was also noted that the business community needs to work together in order to address pressing issues such as the financial crisis, climate change, or raising food prices. The Global Compact has an important bridging function between the public and private sectors, which will continue to be relevant in the future.



## 2. Taking Stock of the Global Compact

The Guilé Foundation mandated a team of corporate responsibility experts to analyze and benchmark 40 Communication on Progress (COP<sup>1</sup>) reports of Global Compact participants. The study was executed in late 2008 in coordination with the Global Compact Office and supported by Deutsche Bank and Novo Nordisk.

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<sup>1</sup> Annual requirement for Global Compact participants to report on implementing the principles

Thomas Streiff of the Guilé Foundation presented the main findings of the COP study<sup>2</sup>:

- Leading companies have strong reporting practices and provide relevant information about how they implement the Global Compact principles. Yet, there are large differences in the comprehensiveness and level of detail provided by the companies.
- Many COPs are relatively vague on the materiality (relevance for a company's core business, value chain or stakeholders) of the ten principles for companies.
- COPs tend to focus more on risks than on opportunities. Information about opportunities remains anecdotal, i.e. is often limited to philanthropic projects.

Participants at the Private Event asserted that the Global Compact has considerably increased awareness of corporate responsibility issues, transparency and reporting in the past decade. However, there is still a long way ahead. The discussion also revealed some uncertainty about what should be reported on the different principles. Some participants were concerned about obsessive measuring and reporting. Others expressed the potential for further improvement in the transition from voluntary to more formal reporting.

### **3. Outlook**

Ernst A. Brugger presented the work that had been started at the first Private Event in Davos in 2008. Five proposals to strengthen the Global Compact in its 2<sup>nd</sup> decade were developed in workshops with the co-hosts and twelve companies.

#### **Proposal 1: Reporting & Assessment Framework**

In view of the large variations that were found in existing COP reports, a more robust yet lean Communication on Progress (COP) reporting framework shall be developed and introduced. Such a framework would:

- Enable Global Compact signatories to report on their sustainability practices and performance related to the Global Compact principles;
- Enable the Global Compact Office and/or accredited parties to systematically assess COP reports and to provide structured feedback;
- Contribute to the further enhancement of the initiative's credibility.

#### Discussion & Comments

Proposal 1 received mixed reactions. It was welcomed by some participants who argued that a more robust COP framework may help beginners as well as small companies to embrace the Global Compact. Specific measures could also improve the quality of reporting. Integration of non-financial reporting into existing structures such as annual reports was deemed convincing by several participants. The COP framework would have to be aligned with the existing sustainability reporting standards such as the Global Reporting Initiative. In addition, some participants called for independent third party auditing. Other participants warned that additional standards for reporting are neither necessary nor practical. The Global Compact should keep on emphasizing action rather than reporting.

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<sup>2</sup> "Taking stock of disclosure on the UN Global Compact: The 2009 Guilé Communication on Progress survey"; to order the study please contact Thomas Streiff (email: thomas.streiff@guile.net, phone: +41 44 299 9577)

## **Proposal 2: Reward Scheme**

Definition of a reward scheme that incentivizes Global Compact signatories to deepen their engagement with the initiative. Such a reward scheme would be based on simple and transparent criteria and could be designed in one of the following ways:

- Option 1: “Gold Standard” for outstanding achievements in implementing and disclosing of environmental, social, and governance policies & practices. Independent evaluation; criteria go beyond Global Compact’s “Notable COP Program”.
- Option 2: Introduction of 2-3 “Commitment Levels” which define a signatory’s self-declared degree of maturity concerning the implementation of the principles.
- Option 3: “Sanctioning” of participants that do not meet a set of minimum engagement criteria within a defined period time after signing the commitment.

### Discussion & Comments

A majority welcomed proposal 2, especially if rewarding will be sector and economy specific. Some participants added that sanctioning of non-complying companies is even more important than awarding leading companies. Other participants noted that sufficient benchmarking initiatives existed already. In their view, the Global Compact will remain attractive if it is well-communicated, inspired and UN driven.

## **Proposal 3: Synergies along the Value Chain**

Make better use of the wealth of participants’ knowhow, efforts and potential synergies in developing, implementing and disclosing sustainability policies and practices through some or all of the activities below:

- Global Compact Office to become the “Clearing House” for corporate responsibility initiatives in order to make relevant information transparent and accessible.
- “Best Case Library”: Build-up a platform providing information to participants on good/best corporate sustainability cases aimed at facilitating joint learning.
- Global Compact Office and/or mandated parties to act as “Incubator of Joint Actions” for participants pursuing the effective implementation of the principles along their value chain. In addition, a “Hot-Issues Platform” would enable participants to share experiences and to join forces in regard of issue specific stakeholder interactions.

### Discussion & Comments

Proposal 3 was supported by the participants. The Global Compact should make existing sustainability expertise more available, so that learning among Global Compact signatories will become possible. This will be especially useful for beginners. It should be ensured that the local networks are involved. It was suggested to organise the Hot-Issues Platform industry specifically. The Clearing House task was deemed very appropriate for the Global Compact Office, especially when using web 2.0 technologies.



#### **Proposal 4: Integration of Topical Issues**

Embed the two key topical initiatives - “Caring for Climate” and “CEO Water Mandate” – into the Global Compact framework by:

- Linking the two initiatives with the ten principles of the Global Compact as well as with the Millennium Development Goals;
- Exploring synergies of the two initiatives and align them more closely in order to develop supra-environmental policies and strategies;
- Improving disclosure of achievements related to the initiatives by exploring and deepening convergence with the evolving COP framework.

#### Discussion & Comments

Proposal 4 was largely endorsed by the participants. It was, however, advised not to add more principles to make sure the Global Compact remains focused.

#### **Proposal 5: Sustaining the Initiative**

Today and even more in the future, the Global Compact will have to deal with leading companies (“front-runners”) and a presumably faster growing bulk of newcomers (“learners”). Catering to the different needs of the two groups, and notably trying to close the gap between them, will challenge the Global Compact in different ways such as finding the right mix of products and services, efficient institutional and organisational set-up, or financing of its activities. It was proposed to elaborate on:

- Concept of core-/non-core functions of the Global Compact Office;
- Viable management structure with realistic costing.

#### Discussion & Comments

The participants responded mostly positive to Proposal 5. In line with proposal 3, it was suggested to introduce a “buddy-system” that would help share experience between leaders and newcomers within the community of Global Compact participants.

### **4. Remarks by Secretary-General Ban Ki-moon**

The Secretary-General welcomed the debate initiated by the Fondation Guilé as it will help advancing the Global Compact in its second decade. By implementing the Global Compact, the private sector may solve social, ecological and economic problems. With creativity and innovation, this crisis can be changed into an opportunity. It will depend on the visionary leadership of business people and the governments alike. The Secretary-General called for a Global Compact 2.0. The goal is to create a visionary blueprint for the coming decade. Thus, the force of Global Compact may be widened and deepened. The initiative can be the most effective tool to rebuild the economy and regain trust and confidence, which has been lost recently in the market. The Secretary General thanked the participants and the co-hosts for their contribution to strengthening the Global Compact.



## Annex A) Program

### 11:30 **Introduction and Welcome Addresses**

- Ernst A. Brugger, Member of the Executive Committee, Fondation Guilé
- Richard Samans, Managing Director, World Economic Forum
- Régis Burrus, Member of the Executive Committee, Fondation Guilé
- Lord Michael Hastings, Global Head Citizenship & Diversity, KPMG International
- Charlotte Ersbøll, Vice President, Corporate Branding, Novo Nordisk A/S
- Martin Dahinden, Director General, Swiss Agency for Development and Cooperation, Federal Department of Foreign Affairs
- Ban Ki-moon, United Nations Secretary General<sup>3</sup>

### 11.45 **Taking Stock**

Achievements, lessons learnt and challenges of implementation based on the results of the COP Assessment Study by the Fondation Guilé.

*Thomas Streiff, Fondation Guilé*

### 11.55 **Discussions on Taking Stock**

Reactions to the previous presentation by event participants

*Moderated by Ernst A. Brugger*

### 12.25 **Outlook**

Proposals for measures - from a business, UNGC and from a donor perspective - in view of maintaining and further strengthening the Global Compact framework as a cutting-edge global initiative for corporate responsibility.

*Presentations by Michael Hastings, Michael Hölz (Deutsche Bank), Charlotte Ersbøll, Georg Kell (United Nations Global Compact office) and Peter Maurer (Swiss Federal Department of Foreign Affairs)*

### 12.40 **Discussions on Outlook**

Relevance and appropriateness of the proposals and possible follow-up.

*Moderated by Ernst A. Brugger*

### 13.20 **Next steps and closing remarks**

Georg Kell and Ernst A. Brugger

13:30 End

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<sup>3</sup> joined the event during the session "Outlook"

## Annex B) List of Participants

Institution	Surname	Name	Function
<b>Representatives of Corporate Sector</b>			
1 Eli Lilly and Company	Alex M.	Azar II	Senior Vice-President, Corporate Affairs and Communications
2 Pfizer Inc	Rich	Bagger	Senior Vice President: World Wide Public Affairs and Policy
3 GDF Suez	Micheline	Bossaert	Director of International Department
4 Nestlé	Paul	Bulcke	CEO
5 Zurich Financial Services	Peter	Buomberger	Group Head of Government and Industry Affairs
6 SABMiller plc	Susan M.	Clark	Director Corporate Affairs, Executive Committee Member
7 The Coca-Cola Company	Alexander B.	Cummings	Executive Vice President & Chief Administrative Officer
8 ABB Ltd.	Michel	Demaré	CFO and President of Global Markets
9 Total	Jean	du Rusquec	Adviser to the CEO
10 Dynamics Group	Franz	Egle	Senior Partner
11 Infosys Technologies	Kris	Gopalakrishnan	CEO and Managing Director
12 Bayer AG	Arthur J.	Higgins	Chairman, Board of Management
13 DuPont	Charles O.	Holliday Jr.	Chairman
14 Ernst & Young	Herman	Hulst	Global Vice-Chair, Japan
15 Deutsche Bank AG	Hanns-Michael	Hölz	Managing Director
16 Siemens	Barbara	Kux	Member of the Managing Board
17 International Finance Corporation IFC	Rachel	Kyte	Head Environment and Social Development Department
18 UBS AG	Christian	Leitz	Head Corporate Social Responsibility
19 Eskom Holdings Ltd	Steve	Lennon	Managing Director
20 Lombard Odier Darier Hentsch & Cie	Thierry	Lombard	Managing Partner
21 Bombardier Inc.	John Paul	Macdonald	Senior Vice President, Human Resources and Public Affairs
22 CH2M HILL Companies Ltd	Lee A.	McIntire	President and Chief Executive Officer
23 KOICA (Korea International Cooperation Agency)	Jung Sook	Park	Honorary Ambassador
24 Credit Suisse	Urs	Rohner	Chief Operating Officer
25 Manpower Inc.	Mara	Swan	Executive Vice-President, Global Strategy & Talent
26 Nissan Motor Co., Ltd.	Carlos	Tavares	Executive Vice-President and Member of the Board
27 Speedlingua SA	Martin	Velasco	Executive Chairman
28 Sumitomo Chemical Co., Ltd.	Hiromasa	Yonekura	President
29 Cisco	Kathy	Mulvany	Director Corporate Affairs
<b>Special Guests</b>			
30 United Nations	Ban	Ki-moon	Secretary General
<b>Representatives of UNGC</b>			
31 UN Global Compact Office	Georg	Kell	Executive Director
32 UN Global Compact Office	Gavin	Power	Deputy Director
<b>Representatives of World Economic Forum</b>			
33 World Economic Forum	Richard	Samans	Managing Director
<b>Representatives of Co-Hosts</b>			
34 KPMG LLP	John	Abott	Head of KPMG Advisory Services, Europe
35 KPMG LLP	Libby	Bassett	Chief Operating Officer
36 KPMG LLP	Emad L.	Bibawi	Partner, Internal Audit, Risk and Compliance Services
37 Fondation Guilé	Ernst A.	Brugger	Member of the Board of Directors
38 Fondation Guilé	Régis	Burrus	Member of the Board of Directors
39 Federal Department of Foreign Affairs	Martin	Dahinden	Ambassador, Director General of Swiss Agency for Development and Cooperation
40 Fondation Guilé	Melchior	de Muralt	Member of the Board of Directors
41 Federal Department of Foreign Affairs	Markus	Eggenberger	Programme Manager, Coordinator UNGC, Swiss Agency for Development and Cooperation
42 Novo Nordisk A/S	Charlotte	Ersbøll	Corporate Vice President, Corporate Branding & Responsibility
43 Federal Department of Foreign Affairs	Alexandre	Fasel	Ambassador, Head Political Affairs Division III
44 KPMG LLP	Michael	Hastings of Scarisbrick	Global Head Citizenship & Diversity
45 Federal Department of Foreign Affairs	David	Keller	Programme Manager, Institutional Partnerships, Swiss Agency for Development and Cooperation
46 Federal Department of Foreign Affairs	Peter	Maurer	Ambassador, Head of Permanent Mission of Switzerland to the UN
47 de Pury Pictet Turrettini & Cie S.A.	Guillaume	Pictet	Senior Partner
48 Fondation Guilé	Barbara	Rigassi	Managing Director
49 Fondation Guilé	Thomas	Streiff	Senior Advisor, Guile Engagement Team
50 Federal Department of Foreign Affairs	Benedikt	Wechsler	Ambassador, Head of Cabinet
<b>Other Participants</b>			
51	Mrs.	Ban	Wife of SG Ban Ki-moon
52 Fondation Guilé	Andrea	Schünke	Programme Assistant
53 United Nations	Kim	Won Soo	Assistant Secretary General
54 United Nations	Bob	Orr	Assistant Secretary General
55 United Nations	Michael	Meyer	Director Communications
56 United Nations	Michele	Montas	Spokesperson
57 United Nations	Lee	Sanghwa	Assistant of the SG