



German Global Compact Network

The Challenge

Globalisation does not generate equal benefits for all. Recognising this, former UN Secretary-General Kofi Annan called on business leaders across the world to jointly commit to a fairer form of globalisation at the World Economic Forum in Davos in 1999. Businesses that want to remain internationally competitive over the long term must live up to their social responsibility at the global level and help establish the social and environmental foundations of the new global economy.

The Solution

The UN Global Compact (UNGC) grew out of this approach and now works with more than 5,300 companies worldwide as well as hundreds human rights, environmental, development and employee organisations.

It also makes good business sense for enterprises to build their strategies upon universal principles and values: they create a stable environment for their activities, they safeguard the loyalty and motivation of employees, and they act in line with the increased awareness of the importance of ethical principles – also beyond national borders – on the part of clients and investors.

The Global Compact aims to provide a value-oriented platform for institutional learning. It creates transparency and opportunities for dialogue, highlights good practices and supports businesses in implementing universally valid principles. The ten principles of the Global Compact are derived from the Universal Declaration of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the principles of the Rio Declaration on Environment and Development and the UN Convention Against Corruption and can be assigned to four areas:

I. 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.

II. 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.

III. 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.

IV. Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



Through dialogue with all parties concerned, the UN Global Compact develops and disseminates a comprehensive concept of socially responsible business management as well as specific instruments for implementing this concept based on the voluntary commitment of participants – not on regulatory instruments. The ten principles may be put into practice in many different ways ranging from internal policies and political exchange through to partnership projects between businesses, the state and civil society. The individual progress reports from the companies involved form a minimum standard.

The Global Compact integrates all major actors in society: governments, businesses, employees, non-governmental organisations and the United Nations as the universally accepted coordinator and facilitator.

Building on experience

Today, the Global Compact operates networks in many countries throughout the world. Approximately **140 companies** plus organisations from civil society, academia and politics have joined the **German Global Compact Network (DGCN)**. The German Government, in particular the German Federal Ministry for Economic Cooperation and Development (BMZ), actively supports the network, which has established itself as an important platform for dialogue on corporate social responsibility (CSR).

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH coordinates the DGCN on behalf of the Federal Ministry for Economic Cooperation and Development and the participating companies and coordinates the activities towards fostering the ten principles worldwide. GIZ provides the network's Focal Point and, in close cooperation with the German Federal Foreign Office (AA) and the International Chamber of Commerce Deutschland (ICC), organises working conferences, facilitates sharing experiences and information exchange, and initiates action-oriented learning and open discussions in an atmosphere of trust and constructive feedback.

The Global Compact offers companies the opportunity to take on a leading role in shaping a fairer form of globalisation and to make this part of their corporate culture. It does not see itself as a regulatory instrument in globalised markets or as a seal of approval for activities that businesses carry out as part of their corporate social responsibility. The aim is not to replace other voluntary initiatives, but to offer a platform for sharing lessons learned and developing ideas.

Companies that join the network are expected to adhere to the ten principles. In annual CSR progress reports (communication on progress, COP) they inform the Global Compact Office in New York about the specific measures undertaken to put the ten principles into practice, how these activities progressed and the lessons learnt. The progress reports are mandatory: companies that do not comply are excluded from the Global Compact. The central Global Compact Office in New York provides information about new developments and the implementation of the ten principles. For example, the *Caring for Climate* initiative, in which the members of Global Compact explore the issue of climate change, the *Principles for Responsible Investment* which focuses on the financial sector, the *CEO Water Mandate* on the problem of water supply or the *Principles for Responsible Management Education* on management competencies that underpin socially responsible corporate governance.

Contact

Focal Point German Global Compact Network
Ann-Ulrike Henning
E ann-ulrike.henning@giz.de

Jürgen Janssen
E juergen.janssen@giz.de

I www.globalcompact.de

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Deutsche Gesellschaft für
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Dag-Hammarskjöld-Weg 1-5
65760 Eschborn
T +49 6196 79-0
F +49 6196 79-1115
E info@giz.de
I www.giz.de



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Germany