



Global Compact Network
Australia

Inaugural Annual Review

February 2009
to June 2010





Global Compact Network Australia

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We acknowledge the *pro bono* support of the designers Generation Alliance,
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The Ten Principles of the UN Global Compact

The 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 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 corruption in all its forms, including extortion and bribery



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1. Review from the Australian Focal Point, February 2009 – June 2010

More than one year ago, following the support of Australian Signatories of the UN Global Compact (UNGC), St James Ethics Centre, itself a signatory, established an Australian Focal Point for the Compact, from which to develop an Australian Network. Financial support was drawn from funding received from Federal Treasury to promote responsible business practice in Australia.

The past year has been a strong foundational year for the Australian Network - highlights including the following:

- an increase in participating signatories in Australia by more than 50% - including new Australian local signatories and local subsidiaries of Global signatories
- call for support from Australian UNGC signatories for an Australian Network and Focal Point and letter re Universal Declaration of Human Rights 60th anniversary (UDHR60) to top 200 CEOs and CSR practitioners in Australia
- formal launch of the UNGC Australian Network by Executive Director, UN Global Compact, Georg Kell with the then Minister for Superannuation and Corporate Law, Nick Sherry at the 10th National Business Leaders' Forum on Sustainable Development.
- Executive Director, UN Global Compact meetings with government ministers, business leaders and signatories to the Global Compact including Roundtable for Australian participants, Parliament House.
- national consultation of signatories on the development of the Australian Network in Melbourne and Sydney with a high degree of representation and engagement from across the Australian participants including 40 signatories and related initiatives in attendance (business, government, academia and NGOs, UN PRI, MDG).
- formation of a Working Group to draw up proposals for Network structure (governance, activities, fee structure) based on national consultation, to recommend to signatories at the Inaugural Annual Meeting.
- introductory Webinar training sessions on the Global Compact
- establishment of UNGC internships to assist Focal Point
- inaugural Local Newsletter to UNGC local and global Australian signatories. Monthly e-newsletters to keep Australian participants updated
- establishment of Australian web pages for the Global Compact
- ministerial endorsement of the UN Global Compact – from the Federal Treasurer and the Minister for Superannuation and Corporate Law
- representation and key contributions at the Asia-Pacific Network of the UN Global Compact including Regional Meets held in Bangkok, January 2009, Istanbul, June 2009



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and Bangkok, November 2009 - attended and provided input at training session Kuala Lumpur, October 2009.

- representation and contribution to the Annual Local Network Forums – Focal Point as Australian representative, is invited to the Annual Local Network Conference (UNGC) in Germany, October 2008. Annual Local Network Conference in Istanbul, June 2009 included a welcome of new Australian Network and an address by Australian Network Representative in plenary session.
- Focal Point participation in UNGC Micro-Enterprise Working Group.

Plans are now underway for an Inaugural Annual Meeting to nominate a Steering Committee, Local Network Representative and Secretariat to transition to a self-sustaining, vibrant Australian Network.

Prior to the official proceedings of the Inaugural Annual Meeting, to be convened in the offices of Accenture in Pyrmont, there will be a casual breakfast followed by an address to be delivered by Bob McMullan MP, Parliamentary Secretary for International Development Assistance.

After his address Bob McMullan will join the high level panel discussion, to be chaired by Dr Simon Longstaff, Executive Director, St James Ethics Centre. The panel will comprise Michael Luscombe, CEO, Woolworths - Australian Signatory, Jack Percy, Managing Director Australia, Accenture - Host of this function and Global Signatory and David Atkin, CEO Cbus, Signatory and Board Member of the Principles of Responsible Investment (PRI).

The panel will discuss the Global Compact, corporate citizenship and responsible investment in the Australian business context and the role of business and government leadership in driving responsible business practice and sustainable development nationally, regionally and internationally.

In addition we look forward to joining in the 10 year celebrations of the Global Compact at the 10th Leaders Summit of the UN Global Compact in June 2010 at the United Nations, New York.

Rosemary Sainty

May 2010



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2. About the UN Global Compact (UNGC)

Launched in 2000, the UN Global Compact revolves around 10 principles for business on human rights, labour, the environment and anti-corruption. The principles are derived from international instruments that enjoy widespread Government support (Universal Declaration of Human Rights; ILO Declaration on Fundamental Principles and Rights at Work; Rio Declaration on Environment and Development; UN Convention against Corruption).

The Global Compact is the world's largest voluntary corporate citizenship initiative with over 7000 business participants from over 130 countries and with up to 200 new companies joining each month. Each company commits to work towards the principles and communicate on an annual basis to their own stakeholders about their progress (letter signed by CEO, endorsed by the Board and sent to the UN Secretary-General).

The Global Compact has 2 key purposes:

1. To encourage the integration of its 10 principles into responsible business practice - corporate responsibility
2. To garner collective action of the UNGC and its related UN initiatives, especially the
 - Millennium Development Goals (MDG) and its Business Call to Action
 - UN Principles for Responsible Investment (PRI)
 - Caring for Climate Initiative and
 - Principles for Responsible Management Education (PRME) that comprises the convergence of the key international multi-stakeholder initiatives.

Its governance framework includes a high level multi-stakeholder board, convening a triennial Leaders Summit for the CEOs of all its corporate and other participants, an annual gathering of the representatives of the country networks and a Government Donor Group.

The UNGC is a purely voluntary initiative which relies on public accountability, transparency and the enlightened self-interest of all the relevant actors: governments, business, labour and civil society organisations.

To become a signatory, businesses sign up to the 10 universally accepted principles of the UNGC which form a framework from which to align operations and strategies with responsible and sustainable business practice. The Communication on Progress (CoP) is the mechanism to demonstrate progress towards attainment of the 10 UNGC Principles, on an annual basis. The Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G3) – the international standard in sustainability reporting can be used to 'operationalise' the principles of the UNGC and assist in the production of the UNGC's annual COP requirement.

Benefits to participating in the UN Global Compact include:

- leveraging the UN's global reach and convening power with government, business, civil society and other stakeholders
- sharing good practices and learning
- accessing the UN's broad knowledge in development, environmental, humans rights and labour issues



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- improving corporate/brand management, employee morale and productivity, and operational efficiencies
- linkages with the UN initiatives including the Principles for Responsible Investment (UNPRI), the Millennium Development Goals (MDGs), the Principles for Responsible Business Management Education and the Business for Millennium Development Goals
- resources for SMEs to become signatories to the UNGC with the opportunity to demonstrate leadership by advancing responsible corporate citizenship.



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3. The UN Global Compact and the National Responsible Business Practice Project, St James Ethics Centre

The Federal Government, through Treasury, has funded St James Ethics Centre (the Centre) to broaden the range of Australian companies (including small to medium enterprises [SMEs]) adopting more responsible business practices and to consider options to improve, and where necessary refine the tools that are available to promote responsible business practices across all levels of corporate management.

In response to factors such as the global financial crisis and a growing awareness of the impacts of climate change, reporting the complete spectrum of financial and non-financial factors that are material to the sustainable operation of a business is now critical. There is an evolving consensus across international business (in favour of increased transparency, accountability and comparability). In particular markets are recognising that the proper pricing of risk and opportunity requires the assessment of environmental, social and governance factors (ESG).

One key objective of the project has been to facilitate the 're-tooling' of Australian business so that it is better able to meet the increasing expectations of the market, the community and the government. This in turn reduces the need for regulation while simultaneously enabling adaptation and resilience in a transitioning business environment. The Centre has been uniquely placed within Australia to deliver the goals of the project through its high levels of trust within Australian businesses and the community more generally that understand that the Centre's initiatives are based on developing the common good.

The centrepiece of the project has been the development of a world-first 'HUB' of responsible business practice, to act firstly as a catalyst to connect strategically the key actors from business, government and civil society - nationally, regionally and internationally enabling engagement, dialogue and advancement of responsible business practice and secondly and more practically it acts as a hub of initiatives and tools that enables uptake and adoption of responsible business practice.

Thus the Centre has been well placed to assist in the establishment and initial resourcing of an Australian Network for the UN Global Compact through the housing of a Focal Point for the Global Compact in Australia at the Centre, prior to the Network transitioning to self-sustainability.

The Centre also recognises business' lack of certainty on how to engage with the responsible business practice agenda, and confusion around initiatives of engagement and reporting - particularly at a time when transparency, trust, confidence and comparability are emerging as key themes in the new economic climate.

Thus the Centre has been working to make the way clear, highlighting strengths and synergies of key global initiatives. Of particular note is the Global Reporting Initiative (GRI) - the international framework in sustainability reporting, which can be used to 'operationalise' the more principles based Global Compact. A 'C-level' report using the GRI framework is considered appropriate for the Global Compact's annual 'Communication on Progress' (CoP). The Centre now houses an Australian Focal Point for the GRI.



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Simultaneously the Centre is working with Australian corporate responsibility leaders to build tools for small to medium enterprises for use in the supply-chain, sector and place (location): the Good Business Register - the National Register of Responsible Business Practice. These resources have been mapped to both the GRI and the UN Global Compact to ensure international comparability.



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4. Establishment of the Australian Focal Point

In February 2009, following a period of consultation with Australian Signatories of the UNGC the Centre's Head of Responsible Business Practice Rosemary Sainty was nominated as the Australian Focal Point to the UN Global Compact

Therefore the Australian Focal Point has signed a Memorandum of Understanding with the UN Global Compact Office committed to meeting the following goals to:

- commit to the principles and practices of the Global Compact. This includes the ten principles themselves, the practice of learning by doing, dialogue, partnership and striving to bring together other stakeholders
- hold a minimum number of events/activities annually
- display a willingness actively to support efforts by participants to develop a Communication on Progress
- manage proactively and protect the integrity of the Global Compact initiative and develop capacity to find solutions to dilemma situations involving participants in the network
- produce an annual activities report
- identify a person within the Global Compact Office to liaise on day-to-day issues related to the running of a Global Compact Local Network (GCLN) and
- nominate a person authorised by the GCLN to act on behalf of the Local Network at the Annual Local Networks' Forum and in the management of the usage of the Network logo.

In return the UN Global Compact Office commits to support the activities of the GCLN in the following ways:

- inform the GCLN on key developments and issues related to the overall governance of the Global Compact initiative;
- regularly update the GCLN on upcoming Global Compact events and provide advanced notice to GCLNs of communications to all Global Compact participants;
- communicate relevant contact information for new signatories to the Global Compact from the respective country;
- send regular updates on the COP status of participating companies;
- provide a knowledge-sharing system which will serve as a global repository of Network activities to encourage the sharing of experiences; and
- convene, with regular partners as appropriate, the Annual Local Networks' Forum.

The Memorandum of Understanding with the UN Global Compact Office will be due for renewal based on consensus of Australian participants at the Inaugural Annual Meeting in June 2010.



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5. National Consultation

In order to scope out the needs of the Australian signatories, prior to the formal establishment of the Network structure, national consultation sessions were held in April 2009 in Sydney and Melbourne. Hosted by Allens Arthur Robinson and led by Ursula Wynhoven, Special Assistant to the Executive Director of the Global Compact (New York) and Rosemary Sainty, UN Global Compact Focal Point for Australia, an excellent and enthusiastic group of Australian-based UN Global Compact signatories developed a range of notable points of action relating to two broad questions, as listed below.

Question One: **What is the value proposition in joining the Australian Local Network?**

Theme One: Information source for members

- Repository of information could be created, accessible only to Network members, concerning such matters as: how to implement the compact and who in the company needs to be involved; templates for procurement or other aspects of implementation (practical tools); event information and other opportunities to network; member information that could be shared with others or examples of best practice/anecdotes; definitions (such as acronyms) and how they apply; and corruption / bribery information / advice for Australian businesses with overseas operations
- Continual sharing of information via online discussion, possibly using a discussion tool such as the Base Camp software, or an online forum on the HUB, or simply via email (the former is likely to be least cumbersome and would require no monetary contribution from members) – may have as an option the opportunity for members to be able to add to the repository themselves (a wiki-like structure)
- Could use the HUB to educate other non-signatories and/or non-member signatories about sustainability principles and activating the vision that it is possible, and preferable, to do business differently – with the aim of having them join the network.

Theme two: Opportunity to influence the Government at state and federal levels

- Possible integration of other Government requirements related to sustainability such as quality (ISO) standards
- Network to provide an opportunity for dialogue and for industry to be involved with policy formulation: powerful combination of stakeholders together in the network
- Network not intended as a lobby group; government takes notice when business takes the lead for themselves.

Theme three: Credibility and enforceability of commitments within the network

- Ideal to develop a critical mass in terms of size and number of network participants
- Possible use for secretariat for enforcement purposes
- Extend network to other major capitals and regional Australia
- The network can itself help businesses to be recognized for their CSR work.



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Theme four: Convergence in reporting standards

- Network can take a leadership role in convergence in sustainability reporting standards (between, eg, GRI, DJSI, SAI Global, etc) that are crucial in order to translate the principles of the Global Compact into a CoP
- Take initial steps such as setting a timeline and evaluating alternative standards – with emphasis on the GRI.

Question Two: **What structure should the Network take?**

Theme one: Need for simplicity

- Network should make it as easy as possible to network and should also 'demystify' any confusion around any aspect of the Compact
- Not a theoretical think tank – practical emphasis on information and activities
- Keeping the structure simple and practical should enhance the opportunity to involve SMEs – governance should be as open and democratic as possible.

Theme two: Establishing a Working Group

- A Working Group would be useful in order to; canvass and evaluate alternative governance structures; grow momentum amongst the business community; show the value proposition for SMEs; and distil broader dialogue
- A Working Group should come back to the wider group with a range of options for how the network might be set up – potential network models (governance, meeting frequency, funding etc)
- on the topic of funding, in-kind contributions were raised as possible substitutes for monetary funding (for example, agreeing to host meetings).

Theme three: Structure and purpose of meetings

- 'Informal' structure preferred to meetings in that members would 'take turns' to host
- Ample use should be made of technology where possible so as to enable the broadest means of communication (for example, conferencing via telephone or video)
- Meetings can be opportunities for education, for example on sustainability issues or on issues relating to compliance with the Global Compact, and provide a means of networking
- Potential frequency of meetings raised but not defined as yet.



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Organisations Represented at Consultations

Sydney

Allens Arthur Robinson
Drake International
Ernst & Young
Generation Alliance
Griffith University
Dr Heather Peirce
KPMG
Lend Lease Corporation
MBA Solutions
Office of Nick Sherry
PricewaterhouseCoopers
Responsible Investment Association
Australasia
SGSDA Trade & Investment
St James Ethics Centre
UBS AG
UN Global Compact Office
University of Sydney
Vodafone Australia
Westpac Banking Corporation

Apologies

Nestle Australia
Unilever Australia
Veolia

Melbourne

ANZ Banking Corporation
B4MD
BP Australia
Clayton Utz
Coffex Coffee
EPA Victoria
Fairtrade
Hewlett Packard
Intrepid Travel
Pacific Hydro
Precimax Plastics
RMIT
St James Ethics Centre
Telstra
UN Global Compact Office
University of Melbourne

Apologies

ACCSR
AusAID
Cadbury Schweppes
National Australia Bank
Transfield Services



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6. Launch of the Global Compact Network Australia

The Australian Network of the UN Global Compact was formally launched at the 10th National Business Leaders' Forum on Sustainable Development at Parliament House Canberra, on 28 May 2009 by Georg Kell, Executive Director of the UN Global Compact, supported by Senator the Hon Nick Sherry, Minister for Superannuation and Corporate Law.

I congratulate new and long-standing Australian business participants in the UN Global Compact for their commitment to responsible and sustainable business practices.
Senator the Hon Nick Sherry, Minister for Superannuation and Corporate Law

In his keynote address Georg Kell spoke of the 'dawn of a new crossroad' in how businesses come to terms with the environment, and accordingly how we consume resources, produce goods and services, and emit in environmental terms. He identified the real lessons from the Global Financial Crisis as being:

1. that companies must shift their collective focus from short-term profitability to long-term value creation
2. that we must update our perspective on risk in recognition of our global economic interconnectivity and interdependence and
3. that it is critical for markets to be imbued with a sense of ethical principles in order to be sustainable.

Georg Kell spoke of the need to 're-tool' and the importance of environmental stewardship in the lead up to the Inter-governmental Climate Change talks in Copenhagen at the end of the year. The Global Compact provides the most ideal vehicle to advocate the cause of sustainability, and in support of this he identified the Principles for Responsible Investment, as engaging with investors in order to have them recognise that non-financials have a crucial role to play in long-term performance.

Roundtable Consultation with Signatories and the Executive Director of the Global Compact

On the second day of the Forum, a roundtable consultation for Australian signatories was held in Parliament House to hear directly from Georg Kell, who spoke of the importance of building a Network with adequate resources including an inner circle of business signatories and the drawing in of multi-stakeholder support base. Georg Kell suggested that each country network provides something unique back to the UN Global Compact and contributes to the strengthening of the initiative:

Country networks are key for the UN Global Compact and increasingly are actually defining what the Compact is. The amount of activity that is now generated by the 5300 corporate participants and 1000 non-corporate participants around the world is increasingly driven from the bottom up – where innovation is generated by collective action that is organised and taking shape and where the interface with public policy making occurs.
Georg Kell, Executive Director, UN Global Compact



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Links with the PRI Initiative for Investors

The Network will seek to build strong links with the UN Principles for Responsible Investment and UNEP FI secretariats in Australia. The UNGC is closely connected to the UN PRI as evidenced by the following quote:

The UN Global Compact is an extremely important tool for helping companies to achieve long-term business success while also fulfilling society's expectation that they should operate responsibly. It provides companies with a framework of widely accepted standards to use in their management of environmental, social and governance (ESG) issues. Participation in the UN Global Compact sends a strong signal to investors that companies are both alert to the business implications of ESG issues, and taking active steps to incorporate them in their strategy and risk management.

Donald MacDonald, Chair of the PRI initiative and Trustee of the BT Pension Scheme

The UN PRI has called on chief executive officers of approximately 9000 companies to commit to the UN Global Compact and its ten principles.

Georg Kell believes that in order to progress the corporate citizenship agenda we must connect the investment community with the principles of corporate citizenship and create awareness that non-financial issues matter. The role, and influence, of the investment community becomes instantly apparent when Kell explains that the 400 institutional investors supporting the UNPRI represent over USD18 trillion, accounting for roughly 10% of global liquidity.

Equally important is collective action in support of the Millennium Development Goals (MDGs). The UN Global Compact emphasizes the importance of the formation of partnerships in meeting the MDGs and as a Network we look forward to engaging with agencies and organisations in supporting these initiatives.



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7. Establishment of a Working Group

Following the national launch there was a call for expressions of interest to form a working group which would, in consultation, draw up a Network structure.

Following the receipt of nominations from those interested in joining the Working Group was established in July 2009.

Members of the Working Group comprised:

David Faulks, Managing Director, Generation Alliance
Catherine Hunter, Director, Corporate Citizenship, KPMG
Peter Kelly, Director, Corporate & External Relations, Nestlé Australia
Armineh Mardirossian, Head of Sustainability, Woolworths
Rachel Nicolson, Senior Associate, Allens Arthur Robinson
Graham Paterson, Head of Group Sustainability, Westpac Banking Corporation
Katherine Teh-White, Managing Director, Futureeye
Matthew Tukaki, General Manager, Government and Public Sector, Drake International
Carla Vasconi, Environmental Services Manager, SustainaPac
Rosemary Sainty Focal Point St James Ethics Centre

And were later joined by:

Nicholas Assef, Executive Chairman, Lincoln Crowne & Company and Armineh Mardirossian, Head of Sustainability, Woolworths

Since its establishment in July 2009 the Working Group meetings have been convened – initially in person, and thence via video and teleconferencing to develop the following documents for consultation and adoption at the Inaugural Annual Meeting in June 2010:

- a draft governance document for the Network - 'Global Compact Network Australia proposed governance guidelines and structure'
- a Network vision, mission statement and Network branding (particular acknowledgment to Generation Alliance)
- a Network activity plan including an annual conference
- Network benefits and fee proposal

The Focal Point has circulated all documents to current signatories and we look forward to presenting these documents at the Inaugural Annual Meeting on 4 June 2010 in Sydney.



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8. Asia-Pacific Regional Network

A regional project at the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) aims to increase the contribution of business to sustainable development through a more effective implementation of the principles of the Global Compact in Asia and the Pacific. Existing Global Compact networks include those in Bangladesh, China, India, Indonesia, Japan, Malaysia, Nepal, Pakistan, Philippines, Republic of Korea, Singapore, Sri Lanka, Thailand and Vietnam. In early 2009 in Bangkok, Australia was warmly welcomed as the newest Focal Point. The regional network promises to be a powerful group with whom the Australian Network and Australian business might collaborate in the future.

7th Annual Local Network Forum

In the last week of June 2009 Rosemary Sainty attended the 7th Annual Local Network Forum in Istanbul, Turkey. As the UN Focal Point for Australia she participated in a range of sessions on aspects of the principles of the Global Compact and presentations on best practice from Networks around the world.

The final day of the conference was dedicated to working with the Focal Points in our Asia-Pacific region. It is here that the Network will make strategic links, as these Focal Points represent most of Australia's trading partners. The Australian Focal Point has begun sharing with the regional Focal Points, some of the supply chain resources, inviting comment.

The Asia-Pacific Network is also providing assistance for local networks: In September 2009 the Australian Focal Point attended the first training on the Communication on Progress (CoP) reporting requirement of the Compact, which will be followed by the commencement of further CoP training resources.

1st Asia-Pacific Trade and Investment Conference, November 2009

In November 2009 Rosemary Sainty, the Focal Point for the UN Global Compact Network Australia attended the 1st Asia Pacific Trade and Investment Conference in Bangkok, comprising an Organisation of Economic Co-operation and Development (OECD) - UN Economic and Social Commission for Asia Bangkok and Pacific (ESCAP) 'CSR' conference and an overlapping UN Global Compact (UNGC) Regional meeting.

The conference included a consultation session dedicated to the development of the Asia-Pacific Global Compact Community of Practice as well as a consideration of the role of the OECD Guidelines for Multinational Enterprises – 'the most comprehensive instrument in existence today for corporate responsibility multilaterally' - which is adhered to by 30 OECD governments, of which Australia is one, along with 12 non-member countries.

Multinational enterprises (MNEs) play an increasingly important role in today's globalised world. The activities and operations of MNEs directly impact communities, workers, indigenous peoples and the environment. They can facilitate sustainable development and contribute to poverty eradication. However, this impact is not always positive, particularly in emerging economies and conflict zones. The OECD Guidelines provide voluntary principles and standards for responsible business conduct in a variety of areas including employment and industrial relations, human rights, environment, information disclosure, combating bribery,



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consumer interests, science and technology, competition and taxation. As such they work in complement to the UN Global Compact's Ten Principles.

Each country that adheres to the OECD Guidelines is required to have established a National Contact Point (NCP) for handling specific instances raised about companies that either are based in or are operating in their country. Under the OECD Guidelines, when issues arise concerning implementation of these Guidelines in relation to specific instances of business conduct, they are brought to the attention of the NCP. There is an expectation that the NCP will help to resolve the issues through its own good offices. In Australia the NCP resides with the Foreign Investment Review Board, Federal Treasury.

Thus the OECD Guidelines have a unique implementation mechanism as handled by National Contact Points (NCP), which includes mediation and conciliation to help resolve investment disputes. This dovetails well with the Global Compact's focus as a learning initiative and facilitator of dialogue, which helps participants implement policies that embody the Ten Principles.

NCPs are also obliged under the OECD Guidelines to undertake outreach activities on the OECD Guidelines. In some countries, the NCP also helps to promote the UN Global Compact through its website, outreach materials and events. The UN Global Compact Focal Point for Australia has met with the NCP, with a view to ongoing connection and involvement of the review of the guidelines.

Further the UNGC Office and the OECD have recently begun to enhance their collaborative efforts, joining a global trend towards convergence of international frameworks and instruments in corporate responsibility and thereby reflecting the international intention expressed by the G20 at its meeting in London, April 2009, in building socially and environmentally responsible economies. The Network will be well positioned to assist this dialogue. To this end Rosemary Sainty, UN Global Compact Focal Point for Australia joined Herman Mulder, Netherlands National Contact Point and Founder, Equator Principles and Marie-France Houde, OECD Investment Committee on a panel at the OECD Watch side - event to discuss this convergence.

In 2010 a ten year review of the OECD Guidelines will aim to increase its relevance and clarify private sector responsibilities, with the involvement of the Global Compact.

UNGC Conclave Asia Pacific, New Delhi, March 2010

The UNGC Conclave Asia-Pacific was held in New Delhi, India on 15 & 16 March 2010. Participants and speakers at the Conclave included some of the most powerful and influential business and political leaders in India. Consequently the Conclave attracted an immense amount of interest from business, civil society organisations and the media.

Matthew Tukaki, Australian Signatory and Working Group member participated in the panel that addressed issues associated with labour panel. His full report on the Conclave can be found on the Network Australia website.

Matthew provided an overview of drivers compelling workers to migrate around the region. Reasons for this included:



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- ageing populations in developed countries
- war and conflict - most notably an exodus of people from Sri Lanka and Afghanistan
- displaced persons from prior conflicts and current civil insurgencies - Laos and Burma.

Motivation for migration differed between those moving because they were skilled and those moving because they were being forced to do so. Within the supply chain, there is an opportunity for workers to be taken advantage of. This occurs on a daily basis in both developed and developing countries.

India has a significant external workforce which also provides a large cash remittance return to the economy. There was general consensus that organisations needed to ensure that suppliers, or those within the supply chain, were treating workers, wherever they were, fairly and in line with local and global conventions.

Matthew also participated in the Local Area Network Briefing attended by Georg Kell, Executive Director, UNGC and Soren Petersen, Network Manager from the UN Global Compact Office at which several subjects were discussed including those mentioned below.

The UNGC Leaders Summit is being held in New York in June 2010. The hope is that more than 1500 CEO Signatories will be in attendance. There is an additional desire to see good representation from the Asia-Pacific region. During the Summit the UNGC Local Area Network (LAN) Program will focus on activities within the respective networks. This is an opportunity for any LAN to promote its respective activities, programs or initiatives.

In addition there is an expectation that a number of issues will be discussed as part of the LAN program including those relating to the program itself and any improvements or issues that members would like to raise or discuss.

One issue already on the agenda is the role of small organisations and those people who represent consulting companies. There is a view, already shared with the UNGC office from various networks that members representing consulting companies or small business could be angling or representing a network where the program is not foremost rather because of potential business opportunities. There is an opportunity for each member of the LAN to send through potential issues that they would like raised or discussed at the meeting in New York.

The last subject discussed was the membership drive. There are some 7,000 members currently and there is a real desire by New York to strive for 20,000. In Australia there is an immense opportunity to grow our member base once the representative structure has been settled.



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9. Financial Review

This summary covers the period February 2009 to June 2010.

As part of its Treasury funded National Responsible Business Practice Project, St James Ethics Centre allocated a portion of the funding in order to seed the establishment of the UN Global Compact Focal Point and Network.

Thus the Centre has been well placed to assist in the establishment and initial resourcing of an Australian Network for the UN Global Compact through the hosting of a Focal Point, prior to the Network transitioning to self-sustainability through a Network membership fee structure and income-deriving activities to be organised by the Network Secretariat, assisted by the incoming Steering Committee.

An estimated expenditure of funds is presented below:

ESTIMATED EXPENDITURE OF FUNDS – FOCAL POINT

Category	Description		
Expenses: Employee Benefits incl super			
Focal Point	1.5 days /week		43,000
UN Intern program for admin support	2 days /week - web, database		0
Volunteer Support position *	comms, admin		0
Total Employee Benefits		43,000	
Expenses: Non-Salary			
Focal Point Travel			20,000
Travel and accommodation for speakers			12,000
IT/ web support			2,000
Communications	phone/teleconf		2,000
Meetings	provided in kind		0
Postage & Freight			500
Rent & Rates	provided in kind		0
Graphic Design/Marketing/Printing			600
Business & Other Expenses including bookkeeping, insurance	In-kind		0
Lap top, mobile	In-kind		0
Total Non Salary Expenditure		37,100	
Total Expenditure			80,100

* as housed within a not-for-profit organisation



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10. Foundation Year - Building Capacity and Collective Action

The first eighteen months of the Australian Focal Point and Network to the UN Global Compact have been active in both building a resource base and raising awareness of the UN Global Compact and the Network itself, resulting in an increase of Australian participants by more than 50% and endorsement by both the Federal Treasurer, Wayne Swan and the then Minister for Superannuation and Corporate Law, the Hon Nick Sherry:

In a world first, the (Responsible Business Practice) funding has enabled the Centre to become the focal point in Australia for the Global Reporting Initiative – the international gold standard for reporting on sustainability and the UN Global Compact – the global initiative in corporate citizenship.

Linking these to very significant global initiatives in corporate responsibility and creating a base for them in Australia – the Centre is helping make the way clear for Australian companies to engage in CSR both locally and in the international space.

In my view, this Government-supported, community organisation-delivered initiative is a perfect example of the partnership approach at work.

*The Hon Nick Sherry, speaking as Minister for Superannuation and Corporate Law,
February 2009 in Sydney*

UN Global Compact Network Australia: 5 year plan

- establishment of governance structure, fees, membership criteria for the Australian Network including a steering committee, National Country Contact Point and Local Network Representative with representation from business, government and civil society reflecting the Australian cultural and business context
- growing the number of Australian signatories to the UNGC
- strong and synergistic links with the Principles for Responsible Investment signatories (PRI) and the Millennium Development Goals (MDGs) in Australia
- active participation in other UN led initiatives eg: Caring for Climate and the CEO Water Mandate, especially those that relate to Australian challenges
- supporting signatories in the reporting process through alignment with GRI Australian Focal Point activity
- regionally connected, regional issues
- vibrant inclusive Australian Network comprising businesses of all sizes – acknowledging the interconnected and interdependent nature of business
- establishment of a business leaders group with which to champion the UNGC and corporate citizenship
- provide feedback to UNGC head office on the way forward.



Global Compact Network Australia

The following summary outlines activity not yet covered in this Annual Review.

a) Webinars, Training and Resource Building including:

Webinars

'Introduction to the Global Compact' October / November 2009

Offered to all current and potential signatories to the Global Compact covering the four areas of human rights, labour, environment and anti-corruption and featuring case studies of local signatories.

Website

Development of Australian Network website - housing key links, resources, news and information.

Case Studies

Facilitated and developed by the Australian Network interns – Australian Network signatories examples of practice across each of the four areas of the Compact, and on website for easy access.

Newsletters / monthly E-news

Featuring local and international resources, events and news.

b) Promoting the UN Global Compact and Australian Network through the media, including the following examples:

UNEP Finance Initiative news from Australasia, July 2009

Featuring the launch of the Network at Parliament House, May 2009 and interview with Georg Kell, Executive Director, UN Global Compact.

Ethical Investor, October 2009

Featuring interview with Focal Point Rosemary Sainty and case studies/interviews from local signatories on business and human rights, information on what Australian companies are doing to integrate human rights policies and responsible business practice.

UN Global Compact Publication:

Chief Executives Taking a Stand for Climate Action, October 2009

Chief Executive testimonials as part of the Seal the Deal Campaign including a statement from Australian signatory Bill Jones, Managing Director, Sustainable Living Fabrics.

ABC Radio, Night Life, May 2010

Interview about the National RBP project and the UN Global Compact with Rosemary Sainty (Focal Point) and Matthew Tukaki (Signatory).



Global Compact Network Australia

c) Spreading the Word - Speaking Engagements and the UNGC, including:

Address - Australian Business (Schools) Dean's Council, March 2009

Focal Point, Rosemary Sainty presented on the UN Global Compact and its related initiative – the Principles for Responsible Management Education - to the head of the country's business schools.

UN Global Compact Annual Local Network Conference, Istanbul, June 2009

Matthew Tukaki (Drake International) address on Labour and the Global Compact. Rosemary Sainty, Focal Point and Caroline Bayliss, UN Global Cities program also attended this conference.

Australia21: The Impact of the Economic Crisis on Corporate Responsibility, Melbourne, June 2009

Speakers at this conference included Ursula Wynhoven, Global Compact Office and Rosemary Sainty, Focal Point.

Principles for Responsible Investment International Conference, Sydney, July 2009

Focal Point, Rosemary Sainty on panel discussing closing the gap of understanding between the 'ESG' investment community and the 'CSR' business/reporting community.

1st Asia-Pacific Trade and Investment Conference, Bangkok, 2-6 November 2009

Participation and address at OECD Watch side conference – Rosemary Sainty, Focal Point. Australian signatories participating: CPA Australia and Lincoln Crowne.

Singapore Compact CSR Summit, October 2009

Graham Paterson, Westpac and Australian signatory participated.

3rd Annual Asia-Pacific Academy of Business in Society, November 2009

Conference hosted by the Asia-Pacific Centre for Sustainable Enterprise at the Griffith Business School, an Australian Signatory with Professor Malcolm McIntosh as the organiser and chair. Matthew Tukaki, Australian Signatory joined a panel discussion on 'The UN Global Compact's 10th Anniversary in 2010: Learning from Networks in the Asia-Pacific Region'.

UNGC Conclave Asia Pacific, New Delhi, March 2010

Matthew Tukaki, Australian Signatory and Working Group member participated in the panel discussion on labour.

Carbon Reduction Conference in Melbourne, April 2010

Matthew Tukaki, Australian Signatory and Working Group member presented.

d) UN Global Compact Working Group Activity

Micro-Enterprise Working Group - Australian Focal Point, Rosemary Sainty, member
Anti-Corruption Working Group - Australian Focal Point, Rosemary Sainty, feedback point



Global Compact Network Australia

e) Australian Leadership Opportunity

The UNGC has given rise to a series of related instruments, in particular the UN Principles for Responsible Investment (PRI) and the UN Principles for Responsible Management Education (UNPRME) – both of which are having considerable impact. St James Ethics Centre has proposed to the Head of the UNGC, in New York, Georg Kell and to the Prime Minister of Australia, Kevin Rudd, that there is an opportunity to develop a new, complementary set of UN Principles for Social Investment (UNPSI). The response from both New York and the Prime Minister has been positive.

As a result of this, the Prime Minister announced, at the recently convened Australian Davos Connection Philanthropy Summit, that Australia would lead an international process to develop the UNPSI – with the aim of having the principles launched by the UN Secretary-General at a meeting of the UNGC Leadership Group on 24 & 25 June 2010.

The Prime Minister has asked St James Ethics Centre to facilitate the groundwork for Australia's initiative before passing an exposure draft of the principles into the international arena as part of a process of consultation leading to adoption. Business Council of Australia and Philanthropy Australia were amongst representatives of a number of leading organisations that have agreed to participate in developing the exposure draft of the UNPSI. The Centre will also be drawing on the input of active participants in the UNGC Regional Network.

In response to the suggestion that Australia lead the development of the proposed UNPSI, the Head of the UN Global Compact, Georg Kell, said that, "UNPSI could help to fill a critical void and add to the 'roundness' of the Global Compact. I have full confidence that Australia could be the right place to grow this idea and to flesh it out". He went on to observe that, it is important that the proposed UNPSI offer 'clarity, guidance and scalable solutions'.

The Centre has also been working closely with the Committee Encouraging Corporate Philanthropy in New York to circulate the Principles to stakeholders working in Social Investment and Network members for comment prior to launching them at the 10th Leaders Summit in New York in June 2010.



Global Compact Network Australia

11. Stakeholder lists

Australian Signatories as of May 2010 (chronological order of becoming a member):

Allens Arthur Robinson	Australian Bush Heritage Fund
Westpac Banking Corporation	Precimax Plastics Pty Ltd
Futureye	Telephone Equipment (NSW) Pty Ltd
Equals International Pty Limited	Landell Consulting
Coelophusis	St James Ethics Centre
Committee for Melbourne	Intrepid Travel
International Young Professionals Foundation	Swan Services Pty Ltd
Methodist Ladies College	Greencap Limited
Monash University	Lincoln Crowne & Company
University of Melbourne	Bowden Printing Pty Ltd
BHP Billiton	Ceramet Technologies Pty Ltd
RMIT University	CPA Australia
Global Renewables	Drake International
Ruyton Girls' School	Martogg Group of Companies
Foster's Group Ltd	Parsons Brinckerhoff
Airland International A/S	The Centre for Social Impact
Symbiotic Technologies Pty Ltd - TrustDefender	Woolworths
ACCSR	Commonwealth Bank of Australia
The Foundation for Development Cooperation	Members Equity Group
VIP Packaging (Secondary)	Barangaroo Delivery Authority
World Federation of Occupational Therapists	Streamline Cartons
University of Technology, Sydney	Transurban
Tridonic Atco Oceania Holdings Pty Ltd	Hassell
Adris Pty Ltd	Sebel Furniture
Sustainable Living Fabrics Pty Ltd	Hoadley Budge Olphert & Edwards
Integrated Research Ltd	Madigan Torzillo Briggs (Australia) Pty Limited
Pact Group	NDA
STW Group Ltd	John Ferguson Pty Ltd
R E Davison Pty Ltd	GHD Pty Ltd
Coffex Coffee	Griffith University
Sansemen Government	Orana Incorporated
Generation Alliance	SMEC Holdings Pty Ltd
	mecu Limited
	ANZ

Global Signatories:

Accenture Australia Ltd	Coca-Cola South Pacific
Allianz Australia	Deloitte Touche Tohmatsu,
AXA Australia	Fuji Xerox Australia Pty Limited
BP Australia	Hewlett-Packard Australia Pty Ltd
Cadbury Pty Ltd	KPMG Australia
Cit Australia	Microsoft Australia



Global Compact Network Australia

Mitsui & Co (Australia) Ltd
Nestlé Australia Limited
Newmont Mining Corp Asia Pacific
Nissan Motor Company (Australia) Pty Ltd
Novartis Pharmaceuticals Australia Pty Ltd
PricewaterhouseCoopers Australia
Rio Tinto Coal Australia

Shell Energy Holdings Australia Ltd
SODEXO
UBS AG
Unilever Australasia
Veolia Environmental Services (Australia)
Pty Ltd

Other Stakeholders:

ABDC Reference Group
Amnesty
ARTDO
AusAID
Australia21
Australian Business Deans Council
Australian Financial Review
Australian Mission to the United Nations
Business and Human Rights
Business Council of Australia
Business for Millenium Development
Centre for Social Impact UNSW
Office of the Hon Chris Bowen
Construction, Forestry, Mining & Energy
Union
CSR Sydney
Curtin University of Technology
Department of Genetics, University of
Melbourne
Eco Futures
Edith Cowan University
EPA Victoria
Ethical Investor
IAG
Office of the Hon Lindsay Tanner
MBA Solutions
Momentum International Partnerships
Office of the Hon Nick Sherry

NSW Dept of State and Regional
Development
OECD National Contact Point
Principles for Responsible Investment
Responsible Investment Association
Australasia
SAM - Sustainable Asset Management
Transparency International Australia
UN Association of Australia (Vic)
UN Global Compact Office
UN NGO Conference Convenor
UNAA (QLD)
United Nations Committee on the Status of
Women
United Nations Information Centre for
Australia, New Zealand and the South
Pacific
University of New England
University of Queensland
University of Sydney's Institute for
Sustainable Solutions
University of Sydney's Institute WOS
University of Technology Sydney
University of Western Sydney
University of Wollongong
UNPRI
University of New South Wales
Victoria University
World Vision



Global Compact Network Australia

12. Acknowledgements

Volunteers

Ann Storr

Interns

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Nicholas Tyrall, University of Sydney
Joshua Tarrant-Wyndt, University of Sydney
Christiane Meyer, University of NSW

Development of the branding and style of the Network

Generation Alliance

Hosting meetings for the Network

Senator the Hon Nick Sherry
Allens Arthur Robinson
KPMG
Westpac Bank
Nestle Australia
Sustainapac

Global Compact Office Support

Ursula Wynhoven
Nessa Whelan
Soren Petersen