

THE GLOBAL COMPACT AND THE CORPORATE CITIZEN
SPEAKING NOTES FOR CYNTHIA CARROLL
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Progress over last 10 years has been considerable. However, as the Secretary General has observed public faith and trust in business and markets will have taken a major knock because of the circumstances surrounding the economic downturn. I think he is right that initiatives like the Global Compact can help us to show that we deserve trust and to be treated as a partner in society.

Amongst the achievements in promoting the 10 Principles and underlying philosophy of the Global Compact have been:

- **Partnerships:** ten years ago partnership between companies and governments or between companies and NGOs were rare. Now it is recognised that each brings distinctive skills. Working together we can achieve things that we cannot do on our own. Hence in the extractive sector the success of multi-stakeholder partnerships such as:

- the Kimberley Process in combating conflict diamonds and in protecting the market for diamonds from legitimate diamond producers like Botswana – one of Africa's key success stories;
- Or of the Extractive Industries Transparency Initiative which is making a significant impact on the management of resource revenues, in increasing the accountability of both governments and companies and in reducing opportunities for corruption. It is being adopted by 26 resource rich countries and shows what can be done when governments, civil society and companies work together.

In addition individual companies are forging increasingly productive partnerships with NGOs on a bilateral basis such as the ones which Anglo has with CARE on development issues in Southern Africa and Brazil and with Fauna and Flora International on biodiversity and with a myriad of others at a country

level (e.g. Case de la Paz or the Fundacion Esperanza in Chile).

- **Business and Development:** there is also a much greater appreciation of the central role of business in development, in achieving the Millennium Development Goals and in combating poverty. I was proud last year to be amongst the business leaders who signed the Millennium Development Goals Call to Action which emphasised the need for all actors – not just governments - to play a role.
- Within Anglo we are involved in supporting the creation of sustainable small firms. In South Africa, for example, we are now supporting companies that generate over 10,000 jobs through our enterprise development unit, Anglo Zimele. We are working with governments and other companies through the Investment Climate Facility for Africa to make it easier to get new businesses off the ground in reforming countries like Rwanda, Liberia and Zambia. Similarly,

more consumer-facing companies are doing excellent work in creating products and services which meet the needs of the so-called 'bottom billion' at the base of the pyramid of our global society.

- **Human Rights:** we have seen significant strides too in the area of business and human rights. The issues are much better understood – human rights are a matter for all actors in society and the number of companies with a human rights policy is growing rapidly. In the extractive sector the Voluntary Principles on Security and Human Rights have made a palpable difference to how corporate security needs are planned and implemented. At a policy level, five years ago there was something resembling trench warfare around the draft Norms on Business and Human Rights Norms but John Ruggie's work as the UN Secretary General's Special Representative has opened up a route to a possible consensus about the relative responsibilities of governments and companies – based on the

three principles of the government responsibility to respect human rights; the business responsibility to respect them; and the importance of ensuring that accessible mechanisms are in place to address grievances. All companies with significant impacts should be looking at their procedures to ensure that where people believe their rights to have been infringed mechanisms are available to address their grievances.

- **Labour Rights:** In relation to labour rights there are still major challenges in areas like trafficking and child and bonded or forced labour. But in my experience relationships between management and labour have largely become more constructive. In Anglo American, for example, our objectives of improving our safety performance and of getting more people involved in our HIV workplace treatment programmes are critically dependent upon a trusting relationship with the unions.

- **Anti-Corruption:** ten years ago even the Compact didn't have an anti-corruption principle and in many European countries bribes were still tax deductible. The climate of opinion has been transformed in the intervening years, helped by the introduction of extra-territorial legislation against bribery in most OECD countries and a focus on both the supply and demand ends of corruption. Business, civil society and governments are increasingly working together against corruption through initiatives like the EITI.
- **Environment:** Although there has been a lot of activism and strides have been made around corporate environmental performance, it is in the environmental area that progress perhaps lags our aspirations most. The central issue of climate change continues to dominate and whilst businesses are innovating and improving energy efficiency they are having to do so without a clear and predictable framework for carbon management. Major carbon abatement projects – like the development of clean coal solutions

are dependent upon this certainty if the required focus and level of investment are to be delivered. The water, biodiversity and deforestation agendas are also critically dependent upon the success of measures to address climate change.

- **Looking Ahead:** So what of the new circumstances which face us? Business has, I believe, through institutions like the Global Compact and the Global Reporting Initiative moved closer to where society expects us to be. Major companies have a huge influence on the lives of those who work for us, or who are touched by our products, services or operations – and there is a clear expectation that we run our core businesses responsibly and in a way that is accountable to our stakeholders. Business has too big an influence on and stake in the societies where we work to stand aloof.
- We must ensure that as economic pressures crowd in upon us we do not forget these home truths. Many companies have spent time and

effort seeking to embed sustainable development into our businesses and have said that we see a clear business case for conducting business in a way that is at ease with our stakeholders and mindful of our impact upon the planet. Poverty, climate change and the availability of water are big problems today and each of them, on current trends, will be still more important tomorrow.

- Thus, although we are clearly going to have to prioritise where we put our resources we must not see a retreat from the advances made in bringing our businesses closer to the objective of sustainable development. Otherwise when the recovery comes, others in society will once again see business as self-centred and irresponsible. Were that to be the case, we will reap a bitter harvest in the years to come.