Operationalizing the UN Global Compact-PRI "Guidance on Responsible Business in Conflict-Affected and High-Risk Areas"



RESPONSIBLE BUSINESS ADVANCING PEACE:

EXAMPLES FROM COMPANIES, INVESTORS & GLOBAL COMPACT LOCAL NETWORKS









This publication has been developed in collaboration with KPMG. Ms. Sara Ellison, Ms. Dania Sauza and Mr. Nigel Holloway have provided tremendous support to the development of the examples profiled in this resource. We thank them for their dedication and excellent work. Special thanks to Lord Michael Hastings, Mr. Simon Appleby and the KPMG Citizenship team and for their continued support of the UN Global Compact; and for their leadership and support of the Resource Package Mr. Lynton Richmond, Mr. Emad Bibawi, Mr. Jim Low, Mr. Barend Van Bergen, and Ms. Esther Rodriguez and Ms. Lissa Mitchell.

About the United Nations Global Compact

The United Nations Global Compact is a call to companies everywhere to voluntarily align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and totake action in support of UN goals and issues. The UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible corporate policies and practices. Launched in 2000, it is largest corporate sustainability initiative in the world, with over 12,000 signatories based in 145 countries.

About the Principles for Responsible Investment

The United Nations-supported Principles for Responsible Investment (PRI) Initiative is a network of international investors working together to put the six Principles for Responsible Investment into practice. The Principles were devised by the investment community and reflect the view that environmental, social and governance (ESG) issues can affect the performance of investment portfolios and therefore must be given appropriate consideration by investors if they are to fulfill their fiduciary (or equivalent) duty. In implementing the Principles, signatories contribute to the development of a more sustainable global financial system. Launched in 2006 by UNEP Finance Initiative and the UN Global Compact, the Principles provide a voluntary framework by which all investors can incorporate ESG issues into their decision-making and ownership practices and so better align their objectives with those of society at large.

About KPMG

KPMG member firms are some of the world's leading providers of audit, tax and advisory services. Operating in 156 countries, KPMG culture and values are aligned with the UN Global Compact's ten principles and are at the heart of how they conduct business. Globally, KPMG is using its capacity and capability as an international network to support sustainable development, working strategically with governments, non-government organisations and the private sector to make an impact. KPMG understands that responsible business practices contribute to broad-based development and sustainable markets.

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Foreword from Sir Mark Moody-Stuart

Political instability and conflict in a country blights its economic and social development. It also discourages investment. Yet the innovation and economic development which the private sector brings can be a powerful agent of positive change, provided the activities are responsible and sensitive. Mobilizing companies around universal values to take action is one key to advance peace. Peace in the absence of economic development is difficult to achieve or maintain.

Since 2009, the UN Global Compact, together with the Principles for Responsible Investment (PRI), has facilitated the private sector, civil society and academia in the development of the "Guidance on Responsible Business in Conflict-Affected and High-Risk Areas". The present resource builds on this cornerstone and has been developed to offer a practical understanding of the types of actions and measures expected from responsible businesses operating or with an interest in high-risk areas. It showcases examples in which companies, investors as well as Global Compact Local Networks have used the Guidance to progress in their journey towards sustainability. "Responsible Business Advancing Peace" is intended to help understand how each party can make a positive contribution to peace.

The past few years have been marked by significant progress. More companies are taking up the challenge of advancing human rights, environmental protection, anti-corruption and higher labour standards - displaying an ever stronger commitment to corporate sustainability in high-risk areas. Responsible businesses are taking measures to understand conflict dynamics and design policies that better integrate conflict-sensitivity in such operating environments. Businesses are increasingly looking for venues where they can contribute towards peace building and make a positive impact on the economic and social life of local communities, while establishing and growing markets.

The investment community has enormous potential to drive corporate sustainability performance. There is a clear movement away from calling for divestment from troubled areas towards rewarding companies that adopt best practices in the protection of human rights, social development and governance. Responsible investors are increasingly willing to engage in constructive dialogue with companies on peace-related issues and to work together to develop an approach that ensures success, develops business and contributes to peace and development.

Perhaps the most promising development lies with the ever stronger engagement of local actors on the ground, their strengthened connection and collaboration. Global Compact Local Networks are increasingly becoming powerful hubs where companies and others can share experiences and focus on the critical factors for each particular country.

There is no single recipe for success, but there are many ways in which the private sector and networks can make a positive difference. As a new platform — "Business for Peace" - is taking shape to support meaningful engagement and action, it is hoped that this compilation of examples from companies, investors and Global Compact Local Networks from around the world will help all committed actors to understand how they can bring principled business and economic development to countries and local communities, bringing mutual benefit and the advancement of peace.

Foreword from PRI Executive Director James Gifford

Weak rule of law, human rights abuses, economic instability and corruption are some of the challenges companies face when operating in conflict-affected and high-risk areas. Although there is no single definition of a "conflict-affected" or "high-risk" area, the investors featured in this report agree that the terms include regions where there is political or social instability, violent conflict or abuses of political and civil liberties. Failure to adopt responsible business practices can cause reputational damage, or lead to loss of social licence to operate or accusations of complicity in human rights abuses.



However, business and investment in these regions can play a part in the development of a vibrant economy, which is often the only way out of the poverty that is both a driver and an outcome of conflict. Many post-conflict areas have great potential for growth as they re-establish the rule of law and take other steps to boost business confidence, and are therefore promising investment destinations. It is therefore essential that investors (and the multinational companies they own) do not simply avoid investing in challenging regions, but rather adopt a handson approach in seeking to invest in ways that promote stability, peace, protection of human rights and long-term security.

In 2010, the UN Global Compact and the Principles for Responsible Investment published a report called "Guidance on Responsible Business in Conflict-Affected and High-Risk Areas: A Resource for Companies and Investors". This follow-up documents the experiences of seven institutional investors who adopted the guidance in their shareholder dialogue with companies operating in conflict-affected areas.

The report shows that the benefits of responsible practice are considerable. They include: avoiding damage to the company, improving relations with stakeholders, increasing access to investment capital and contributing to local communities through social investment programs. For investors, engaging with investee companies that have a presence in these regions helps preserve long-term shareholder value, avoid financial and reputational risks and reduce negative externalities.

But most importantly, responsible business practices help to build a culture of business ethics, transparency and responsibility in economies that desperately need capital to develop, and this culture is what underpins business confidence and future growth and stability.

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United Nations: Translating War into Peace

Introduction

The project's purpose

As globalization opens up remote and undeveloped regions of the world to foreign investors, there is a growing recognition of the market potential of low-income populations, not least of those in high-risk and conflict-affected areas. Countries at the "bottom of the pyramid" are attractive for their abundant human and natural resources. Often they are emerging from prolonged periods of armed conflict and civil strife. Since these communities have, for years, been unable to meet their basic needs, there is significant pent-up demand for consumer goods.

Attracted by the availability of these resources, companies are entering these new markets, and although these areas pose significant risks, firms are learning how to conduct sustainable operations and contribute to the common good. By doing so, they are not only enhancing economic development but can also contribute to peace. This report seeks to show ways in which companies and investors are implementing and promoting responsible business practices in conflict-affected and high-risk areas, thereby improving the market potential.

In 2010, the UN Global Compact and the Principles for Responsible Investment (PRI) published the "Guidance on Responsible Business in Conflict-Affected and High-Risk Areas: A Resource for Companies and Investors" to assist companies and investors in implementing responsible business practices and to live up to their commitment to the Global Compact Ten Principles even in the most challenging operating environments. Building on this key resource, the Global Compact and the PRI led a pilot project to test the practical value of the Guidance and translate it into the reality of company and investor investment decisions and operations in conflict-affected and high-risk areas. The experience and learning gained through this project is reflected in this report.

This publication presents examples of how companies, investors and Global Compact Local Networks have used the Guidance as a tool to align their policies, to engage with investee companies and to advance the implementation of responsible business practices

in difficult operating environments around the world. It has been developed with the hope of inspiring other companies, investors and Global Compact Local Networks to take action for peace. The report is a joint effort of the UN Global Compact, PRI and KPMG, the global network of accounting firms. An advisory committee of experts reviewed the examples and provided advice on the development of the case studies.

Recognizing that sharing experience enables companies to lead by example, this resource is designed to provide readers with practical ideas for understanding and managing some of the issues that can arise when operating in conflict-affected and high-risk areas, or engaging with companies in such contexts. This resource is also intended to stimulate dialogue with other stakeholders that are affected by corporate policies and operations and with actors that have expertise and influence in this agenda, to identify practical dilemmas.

Importance of dialogue and collaboration

The examples contained in this report cover a wide variety of countries, of industries (natural-resource extraction, utilities, construction, consumer products, information technology, and telecommunications) and seek to address a number of different issues in the four areas of the Guidance: Core Business, Government Relations, Local Stakeholder Engagement, and Strategic Social Investment.

The lessons of these examples are similarly varied, but there are some common strands among them, the most important of which is that collaboration is a key way to manage risks in a sustainable fashion and that collaboration requires a dialogue among stakeholders at different levels. Companies will collaborate internally to achieve the goals of long-term profits and strong governance. The policies and goals for operating in high-risk areas are likely to be set at the highest levels of the company and then distributed to managers and employees in the field through training, questionnaires and frequent discussions

with personnel responsible for implementing sustainability objectives. But the flow of information works both ways, with continual reports sent from high-risk operations back to head office. Policies and goals won't change frequently, but the means to achieve them may be regularly adjusted to reflect changing conditions on the ground.

There are many other levels at which collaboration can and should occur. The examples in this report show that collaboration between companies and investors is a vitally important type of stakeholder interaction. Enhancing investor-company dialogue on sustainability issues and including these topics in joint discussions on corporate strategy, vision and operations is the focus of the second chapter of this report. Experience shows that investors find such dialogues most fruitful when they work collaboratively with companies to collect and analyse information about sustainability issues that both sides deem financially material for the business. In this regard, both companies and investors are encouraged to refer to the Guidance when they structure their dialogue on topics related to high-risk operating environments. A gap analysis is one way to map company performance and disclosure against the Guidance Points as a preliminary basis for engaging companies in dialogue on matters of mutual interest, such as obtaining a license to operate or mitigating long-term business risks.

Another important dialogue takes place among companies and the local communities in the areas where they operate. The two sides will have to address dilemmas and issues-economic, environmental, social-that require collaboration. Often differences can be overcome by creating a forum in which all sides can express themselves freely and establish priorities that are set by mutual agreement. Such candor requires a high level of trust, which often takes a long time to attain. But the collaboration will be strengthened by truly inclusive dialogue and processes in which people affected by the concerned operations—such as farmers, workers, religious leaders, teachers and local officials—are part.

Collaboration must also involve government officials on various levels, whether local, regional or national. Typically, companies pay taxes and royalties to the national government and local communities may see little of the money. Residents often expect the companies to provide schools and clinics that

are the responsibility of the host government to build. Such expectations need to be carefully managed by companies, which can play a vital role in creating or enhancing the dialogue among host governments and the people who live in the areas in which the companies operate. By facilitating the interaction between officials and local leaders, companies can help to address the needs and desires of governments and communities. At all levels, collaboration requires open communication among stakeholders to address successfully issues of common interest, such as human rights and living standards, and to craft an appropriate modus operandi.

Sources of success

The examples offer many other useful lessons, such as the need to ensure that the leaders of the company and of the investors set the right tone for the engagement, outlining a strategy of sustainability and then empowering others to implement it. If the objective of the Chief Executive Officer is to minimize the possibility of bad publicity, the outcome of the engagement in a given country is likely to be less fruitful for all stakeholders than if the chief executive is genuinely interested in operating sustainably for the long-term benefit of all parties.

Leadership, however, requires the close monitoring of progress. Senior executives should oversee those managers carrying out the engagement and ensure they are accountable for the success of the projects. The full integration of sustainability policies may entail creating the position of manager of corporate social responsibility, or using sustainability performance measurements across the organization. It is up to the companies to decide how to build a strong framework to operate in conflict-affected areas. But the key is to ensure that operational managers out in the field understand the company's sustainability policy and that employees are trained to understand the practical impact of the policy on their work.

This is more easily achieved if the CSR policy is linked to business objectives. For example, a supply chain that emphasizes sustainability is likely to lead to long-term improvements in product quality and consumer satisfaction. Companies are likely to do best when the incentives of the various stakeholders are aligned. Employees will

feel safer if the local population were to welcome their presence. Local acceptance is more likely if people living in the area have a direct economic benefit from the company's operations. And governments will provide more support if royalties or tax revenues grow as a result of a successful business operation.

All of these benefits need to be measurable in order to see whether the steps taken by the company attain its objectives or need to be revised. Establishing key performance indicators that can be measured regularly is critical to hold stakeholders accountable. If the company can show measurable achievements, it is easier to build local and government support for its work in conflict-affected areas.

Big benefits

There is a strong business case for incorporating a conflict-sensitivity and sustainability dimension into all corporate strategies. Doing so is likely to enhance risk management, strengthen long-term operations, support a social license to operate and enable a company to manage its reputation more successfully. The benefits of doing so are great for the companies and the investors, as well as the host country.

Through their core business operations, companies can advance peace if their strategies and sustainability goals are aligned with stakeholders' objectives. Profitable ventures that respect the rights of local people and protect the environment contribute to the creation of good business practices and offer useful lessons from which other companies can draw were they to consider investing in the country. Within a country, a company that implements responsible business practices can help strengthen trust from local residents, government officials and company employees, bolstering confidence that all sides can benefit from such practices.

The Guidance is a key resource to support them in their efforts, by providing a com-

mon framework for companies and investors to structure their dialogue regarding the challenges of operating in high-risk environments, enabling them to communicate better and align their sustainability objectives, as well as their financial ones. This, in turn, may help ensure that financial markets reward sustainability performance.

Companies that employ good, sustainable practices are encouraged to set a strong example for strategic business partners, prompting local companies in joint ventures with them to improve their own business practices. The same may occur among vendors as well, especially if the supply chain becomes more transparent and companies are able to weed out suppliers that employ poor business practices. Transparency tends to lead to greater accountability, and this, too, may benefit not only the company and its investors, but also the country in which it does business.

It is hoped that these examples will help other companies, investors and local networks to better understand how enhanced engagement, collaboration and dialogue can make a significant contribution to peace and will inspire them to take action. We invite readers of this report to be part of this global movement towards peace, so that fragile societies may be strengthened and everybody can be part of and benefit from a more inclusive and prosperous economy.

SECTIONIII

GLOBAL COMPACT LOCAL NETWORKS: ENGAGING COMPANIES TO ADVANCE PEACE

This section aims to showcase why and how Global Compact Local Networks around the world are engaging their corporate members in activities and initiatives that help to advance peace and development in order to encourage and inspire others. It provides practical ideas of how Global Compact Local Networks can take action and highlights good examples.

What are Global Compact Local Networks?

Global Compact Local Networks are clusters of Global Compact signatories who come together to advance the Global Compact and its principles within a particular geographical context. These business-led networks perform increasingly important roles in placing the Global Compact within distinctive national, cultural and linguistic contexts. Their role is to facilitate the progress of companies (both local firms and subsidiaries of foreign corporations) engaged in the Global Compact with respect to the implementation of the ten principles, while also creating opportunities for multi-stake-holder engagement and collective action to advance UN goals. Local Networks work to advance the corporate sustainability agenda through learning exchanges, information sharing, working groups, and by facilitating partnerships and dialogues that tackle issues specific to local contexts.

Global Compact Local Network Activities

Each Global Compact Local Network determines its own governance structure based on the following criteria: guidelines provided by the Global Compact Office; activities that reflect national priorities; and the priorities of the signatories. Each signs an annual Memorandum of Understanding (MoU) with the Global Compact Office to engage in activities consistent with the purposes and objectives of the initiative, namely 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 to support efforts by participants to develop a Communication on Progress (COP);
- Proactively manage and protect the integrity of the Global Compact initiative and develop a capacity to find solutions to dilemmas faced by participants in the network; and
- Produce an annual activities report.

In return, the Global Compact Office supports the local networks in all the activities that they undertake. It also ensures that they are kept updated with all the global developments and provides various engagement opportunities based on national priorities.

How are Global Compact Local Networks Supporting Companies to Advance Peace?

As Global Compact Local Networks are rooted in the local context, they are uniquely positioned to support Global Compact participants in achieving both objectives of the Global Compact – aligning

business operations and strategies to the ten principles of the Global Compact and catalyzing action in support of UN goals and issues. This includes supporting companies with operations in high-risk and conflict-affected areas to ensure they live up to their commitment to the UN Global Compact. It also involves engaging companies to take action to advance peace in all areas of the world.

Companies have many proven methods to avoid the increased risk of instability. Business often plays a central role in job creation, training/education, ex-combatant reintegration, weapons collections programmes, early warning community level security arrangements, natural resource management and multi-stakeholder dialogues. One of the most effective ways to ensure a company does no harm in these difficult operating environments is to integrate Conflict Sensitive Business Practices and voluntary principles into a company's strategic planning. Companies can engage with other international initiatives that provide guidance on making a positive contribution such as the Kimberley Process, the Extractive Industries Transparency Initiative (EITI) and the Global Reporting Initiative (GRI). Public-private dialogues have also come to the fore as a means of fostering environments that are more conducive to these contributions by companies. All of these initiatives offer companies a path towards advancing peace and lower the risks to their operations.

Global Compact Local Networks serve as country-specific resources for companies to share good practice and advance the role of business in peace. Global Compact Local Networks from around the world are being encouraged to pledge their support for the new Business for Peace (B4P) platform. Many have become founding participants of the platform. In so doing, they will demonstrate a willingness to engage in learning, dialogue and collective action to advance peace in the work-place, marketplace and local communities. These Local Networks will also support companies to implement the ten principles in high-risk or conflict-affected areas and mobilize a range of stake-holders in dialogue to identify priority areas for greater corporate engagement to advance peace.

Based on local priorities and needs, Global Compact Local Networks are supporting companies in seven key areas:

- 1. Supporting Implementation and Disclosure Including in High-Risk/Conflict-Affected Areas
- 2. Supporting Projects and Collective Action that Contribute to Peace
- 3. Convening Multi-stakeholder Dialogues
- 4. Organizing Awareness-raising, Campaigns and Outreach Events
- 5. Customizing Tools and Resources
- 6. Recognition/Awards
- 7. Establishing a Global Compact Local Network in a High-Risk or Conflict-Affected Area

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1. Supporting Implementation and Disclosure Including in High-Risk/Conflict-Affected Areas

Global Compact Local Networks are supporting companies to develop policies and practices aligned with the Guidance on Responsible Business & Investment in High-Risk Areas. Global Compact participants commit themselves to implement the ten principles in all areas of their operations – including in high-risk or conflict-affected areas, so Global Compact Local Networks have an important role to play to support companies in these operating environments. This may include: hosting workshops and training programmes to provide a better understanding of the ten principles; providing a platform for stakeholders to share experiences and lessons learned; and providing guidance to support company efforts to fulfill the annual Communication on Progress.

1. Background

The Global Compact Network Sudan is deeply associated with informing and promoting projects that have been executed by Global Compact participants in the country. However, many companies find it challenging to implement and report on their progress to incorporate the ten principles of Global Compact into their operations through a well-documented COP. To ensure that Global Compact participants operating in Sudan have the capacity needed both to develop and report on details of their action plans, the Global Compact Network Sudan has created a team to provide technical support.

2. Actions Taken

- Organized an awareness-raising event that encouraged companies to share experiences and challenges in order to learn from others.
- Collected and compiled works of its members and partners, and published a free magazine which was distributed in a

- seminar on social responsibility organized by the Sudanese government.
- Launched a magazine featuring projects
 that were considered to be good examples
 of implementation efforts, as well as successful, replicable pilot projects for other
 companies to learn from. The seminar
 attendees saw their impact on a wide range
 of activities and disciplines, which boosted
 the focus on having a network to reflect the
 activities of its members.
- Provide direct support to participants to assist them in communicating effectively about their implementation efforts in Sudan and how they are dealing with the operational challenges. The Network convened a "COP Writing Training Session" for Global Compact participants in Sudan, using Global Compact material developed at the local-level but customizing the session for the specific challenges in Sudan.

- The participants of the Global Compact Network Sudan became better equipped to both develop plans for implementing the Global Compact, and for reporting about their operations through the annual COP.
- To further engage the local community, media, international investors and other stakeholders in interacting with business to support peace, the local network is establishing a Dialogue Platform with the Ministry of Petroleum and stakeholders in oil concession areas.
- Participants of the Network said that the training programmes were critically important in helping to facilitate the exchange of ideas and expertise for better interaction and learning, and their roles in contributing to peace through their activities.



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2. Supporting Projects and Collective Action that contribute to Peace

Global Compact Local Networks are providing a unique convening platform to identify opportunities and engage actors in specific projects where their strengths are leveraged. These projects often address development challenges that have a direct impact on peace, such as poverty, hunger, corruption, disease and environmental degradation. Of particular value to companies will be the ability of Local Networks to foster connections to SMEs, NGOs, and government officials similarly concerned with promoting stability and development. These collaborative actions in strategic social investment range from providing basic needs and education to scaling up access to energy, water and telecoms. Additional support can come in supply-chain monitoring and quidance.

1. Background

Lack of access to clean water and sanitation is significantly affecting Indonesia as it increases living standards. The Indonesia Water Mandate Working Group (a part of the Indonesia Global Compact Network) was established in 2011 with the objective of ensuring that the pledging companies have adequate knowledge of the six principles of the CEO Water Mandate, and of the ways in which they can implement these principles. As the urgency of water issues grows in Indonesia, many other organizations including NGOs, associations, academicians/universities as well as other corporations are joining the Working Group to share their concerns and make commitments toward the importance of sustainable water management in Indonesia. The management and access to clean water is a critical issue which can lead to tensions and conflict. Therefore, ensuring that water related projects take into consideration and address the issue of access can make an important contribution to sustainable peace.

2. Actions Taken

- Conducted monthly meeting to ensure that all companies pledging to the UN CEO Water Mandate Initiatives fully understand the six principles of the Mandate, how to implement them within their operations and share their experiences, success stories and learning points.
- Developed a series of Save Water Campaign toolkits. These consisted of posters, banners, stickers and leaflets containing messages related to saving water.
- Initiated multi-stakeholder World Water Day Commemoration and organized various events to raise public awareness of the importance of sustainable water management and consumption. These events revolved around providing knowledge and

- training materials on water-related issues and focused on sharing solutions to the problem of water scarcity.
- Led multi-stakeholder joint effort to launch a campaign to install 1 million biopori holes (water catchments to reduce the impact of floods) in Jakarta by the year's end. As a first step, an MOU has been signed with the Jayakarta Student Regiment who will start the initiative in various universities.
- Collaborated with World Vision for the "Community Based Total Sanitation" project in North Jakarta.
- Led collaborative action to reconstruct water installation for the village survivors, which had been destroyed by Mount Merapi Volcano eruption.

- With the growing number and diversity of members, the learning points have become richer and more valuable where participants are coming to understand issues from many different angles. The "Save Water Campaign" is the outcome of those meetings along with a common passion in contributing to address water challenges in Indonesia.
- The toolkit developed is now widely used by members of the working group for campaigns that target their own employees.
- In the context of Indonesia, where an estimated 45 per cent of the households do not have access to clean water, supporting water related projects plays a big role in maintaining sustainable peace since addressing water issues is a significant way to build a foundation for peace.



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2. Supporting Projects and Collective Action that contribute to Peace

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1. Background

The prolonged political violence for over 50 years in Colombia has had a detrimental effect on its population. Various issues concerned with land and wealth inequality, inadequate humanitarian and health assistance have created deficiencies in response to food security, malnutrition and land ownership. Colombia has a very developed private sector and there is a strong presence of the United Nations with its various local operations. Given the significant role of the private sector in the promotion of sustainable economic development, there has been an increasing need for more effective partnerships among the private sector, the UN and the public sector. Corporate members of the Global Compact Network Colombia saw that they could play an important role in supporting their corporate participants to engage in projects that would contribute to peace and development by advancing the second objective of the Global Compact, which is to catalyze action in support of broad UN goals.



2. Actions Taken

- Together with the support of Accenture Development Partnerships, the Global Compact Network Colombia took the following actions:
- Identified the priority issues where the private sector, together with the UN and other partners could make a contribution. Food, nutrition and agriculture were among the themes that emerged.
- Engaged with selected local private sector companies that had existing interests in Food, Nutrition and Agriculture initiatives within the Global Compact Local Network. Existing company projects were identified and mapped, while trying to understand expectations towards partnerships with the UN and the public sector.
- Engaged with UN Agencies operating in Colombia and the government in order to identify their priorities and the prospects of connecting more closely with the private sector on social and development projects.
- Developed a partner assessment where two key elements were defined: the willingness to partner and the capability to partner.
- Hosted a Partnership Event to launch the initiative, to identify the challenges of developing transformational partnerships and to help participants learn about the tools and ways to develop partnerships.
- Matched possible initiatives with specific priority challenges in Colombia in order to define a project that would create a positive impact.
- The Local Network continues to map the projects and initiatives developed by its participants, in order to understand their main interests and objectives, and how they can be matched with those led by the government and other UN Agencies.

- A small number of companies were selected to participate in a pilot partnership project focused on children and malnutrition, a priority issue based on the needs of the community.
- There is a growing demand for additional projects that involve all social groups to create value both for business and society.
- Finding common ground for effective collaboration between different stakeholders from the private and public sectors with different cultures was a challenge for the Local Network.
- Moving forward, the Network plans to define a specific project to work on in the "Valle del Cauca", a sugar cane estate located in the southwestern part of Colombia, a region that has been highly affected by the armed conflict. The Network has hosted several meetings between the companies involved in the project and they are in the process of defining the nature of the project. The Government will also be involved through its Family Welfare Institute.
- Overall, the Network has played a key role in supporting companies to engage in strategic social investment projects that will contribute to sustainable development, while at the same time helping to build sustainable peace in Colombia by promoting economic recovery.

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3. Convening Multi-stakeholder Dialogues

Global Compact Local Networks are supporting companies to engage in multi-stakeholder dialogues with local stakeholders including the public sector. Global Compact Local Networks can make an important contribution by convening events that bring together companies, NGOs, labour groups, the UN, Government and other stakeholders to discuss challenges and opportunities regarding the role of business in contributing to peace and development.

1. Background

The Government of Sri Lanka places a high priority on the development of tourism and included the sector as part of a progressive development plan in 2011, following three decades of civil war. Tourism was among the most badly affected industries and was targeted by the government as a segment that could grow rapidly. The Global Compact Network Sri Lanka identified responsible tourism as an important initiative that could engage a range of companies in making a positive contribution to sustainable peace in the country.

2. Actions Taken

- Evaluated the pulse of key hotel sector players on the appreciation and willingness to commit to "sustainable tourism". The positive feedback from a wide range of key stakeholders led the network to develop a "Sustainability Knowledge Hub", a multistakeholder dialogue to focus exclusively on sustainable tourism targeting key stakeholders of the country.
- The Local Network quarterly Sustainability Knowledge Hub featured multi-stakeholder panel discussions, including a presentation by Sonu Shivdasani, a corporate leader in sustainable luxury hotel tourism.

- Leading hoteliers have disclosed in their sustainability reports their environmental and social performance within the framework of the Global Reporting Initiative.
- The multi-stakeholder panel discussion witnessed participation from a cross section of over 200 stakeholders from the tourism industry, and also received wide media attention
- As a next step, the Local Network plans to partner with the International Union for Conservation of Nature (IUCN) Sri Lanka and the Ceylon Chamber of Commerce to apply the framework established by Global Compact and IUCN for business and biodiversity. This framework is seen as an ideal opportunity for the tourism sector to be linked to a world-class programme to enhance their focus on sustainability and position Sri Lanka as a destination for sustainable tourism.
- Sustainable tourism could be a critical pathway to maintaining sustainable peace in Sri Lanka given the significance and influence of tourism in the country.



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1. Background

Pakistan has been on the forefront in the global fight against terrorism and as a result its own economy has been seriously threatened. Deteriorating law and order coupled with energy shortages and the high costs of running businesses have harmed the economy. Realizing the gravity of the situation and the need for opening a dialogue in order to highlight the contribution of businesses in restoring peace, the Global Compact Network Pakistan organized meetings of multi-stakeholders in the two major conflict-affected cities of Karachi and Peshawar.

2. Actions Taken

- Organized a National Conference on Peace though Business in collaboration with the Swiss Business Council and the Consulate General of Switzerland in Karachi to boost the contribution of Pakistani businesses to bringing about peace.
- Arranged an exclusive discussion with panelists representing various sectors to highlight the issues, problems and barriers to peace. Panelists highlighted the role of business in helping the Government overcome the challenges to build a sustainable base for peace and economic progress.
- Conducted a National Global Compact Conference in Peshawar in collaboration with KPK Chamber of Commerce and Industry (KPKCCI) to highlight the issues and challenges faced by businesses in the wake of growing threats to individual and national security. At the event, companies launched new projects including a School Improvement Program (SIP) in partnership with the

Pakistan Poverty Alleviation Fund. The SIP is the most intensive intervention from the private sector in upgrading targeted schools and aligning them more closely to international academic standards.

- The various multi-stakeholder dialogues infused a new wave of social commitment among the business community for playing a pivotal role in improving their business performance and social contribution.
- The event also provided companies with an opportunity to launch new projects and initiatives that make a contribution to development and peace in the country. These projects included a solar power system and the corporate provision of free health care to local employees and to local communities.
- It was realized that collaboration among various stakeholders helps to further economic development and the cause of peace.
- The Local Network's activities have demonstrated that the private sector plays a big role in establishing both the physical and social infrastructure needed in communities that require special attention.

CHINA

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4. Organizing Awareness-raising, Campaigns and Outreach Events

Global Compact Local Networks also have a critical role to play in spreading the word about corporate responsibility, the role of business in contributing to peace and the UN Global Compact among companies and non-business actors in a country. This can be done by initiating discussions on how global corporate responsibility trends can be applied within a specific challenging/high-risk or conflict-affected operating environment and the value of the Global Compact. In this way, Global Compact Local Networks can help to encourage other companies to respect and support the Global Compact principles in all areas where they have operations around the world.



1. Background

Today China is the world's second largest economy - a major global economic player with large, competitive, private, publicly listed and state-owned companies operating in all industries and all corners of the globe. China's international economic sway has grown rapidly. By the end of 2011, 18,000 Chinese-invested companies operated in 177 countries. Operating in various areas of the world has exposed Chinese companies to several challenges, especially under conditions of weak governance. At the same time, there is an increasing awareness of the need to address and mitigate these challenges.

2. Actions Taken

• In response to this growing interest, the Global Compact Local Network China, together with the UN Global Compact Office, the Global Business Initiative on Human Rights and the Principles for Responsible Investment organized a one-and-a-half day business-to-business event entitled "Sustainable Business in the Global Context: Rights, Risks and Responsibilities". The aim was to promote responsible business and investment practices by engaging companies to explore the challenges and opportunities of respecting and supporting the UN Global Compact principles in high-risk

- areas. This meeting was the first event of its size in China dedicated to a discussion of responsible business in high-risk areas and human rights.
- The conference provided a context on the topic of the rights, risks and responsibilities of businesses, followed by direct reports from major businesses and investors on recent trends and developments in this area.
- Sessions also focused on human rights and the UN Guiding Principles and highlighted how businesses can respect and support human rights.

- The event brought together over 200 senior business leaders from China and abroad, along with investors and other stakeholders, to share good practices, challenges and lessons learned on two critical topics: responsible business and investment practices in high-risk areas, and business support and respect for the protection of internationally proclaimed human rights, pursuant to the UN Global Compact principles and the UN Guiding Principles on Business and Human Rights.
- The conference helped to build the business case for corporate respect for human rights in global operations in alignment with both the UN Global Compact principles and the UN Guiding Principles. It also highlighted practical ways in which companies could respect and support human rights.
- The event served to launch the UN Global Compact-PRI "Guidance on Responsible Business in Conflict-Affected and High-Risk Areas: A Resource for Companies and Investors" in Chinese and provided a forum for companies and investors to share experiences about the challenges of applying responsible business and investment practices in high-risk areas.

EGYPT

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4. Organizing Awareness-raising, Campaigns and Outreach Events

Global Compact Local Networks also have a critical role to play in spreading the word about corporate responsibility, the role of business in contributing to peace and the UN Global Compact among companies and non-business actors in a country. This can be done by initiating discussions on how global corporate responsibility trends can be applied within a specific challenging/high-risk or conflict-affected operating environment and the value of the Global Compact. In this way, Global Compact Local Networks can help to encourage other companies to respect and support the Global Compact principles in all areas where they have operations around the world.

1. Background

The turbulent political situation in Egypt has affected the business environment, especially the private sector, to a great extent. Businesses have now focused on mitigating their losses to survive through the hard times. The revolution has hindered the CSR activities of businesses and other similar issues, which has caused delays and difficulties in pursuing the Global Compact agenda, especially the activities related to engaging stakeholders, such as sector assessments, global compact meetings, and training courses. The persistent challenges associated with political instability have affected the performance of the private sector and different stakeholders. The Egypt Local Network has been working to incorporate innovative ways to attract and engage the private sector, and foster continuous interaction between them.

2. Actions Taken

- Organized an event around the Global Compact in collaboration with the Egyptian Junior Business (EJB) Association at EJB's offices to raise awareness of the Global Compact initiative among the EJB members.
- Finalized a partnership with the Arab African International Bank. One of the goals of such collaboration is to promote Global Compact and sustainability standards relevant to the financial sector that enhance responsible and inclusive finance.
- Organized a multi-sectorial consultation event entitled "It Takes a Nation; Action for Youth-Inclusive Economic Growth" in collaboration with Silatech, a regional nonprofit organization. Held two roundtable events in collaboration with GIZ Inclusive Business Hub to foster peer-to-peer learning between Global Compact participants and other interested organizations about inclusive business and responsible investment.

• A session titled "Global Compact Network Egypt Members Best Practices" was held to showcase different sustainability initiatives and projects implemented by the local network members. The session highlighted how different organizations can address sustainability and the ten principles of the Global Compact regardless of the size, type and industry of the organization.

- At the best practices session, company representatives presented their success stories and the evolution of sustainable practices at their companies since they joined the Global Compact.
- The diversity of the delegation was very fruitful in showing how each institution/organization can tailor the principles of Global Compact to align with their core business, and to support peace.
- The events highlighting the role of the Global Compact drew the attention of a large group of participants. The interaction between the participants helped them to learn from each other's practices, and provided a platform to exchange their experiences. The companies were able to learn how they could incorporate similar action plans in their operations and align their operations to foster peace.
- AAIB partnership is leading to more awareness of the UN Global Compact in the banking sector in Egypt. Two banks are now in the process of joining the local network.
- Building partnerships with other organizations strongly supports outreach activities.

MYANMAR

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4. Organizing Awareness-raising, Campaigns and Outreach Events

Global Compact Local Networks also have a critical role to play in spreading the word about corporate responsibility, the role of business in contributing to peace and the UN Global Compact among companies and non-business actors in a country. This can be done by initiating discussions on how global corporate responsibility trends can be applied within a specific challenging/high-risk or conflict-affected operating environment and the value of the Global Compact. In this way, Global Compact Local Networks can help to encourage other companies to respect and support the Global Compact principles in all areas where they have operations around the world.

1. Background

Myanmar is one of the largest countries in South East Asia. After several decades of relative isolation and other political constraints, Myanmar is reconnecting with the rest of the world. Myanmar possesses the technical capacity to undertake major initiatives to promote sustainable peace, especially when there are clear objectives and a high-level commitment. To further promote efforts contributing to peace and community development, the Global Compact Network Myanmar was established to encourage the private sector to advance corporate sustainability and responsible business practices as a means to sustainable peace and development.

2. Actions Taken

- The United Nations Global Compact, with the help of the Office of the Resident & Humanitarian Coordinator and the Peacebuilding Support Office, organized a discussion around "Promoting Responsible Business in Times of Transition — Towards Inclusive Job Creation and Sustainable Development". This consisted of a high-level session followed by a series of working-level roundtable discussions that brought together domestic and multinational companies.
- The discussion helped to build a common understanding of responsible business practices and shared values in the context of a country that will become increasingly integrated into the global economy.
- The discussion examined how the private

sector can contribute to sustainable development, promote responsible investment opportunities and job creation, and move towards a sustainable peace.

- This was an important step towards realizing the full potential of this emerging economy, and helped set a precedent for embedding universal values and responsible practices in the private sector in Myanmar.
- More companies are embracing responsible business practices and corporate sustainability principles as a core business practice, a key to promoting sustainable and peaceful development.
- The key role to be played by the private sector in collaboration with the government was highlighted and this provided a platform from which future collaboration could be explored.
- Opportunities for promoting responsible business in times of transition were explored while securing peaceful environment.

REGIONAL CENTER FOR THE SUPPORT OF LOCAL NETWORKS IN LATIN AMERICA AND THE CARIBBEAN

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5. Customizing Tools and Resources

Global Compact Local Networks also play an important role in translating and adapting Global Compact resources and other tools and resources to make them more relevant for the local context. Their ability to do so emerges from their on-the-ground understanding of the context where the global tools will operate. The practical value of these engagements is seen in something as simple as linguistic translation or as complex as enabling effective conflict-sensitive operations in a high-risk area.

1. Background

In 2010, the Global Compact Office launched the "Guidance on Responsible Business in Conflict-Affected and High-risk Areas: A Resource for Companies and Investors" which aims to assist companies in implementing responsible business practices in conflict-affected and high-risk areas. Due to the importance of this publication for many companies operating in Latin America and the Caribbean, the Regional Support Center for Global Compact Networks in Latin America and the Caribbean decided to translate the Guidance into Spanish and adapt it to the regional context. Since the majority of the population in the region speaks Spanish, it is important that tools and resources are translated and in some cases customized to fit the local context.

2. Actions Taken

- Conducted an assessment of the local and regional need for a Guide to Latin American and the Caribbean Local Networks.
- Selected a translation service provider with experience in the field. The work (both content and design) was later submitted for external review.
- Incorporated business sector inputs in adapting the guidance to the regional context to ensure that their participation reflects the regional reality. The work involved seeking funds with stakeholders interested and involved in the issue.
- Circulated the translated document among the Local Networks and companies in the region with the purpose of receiving comments and observations about the context from each country.

- Incorporated all the comments and suggestions in the Guide, which was sent to the Global Compact to be uploaded on the Global Compact website.
- Organized an event to launch the Spanish version of the Guide where the Regional Center invited two companies, Barrick Gold and SABMiller, to participate. The companies shared their comments about the Guide and the possible application in LAC countries.
- The Spanish version of the Guidance has been widely disseminated across the region as a tool to support companies in making a positive contribution in challenging operating environments.

- With the success of the actions taken, the center was able to translate the Guidance into Spanish, and publish the Guidance with the inclusion of a Latin American case.
- More companies in Latin America became aware of the Guidance and were able to understand the importance of living up to their commitment to the Global Compact ten principles especially in high-risk areas.



LOCAL NETWORK GULF STATES

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6. Recognition/Awards

Global Compact Local Networks also play a role in identifying and recognizing participants that are leading by example to advance the Global Compact in their operations. Recognition opportunities include featuring examples in publications and on Local Network websites, and bestowing awards. Some Global Compact Local Networks have an awards programme to provide recognition to company projects.

1. Background

Businesses in the Arab Region are becoming increasingly aware of the fact that they are neither isolated from the multitude of sustainability challenges nor insulated from resultant shocks. The mounting political instability in the Arab Region has stressed the need for concerted effort by the private sector and business to address the current developmental challenges. This awakening has resulted in the evolution of businesses' role for socio-economic development and environmental preservation, and has also resulted in CSR making business sense to achieve and share sustainable growth and development especially in more challenging operating environments. On the back of this, the Arabia CSR Award scheme established in the Middle East was an innovative and timely project to help companies advance corporate sustainability. Through such award programmes, companies have been encouraged to conduct more inclusive business practices, promoting more societal integration, all of which accelerates the promotion of peace in the region. The Emirates Environmental Group (EEG), as the focal point for the Global Compact Network Gulf States, is leading these efforts.

2. Actions taken

- Created the Arabia CSR Awards to encourage corporate sustainability and recognize organizations as sustainability champions of the Middle East and North Africa region. The Arabia CSR Award is dedicated solely to raise a platform for business to benefit from learning and exchange on CSR and Sustainability.
- The Global Compact Network Gulf States, in cooperation with myclimate The Climate Partnership Initiative, developed the 5th Arabia CSR Awards Forum and Ceremony as a carbon neutral event.

- The Global Compact Network extended strong support to the initiative by facilitating a systematic flow of information and exchange with Global Compact signatories in the Region that showed an interest in applying for the award or to engage in the award forum and ceremony through speaking opportunities and sponsorships.
- Explored the opportunities for transboundary collaboration with other Local Networks in the Arab Region through presentations and talks at various local and international forums. The collaboration helped to bring attention to the Arabia CSR Awards and the overall engagement of the UN Global Compact in the Arab CSR initiative, and the viability of the ten principles as an effective CSR/Sustainability framework among businesses operating in the Middle East and North Africa.

- A regional incentive for business to showcase and enhance their sustainability performance and their efforts to contribute towards peace, the Arabia CSR Awards is a platform for organizations to provide evidence of a systematic approach towards CSR and Sustainability that converges with the notion of fostering peace.
- A visible outcome of this partnership has been a sizeable number of UNGLOBAL COM-PACT signatories applying and winning in various categories of the Arabia CSR Awards.
- The award has encouraged and recognized good sustainable practices that contribute to peace. Over the past five years, the Arabia CSR Awards has received over 400 applications from 13 Arab countries spanning more than 22 industry sectors. It has recognized 51 organizations so far, based on six categories.



IRAQ

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7. Establishing a Global Compact Local Network in a high-risk or conflict-affected area

Global Compact Local Networks can also play a mentoring role in helping to establish Local Networks in other countries in the region where they feel they could be especially helpful. The experience of existing Local Networks with the practical steps of forming a national affiliate of the Global Compact enables them to act as guides for information networks managing complex situations. Forming an effective governance structure including relevant stakeholders is something neighboring country networks are especially adept at assisting with.

1. Background

The Global Compact was launched in Iraq in October 2011 with the establishment of the Global Compact Iraq Local Network as a vehicle to enhance the impact of Iraq businesses on development and their reputation vis-à-vis international investors. The creation of the Iraq Local Network was an objective agreed upon by the Government of Iraq and UNDP. This followed previous efforts aimed at strengthening the role of the private sector in Iraq and highlighting the importance of CSR and Global Compact principles to Iraqi counterparts. Such efforts accelerated in 2011 when UNDP created a project on CSR aimed at launching the Global Compact as the most effective framework to integrate CSR. Despite the many challenges of such a project in Iraq, the Iraq Local Network has attracted an increasing number of members and has become an effective instrument to strengthen private sector cohesion and public-private dialogue. It has quickly become the largest Global Compact network in the region. To achieve these goals and ensure that the Iraq Local Network is sustainable, a number of actions were taken.

2. Actions Taken

- Identified the most relevant entities at the national, regional and international level to engage in the preparation phase. These included national Government and business entities, other UN agencies and organizations active on CSR in Iraq, more experienced Local Networks in the region, Global Compact Office, international companies operating in Iraq and members of the Global Compact globally.
- Studied the experience of other Local Networks and contacted those most similar to
 Iraq in terms of national context and culture
 to exchange information and learn from
 them.
- Organized a study tour in cooperation with the Egyptian Local Network for a delegation of Iraqis to attend an event presenting the Global Compact in Cairo. The trip included a visit to the Egyptian Corporate Responsibility Centre, which hosts the Egyptian Local Network Secretariat. The Egyptian Local Network provided relevant information on how to promote CSR and the Global Compact in the country and offered continuous support



- before and after the Iraq Local Network launch.
- Set a cooperation framework with the Syrian Local Network, which was found to be similar to the Iraqi context in terms of both economic structure (government-centered) and in terms of the process of establishing the Global Compact Network by UNDP. Two exchange missions were conducted, one for the Representative of the Syrian Local Network to visit Kurdistan and present their experience to local counterparts, and another one for the Iraq Local Network to visit the Syrian network's main participants. The latter shared their insights on Local Network management, governance structure and engagement with the Government.
- Created a core membership of the Iraqi
 Local Network by identifying business
 champions that had already joined the
 Global Compact and had started to promote
 it in the country. This led to the formation
 of a group of 30 local companies that were
 participants of the Global Compact and were
 interested in establishing a Local Network
 in Iraq.
- Based on the experiences shared by other Local Networks, a high-level event was organized to present the Global Compact and to launch the Iraq network formally. The Secretariat of the Iraq Local Network was also set up soon after the launch and a general meeting took place to elect a Steering Committee.

 Continued exchanges with other Local Networks for support and advice on the management of the Local Network. In particular, the Turkish Local Network offered cooperation and two meetings were organized in Turkey for Iraqi Local Network participants to meet Turkish counterparts and learn from them about how to successfully implement the Global Compact and create sustainable business models.

- The consultative process conducted before the launch of the Local Network was crucial in creating links with the Government (whose role is even more relevant in a high-risk zone where the private sector is in its infancy) and other key partners.
- The exchanges with other Local Networks in the region were extremely useful to set the Iraq Local Network on the right path, taking account of the special characteristics and needs of the region.
- Forging a solid governance structure from the beginning proved critical in creating a sound management platform for the Network, allowing it to function in a structured and sustainable way.

Acknowledgements

The UN Global Compact Office would like to express its gratitude to our colleagues at KPMG for their significant contributions to the development of this Resource Package. From liaising closely with companies and investors to draft and revise the examples which appear, to supporting the project management, to editing the document — we sincerely appreciate all of their efforts and support which inevitably went far beyond our initial expectations. A very special thank you to Sara Ellison, Dania Sauza and Nigel Holloway for their dedication and excellent work.

We would also like to thank the members of an Advisory Committee established to review and comment on the company and investor examples with a view to enhancing their quality and relevance. The Advisory Committee devoted many hours from their busy schedules over the past year to reviewing and commenting on drafts and suggesting ways they could be improved. Our KPMG colleagues then worked closely with the companies and investors to revise and refine them. A big thank you to the invaluable advice and support of the Advisory Committee members which included:

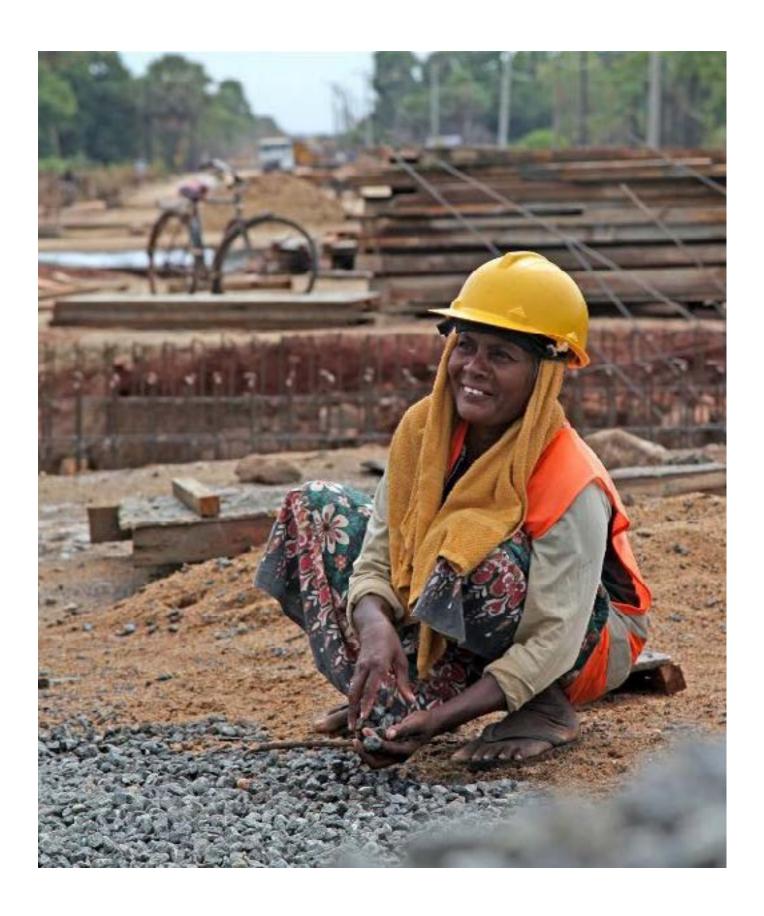
Sir Mark Moody-Stuart, Chair of the Expert Group and Vice Chair of the UN Global Compact Board; Ms. Dost Bardouille, Director, Corporate Engagement Project, CDA - Collaborative Learning Projects; Mr. Farnam Bigdoli, Analyst Advisory Services, Sustainalytics; Mr. Xavier Forneris, Senior Investment Policy Officer, IFC; Ms. Ulrike Joras, Senior Programme Officer, International Alert; and Ms. Reinhilde Weidacher, Research Coorindator, Ethix SRI Advisors.

We are also grateful for the excellent collaboration with the Principles for Responsible Investment (PRI), especially Ms. Valeria Piani, Dr. Erin Court, Ms. Camila Yamahaki and Ms. Olivia Watson from the PRI Secretariat. Without their efforts, support and enthusiasm this joint Global Compact-PRI Resource Package would not have been possible.

We would like to recognize the company and investor representatives from around the world who worked closely with us to develop the examples that we hope you will find helpful in your own efforts to contribute to peace: Ms. Christine Ackerman, Mr. Viktor Anderson, Ms. Wendy Blechynden, Mr. Barnaby Briggs, Mr. Kris Douma, Mr. Michael Ellekjaer, Ms. Martha Gonzalez, Mr. Hosung Joo, Ms. Tytti Kaasinen, Ms. Stefanie Koch, Ms. Natalia Londono, Ms. Ariane Luethi, Mr. Bill McGrew, Ms. Samantha Mendis, Ms. Sara Nordbrand, Ms. Sanda Ojiambo, Ms. Francesca Palmisani, Ms. Valentina Patricola, Ms. Tiffany Pokk, Ms. Anna Pott, Mr. Giancarlo Rabbito, Mr. Jorge Rodriguez, Mr. Juan Salazar, Ms. Valeria Santos, Ms. Oumhany Sy, Ms. Jimena Valencia, Ms. Sylvia van Waveren — Severs, Ms. Marcela Velásquez, Mr. Andrew Vickers, Mr. Rasika Withanage, Mr. Marcus Wleh, Mr. Yann Wyss.

We would also like to acknowledge the efforts of our colleagues from Global Compact Local Networks from around the world. A special acknowledgement to the following Global Compact Local Network Representatives and Focal Points from China, Colombia, Egypt, the Gulf States network, Indonesia, Iraq, Myanmar, Pakistan, Regional Centre in Latin America and the Caribbean, Sri Lanka and Sudan who summarized some of their relevant activities and initiatives that engage companies in contributing to peace with a view to inspiring others.

This Resource Package is the outcome of a team effort involving a variety of dedicated and engaged people. We hope that each of you will find answers to your questions in this work and will be inspired to also take action for peace. Looking into the future, the new Business for Peace platform is designed to catalyze collaborative practical action and to help companies, Global Compact Local Networks, civil society organizations, investors, academics, Governments and other stakeholders to advance peace together. Business for Peace will mobilize leadership for peace through actions helping to build strong economies and prosperity, establish more stable and just societies, foster tolerance and create trust, and facilitate inter-cultural and inter-religious understanding. We hope you will join this global effort to advance the fundamental mission of the United Nations: peace.



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The Ten Principles of the United Nations Global Compact

HUMAN RIGHTS

Principle 1 Principle 2	Businesses should support and respect the protection of internationally proclaimed human rights; and 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 Principle 6	the effective abolition of child labour; and 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

Businesses should work against corruption in all its forms,

including extortion and bribery.



Principle 10