Global Compact Network Australia

Activity Report of United Nations Global Compact Network Australia 2011

1.0 Introduction & welcome: Matthew Tukaki, Australian Network Representative

Matthew Tukaki is the Australian Network Representative for the United Nations Global Compact, is a Director of the Board of the United Nations Global Compact Network Australia (UNGCNA) and is also the UNGCNA's Company Secretary and Public Officer. Matthew is also CEO and Executive Chairman of UNGC Signatory, the Sustain Group Pty Ltd.

2011 has been a year of growth and development in the Australian Network of the United Nations Global Compact as we have sought to position ourselves as a peak business and industry representative organisation as well as Australia's leading corporate citizenship initiative. In 2010 we spent a significant amount of time developing our governance and management frameworks which ultimately resulted in the incorporation of the United Nations Global Compact Network Australia Limited, the election of a Board of Directors representing a cross section of Signatories and the path towards membership and signatory growth.

2011 has also been a year of establishment, of outreach, developing learning and knowledge sharing outcomes for Signatories and members, tools that can be utilised and leadership around our four core thematic areas of Human Rights, Anti-Corruption, the Environment and Labour. To that end our activities have been driven by the needs and demands of Signatories and the development of safe knowledge sharing environments where case studies around big and small challenges can be discussed, where best practice can be shared, contacts made and experiences in different areas channelled into identifying solutions to issues.

"We face some pretty tough challenges as a business community as we respond to climate change, human rights and market conditions. The UNGCNA provides us with an opportunity to come together, share knowledge, ideas and best practice. It is a true network of collaboration and learning. I am proud to be Australia's Network Representative and to advocate on behalf of our members when it comes to these key challenges" Matthew Tukaki 2011

Globally the world is facing a number of challenges from climate change to the economy, from the movement of populations across borders to conflicts and geo-diplomacy. Many of the challenges we face can be solved with the assistance of business and industry and not just with the traditional input from civil society organisations, Governments and institutions.

"I know that many of you are members of the Global Compact Network Australia, which has now grown to become Australia's strongest voluntary corporate citizenship initiative." His Royal Highness Prince Charles 2011

In Australia we have been fortunate to have come through this phase of the global financial crisis in stable shape. Our unemployment rates are significantly lower than North American and European averages and our budget deficits are low by comparison. During the last twelve months the Government has also introduced some significant pieces of legislation that deal with the climate change challenge, labour and employment reform as well as business and industry support. On the Human Rights front new discussion has opened up around the place of Indigenous Australians in the Constitution, the pressures placed on policies through border protection and refugees and the opening narratives on the issues of a Bill of Rights. In many ways the Australian experience has been one of stability in an ever increasing unstable world economic environment.

Through all of these challenges and discussions, narratives and policy debates has come the rise of the role of business and industry and the commitments being made to things such as Human Rights, Anti-Corruption, Labour and the Environment. While individual businesses and organisations have

been responding to these challenges for some years, the concept of collaboration and co-ordination is now beginning to grow at pace. This is a time where business and industry are getting together, networking, sharing knowledge and information, best practice, learning and strategies.

Increasingly business and industry are becoming more visible in the activities they are undertaking and this in turn is leading to greater community and civil society awareness. This visibility is also becoming more apparent in the eyes of Government where engagement in understanding what is occurring across our industry sectors can not only assist in the development of good public policy, but provide avenues of support that enable us all to meet our strategic, national, regional and international goals.

The United Nations Global Compact Network in Australia is the primary example of where business and industry are coming together with the academic, civil society and institutional communities to share, collaborate, learn, inform and teach. This is an important milestone in the history of corporate citizenship and social responsibility in Australia and also recognition of the role many of our leading companies play in supporting their respective communities, empowering regions and locations where they operate, provide sources of economic and sustainable development. Key to this new paradigm shift is the fundamental reality around the ability for business and industry to cross borders with relative ease thereby taking that best practice and social responsibility ideal with them whether they operate in our towns and cities, purchase goods from developing countries or have operations in places such as South East Asia, China, Papua New Guinea and the Pacific.

All of this can never be achieved without the dedicated support and passion of an effective Board of Directors. The UNGCNA has been fortunate to have had such a Board and the guidance and leadership of Board Chairman, Graham Paterson (representing Westpac) has been key to maintaining momentum. The support of our team at the Secretariat, Rosemary Sainty (2010 / 11) and Sarah Davidson (2011 -) has been instrumental as has the financial and in-kind commitments of our Founding Partners. The road ahead is always smoother when effective representation meets with the need to challenge our ideals, find solutions to problems and share knowledge to reach our end objectives. The goal of the United Nations Global Compact Network in Australia is to be a voice for members and Signatories as well as a meeting place where that knowledge can be shared.

Matthew Tukaki

Australian Network Representative 2011

With thanks to our Founding Partners:

2.0 Governance and management

Throughout 2010 and into 2011 Governance was a key priority for the Board of Directors and myself as Australian Network Representative to the United Nations Global Compact. Through that process we established the network as a fully incorporated entity with a Board of Directors that was drawn from the stakeholder group. Board diversity was a key priority in that it enabled us to ensure each layer of the business sector (small, medium and large) as well as the Academic sector has a role. This enabled us to have visibility across a multitude of different sector groups. Also key to the success of our Board was the election and appointment of people who represented organisations from a cross section of the Australian economy, as well as some well respected brands. Banking and Finance (Westpac Bank), Manufacturing (Sebel), Legal and Professional Services (Allens Arthur Robinson), Retail and FMCG (Woolworths), Mining, Commodities and Resources (Rio Tinto), Consumables (Nestle), the Environment (Sustain Group), Education (Griffith University) and Design and Innovation (Generation Alliance). In 2012 the Board of the United Nations Global Compact Network in Australia will add to more supporting layers of Governance as move to establish best practice around both our Audit and Governance responsibilities.

Management: the Secretariat: The UNGCNA has been fortunate to have had the support of the St James Ethics Centre and in particular, two members of staff who have played an important role in assisting and working with the Board to help us achieve our goals. Rosemary Sainty has played an integral role in the initial development of the Australian Network and as we moved into the new financial year Sarah Davidson took on the role of Secretariat. As we move into 2012 the role of the Secretariat will continue to be in support of the Board, the aspirations of our members and signatories, promoting the activities of the network and building both our membership and partnership base.

Financial Independence and Foundation Support: As our Governance framework unfolded into 2011 the Local Network also needed to make sure we had a financial and revenue model in place that enabled us to be self sustaining and less reliant on traditional forms of income that usually came from Government sources. In 2010, as we concluded the initial Treasury funding that supported the foundation of the Network, we moved to an annual member based model. This model allows us to charge a membership fee dependant on the size of the member or the sector in which it operates. In addition, we were very fortunate to have the backing of Foundation members Nestle, Woolworths, Allens Arthur Robinson, Westpac, KPMG, Accenture and the St James Ethics Centre. These organisations not only provided the network with financial support, each also provided in-kind support, venues for our events, resources for our activities and public support through advocacy and presentations. Our aim for 2012 is to ensure that we continue to grow both our UNGC Signatory and Membership base through the development of best practice services, support, events and tools.

A total of six Board meetings were held in 2011 in addition to one Special General Meeting and the Annual General Meeting. The Special General Meeting was held to consider amendments to the organisations constitution that covered membership, Board make-up, the appointment of the Network Representative to the Board of Directors and the terms that could be served by a Director. At the Annual General Meeting two Directors retired, Peter Kelly (representing Nestle) and Fiona Nicholls (representing Rio Tinto). Two new Board members were elected at the Annual General Meeting and they were Jane Gronow (representing Rio Tinto) and Richard Boele (representing Banara).

Board members and the roles they have / currently held / hold in 2011 / 2012 / 2013

1. Matthew Tukaki, Australian Representative, Company Secretary, Director, Public Officer representing Sustain ....
2. Graham Paterson, Chairperson of the Board and Director, representing Westpac....................
3. Catherine Hunter, Deputy Chairperson of the Board and Director representing KPMG ....
4. Greg Welsh, Treasurer and Director representing Sebel Furniture ....
5. Professor Malcolm McIntosh, Deputy Chairperson of the Board and Director representing Griffith University..
6. Rachel Nicholson, Director representing Allen's Arthur Robinson..
7. Armineh Mardirossian, Director representing Woolworths ....
8. David Faulks, Director representing Generation Alliance...
9. Jane Gronow, Director representing Rio Tinto ....
10. Richard Boele, Director representing Banarra...
11. Peter Kelly, Diretor (retired 2011) representing Nestle...
12. Fiona Nicholls, Director (retired 2011) representing Rio Tinto...

3.0 Network Membership

Membership of the United Nations Global Compact Network Australia is open to Signatories of the parent program. A member must be a current Signatory and be compliant when it comes to the Communication on Progress. As the United Nations Global Compact Network in Australia has matured through 2011 a great deal of work has been done by the current Board and the Secretariat to increase membership. In addition, a great deal of work has been done to increase membership from a cross section of industry and sector categories as well as having an even balance of organisational size. Processes have now been put in place to inform new Signatories of the existence of the Local Network and a regular feedback loop is now in place between the UNGCNA Secretariat, the Network Representative and New York when it comes to monitoring the communication on progress process.

In terms of new Signatories, the UNGCNA Secretariat is informed when a new organisation joins the UNGC which will then trigger an email from the Local Network Representative welcoming them to the initiative and attaching an information package on how to join the UNGCNA. This is then followed up by a phone call from the Local Network Representative where a meeting or further phone call is arranged to discuss the benefits and value of membership.

An opportunity also exists to convert when Signatories receive the initial email informing them that their Communication on Progress is due in 90 days. The experience to date is that many organisations become non-communicating for a number of different reasons. The most obvious is that the key contact or initiator of becoming a Signatory has left the organisation and those who remain are unaware of their current status (this is mainly in organisations categorized as small to medium in size). Other reasons include the organisation no longer operating, which has been the case for some Signatories during the last three years as the Global Financial

Global Compact Network Australia

Crisis has unfolded. At the 90 day reminder point an email is generated to the contact at the organisation as informational about the Local Network and the assistance given when it comes to Communicating Progress. One of two things will happen. First, the email will bounce back which indicates the person is no longer with the organisation. Secondly, the person will reply indicating they are aware of the requirement and will call upon the Local Network for assistance if they need it. In the first instance, if we become aware the person has left the organisation through a returned email, contact we will be made with the company. Once a new contact has been established the email will be forwarded to that person (or people) and a follow-up scheduled. In some cases we have found that the person who originally signed the organisation to the UNGC did so more out of a strategic marketing decision as opposed to corporate social responsibility. Is this is the case no further assistance will be given as the organisation has made it clear they are not able to follow through on the commitment. This has happened twice throughout 2011 and, in both cases, involved organisations tagged as small or medium in size.

Integrity of membership has also been an issue and an opportunity. As indicated earlier organisations become non-communicating for a number of reasons. In some cases, during the contact process with a Signatory we may notice anomalies when it comes to organisation size, location or commitment. This can also be the case when organisations apply to become Signatories at the global level. In one case (December 2011) a signatory (in the recruitment and employment services sector) claimed to have more than twenty employees, whereas upon further research the organisation had only two employees. In another case a Signatory had become non-communicating but by the deadline whereby they were to be expelled, contact was made by the Signatory who indicated they were indeed intending to respond but had been busy. Upon further assessment the Signatory was unable to validate where they were located, their main business line had been disconnected and email communication had become difficult. As the Local Network went through the process of assessment it was discovered that the organisation had been misusing the Logo and had made claims that later were considered to be false. In the first case support and endorsement from the UNGCNA for the organisation to become a Signatory was declined and in the second case the UNGCNA requested the UNGC Office in New York continue with the expulsion process of the Signatory. 2011 has seen the UNGCNA increase it focus on the quality and integrity of both being a Signatory and therefore a member. In 2012 a membership sub-committee of the Board of the UNGCNA will develop processes and procedures that formalise the ad-hoc arrangements currently in place. We see this integrity measure as a tool to both protect and secure the brand of the organisation and the reputation of the UNGC.

A strategic objective for the United Nations Global Compact Network Australia will be to increase both the number of Australian signatories as well as converting those organisations into membership of the UNGCNA. There are a number of ways we are looking to achieve this. The first is through strategic partnerships with current members where we are able to promote the UNGCNA directly to their own clients or suppliers. The second is by profile raising through speaking at conferences and events, converting participants attending our own events and general awareness raising. The third is by going back through the current signatory base and converting existing signatories with the fourth being strategic partnerships with other programs, groups and associations. A fifth channel is through our own online presence and growing our corporate website as a central portal around resources and information. As an objective we are hoping to grow the Australian signatory base by 50% and double the membership base of the UNGCNA. At the final Board meeting for 2011 we welcomed new members Oil Search Australia, Treasury Wine Estates and CareersMultiList.

Member statistics: currently the Signatory and Membership base of the UNGCNA (defined as Australian based organisations) stands at 30 Companies, 35 Small to Medium Sized Businesses, 2 Micro Enterprises, 3 Business Associations, 9 Academic Institutions,16 Civil Society Organisations, and 3 CSR Organisations. In addition there are a further 291 organisations who are global signatories of the UNGC with operations in Australia. These include Nestle, Allianz, HSBC and Cathay Pacific.

4.0 The creation of the Human Rights, Anti-Corruption and Environment Leadership Groups: learning and outreach

In early 2011 the Board of the United Nations Global Compact Network Australia (UNGCNA) decided to create a series of **Leadership Groups** that would enable a knowledge sharing environment and shortly thereafter the first two Leadership Groups were established. The first was the UNGCNA Human Rights Leadership Group with the second coming later in 2011, being the UNGCNA Anti-Corruption Leadership Group. In 2012 this will be followed by the new UNGCNA Environment Leadership Group with the Labour Principle being subsumed into Human Rights. Importantly each Leadership group has executive sponsorship in so far as it has direct support by a member of the UNGCNA Board. In addition, the nominated leader comes from the Signatory base and is either a business executive or a recognised expert in the field. Each of these Leadership Groups has been instrumental in increasing the level of collaboration and knowledge sharing across the thematic areas. The third of these Leadership Groups will be focussed on the Environment with a specific concentration around the issues of sustainability and the business response to climate change. This will be even more important as we walk the path towards Rio+20 and the desire to identify solutions to one of the most pressing challenges of our time, and generation.

To put some perspective around the success of the UNGC Leadership Groups to date more than 140 organisations from business, industry, Government, academic and the NGO sector have attended. Speakers and presenters have included the Federal Justice Minister as well as business leaders from Signatory organisations. As outputs, we have developed tools, case studies and an events schedule for 2012 that will increase our level of activity in these areas. The Leadership Groups have been held in Sydney, Perth, Melbourne in Brisbane. In 2012 we will be extending our reach into other mainland capital cities such as Canberra, Darwin and Adelaide.

- **225 people have attended the Human Rights and Anti-Corruption Leadership Groups in 2011**
- **More than 140 organisations from small to large members attended as well as signatories and prospective signatories**

Global Compact Network
Australia

5.0 The United Nations Global Compact Australia Online: creating awareness

The launch of our corporate website in the middle of 2011 was an important moment in our development as it will act as that central knowledge repository. Already, stakeholders and the general community are able to access the site, view our Governance mechanisms, profiles of Directors, look at our schedules of events, read through the Leadership Groups, download presentations and tools, case studies and the latest in news. In 2012 we have also added profiles of each individual member of the UNGCNA that will then connect the viewer with links to the organisations own corporate website where you will be able to access reports on social responsibility or the members Communication on Progress. In keeping with our desire to be open and transparent, anyone who accesses the site will also be able to view our Constitution and Governance documents as well as subscribe to the latest in news. This includes our policies when it comes to things such as the use of the Network Logo and the process of membership.

- **Take a look:** www.unglobalcompact.org.au

6.0 Partnerships, engagement and dialogue: building connections

As we move into 2012 the UNGCNA has also established a framework for engagement and dialogue with a cross section of organisations connected to civil society programmes, Government and other UN based initiatives. In 2011 we developed a special member category and links on our corporate website whereby people are now able to access information to the UN Women's Empowerment Principles, the Principles for Social Investment, the Principles for Responsible Management Education, the Principles for Responsible Investment and the United Nations Association of Australia. Also, during the course of 2011 our engagement with Government increased substantially with meetings held with the Department of Foreign Affairs and Trade, AusAid, Austrade, the Australian Human Rights Commission, the Attorney Generals Department, the Department of Climate Change, office of the Prime Minister and others. As a result, key Government representatives have been involved in both our Human Rights and Anti-Corruption Leadership Groups.

In 2012 our engagement will increase as we provide direct input into the Australian Governments engagement with business and industry when it comes to international aid and development. We have also taken great care when it comes to our engagement with the body politic and provide briefings to Members of Parliament, Ministers and Opposition Spokespeople on our activities in a balanced way. In 2012 we expect that engagement with the body politic will increase as the representative base of the UNGCNA also develops. In total there have been more than one hundred meetings held with various stakeholders and sector interest groups over the course of 2011 that has led to the growth in awareness of the United Nations Global Compact in Australia. Policy dialogue will be key in determining the effectiveness of direct engagement across our stakeholder groups.

7.0 Leadership in collaboration, partnerships and outreach: development of a national UN Program Forum

Of importance to the UNGCNA is also how we work with other UN programs, initiatives and affiliates. Like many Local Networks there are a raft of UN based programs operating across their respective geographies. In many cases, the programs tend to operate in isolation and can sometimes come into conflict or competition when it comes to dealing with the same agencies or people. To address this problem the UNGCNA has spearheaded a new initiative to draw the various programs together in order to build stronger platforms for communication, collaboration and a deeper sense of partnership.

The first of these forums will be held in February of 2012, chaired by the UNGCNA with representatives attending from the UNIC, the UNPRME, the UNGCPSI, UNWEP, UNAA, UNPRI, UNHCR, the World Bank and the Asia Development Bank. One of the key objectives will then be to meet on a quarterly basis which should then lead to a comprehensive knowledge sharing and communications platform.

8.0 Roll out of COP training: learning, tool provision and outreach

One of the key learning objectives for 2011 was the provision of a series of briefings related to Communication of Progress. With sessions run in both Sydney and Melbourne (and attended by more than 50 organisations) the training sessions provided an overview of what was required, how to go about building a template, collecting data and anecdotal evidence for each response area and structure of reporting. Off the back of this training a small business template has now been developed and distributed for use to those Signatories who may be reporting for the first time. This template has now been used by six Australian small business Signatories who have said the structure of the document and the guidance it gives through each section has been very useful and time saving. In 2012 we hope to further develop and modify the template and make it available more widely.

9.0 Outreach and learning: raising the profile of the United Nations Global Compact and the Australian Network

In addition to holding a series of events and activities directly owned or managed by the UNGCNA, representatives are also active in promoting the UNGC in number forums, conferences, in the media and in the community. **In 2011 our list of forums, events and activities has included:**

- 2011 The National Business Leaders Forum: sustainability and the supply chain
- 2011 UNGCNA Human Rights in the consumer goods supply chain forum hosted by Woolworths
- 2011 UNGCNA Human Rights in the Supply Chain forum hosting by KPMG
- 2011 UNGCNA Anti-Corruption Leadership Group: Sydney

Global Compact Network
Australia

- 2011 UNGCNA Anti-Corruption Leadership Group: Melbourne
- 2011 UNGCNA Human Rights Leadership Group: Sydney
- 2011 UNGCNA Human Rights Leadership Group: Melbourne
- 2011 UNGCNA Human Rights Leadership Group: Perth
- 2011 UNGCNA Human Rights Leadership Group: Brisbane
- 2011 The Australian Council for International Development and the United Nations: "Celebrating 25 years since the signing of the UN Declaration on Right to Development" (Australia)
- 2011 The Deakin University Symposium on Sustainable Governance: "Global Developments in Carbon Management"
- 2011 United Nations Principles for Responsible Management Education: "The UN Global Compact and its meaning for business" (Australia)
- 2011 Jobs Australia National Conference: "The future of employment in Australia and what needs to be done to assist people back to work"
- 2011 ACT Knowledge Management, National Conference: "The new worker, sustainable business, sustainable future"
- 2011 Net Impact Conference, Melbourne Business School in collaboration with the University of Melbourne: "Sustainability, climate change and the business response"
- 2011 Sustainability Business and Leadership Forum: "The economics and challenges of climate change policy"
- 2011 Sustainable Governance Conference, Deakin University: "The implications of pricing carbon and the impacts on Governance and the enterprise"
- 2011 Communication on Progress Training: Sydney
- 2011 Communication on Progress Training: Melbourne