

## **Address by Georg Kell, Executive Director, Georg Kell**

Distinguished guests, ladies and gentlemen

It is with great pleasure that I welcome you to this 2nd Annual Conference of the Australian Centre for Corporate Social Responsibility. I regret not being here in person today, but in the day and age of globalization, here and there are relative concepts. After all, isn't "here" just a "there" without a "t"?

In any case, it should be reassuring to you that I have made a personal effort to keep my carbon footprint to a minimum. Instead, I have asked one of your fellow countrymen, Paul Hohnen, to channel my remarks, which seems very fitting, as his dashing good looks and my words complement each other well.

I know that Paul wanted to ask me how business attitudes on the social and environmental agenda of the UN have evolved on a global scale. I think it is fair to say that corporate responsibility is no longer seen as simply a moral issue driven by the enlightened few. What has always been a strong case for doing the right thing is now complemented by an equally strong business case. In this sense, the ten universal principles that the Global Compact promotes have become a very effective guiding framework for businesses everywhere. But what's more, these values not only help companies avoiding costs and minimizing risks. Our values-based approach to social and environmental challenges has actually inspired innovation and helped businesses drive value. This is perhaps the single most important change in business attitude - at least among those businesses that understand that corporate responsibility is really "just good business", as The Economist put it not too long ago. If you take a proactive approach to environmental and social issues, you will find more stable operating environments, new business opportunities and competitive advantages. We have plenty of examples how this has taken place.

Paul wanted to know how this has affected participation in the Global Compact. In 2007 alone, more than 1100 companies have joined our initiative, bringing the total to roughly 3700 business participants in 120 countries. That is certainly impressive, and growth has been steady throughout the years. However, there remains much more space for improvement, given that we know of more than 60,000 multinational corporations alone. But numbers are not everything. What has evolved tremendously is the quality of engagement. Companies nowadays understand that environmental and social challenges are not likely to go away. They also know that stakeholders everywhere are keeping a much closer eye on their performance – not only pressure groups, activists and journalists, but increasingly financial analysts, investors, and even consumers. At the Global Compact, we require participants to communicate once a year on progress made in the implementation of the ten principles. We ask for this public statement in order to promote transparency and accountability – it is an indication that a company is serious about its commitment. But this communication is actually about more than that. Our participants tell us that the communication process has made it much easier to measure and evaluate their own performance and to improve it over time. Only what gets measured can get managed, they say, and we think that this is an excellent way of entering a path of continuous performance improvement.

This brings me to my next point, which is Australian participation in our initiative. At present, there are 15 companies from Australia in the Global Compact, including Westpac, our host here today. Given the extent of Australian businesses activities in the global marketplace, this leaves room for more, and I hope

that several of you will see the title of this conference, "Raising the Bar" as an inspiration to really step up and scale up your efforts.

Of course, whenever we encourage companies to join the Global Compact, the first question is about the benefit of participation. "What is in this for me?", you may ask. There are many ways in which the Global Compact can add value to your business and your efforts in becoming better corporate citizens. First off, the Global Compact is a global initiative like no other, with its legitimacy underlined by the General Assembly, the G8, and many others.

The convening power of the United Nations has enabled us to bring companies and other stakeholders together in a spirit of dialogue, learning and collaborative solution-finding that is much appreciated by everyone involved. Our participants tell us that the Compact has helped them anticipate and address critical issues and challenges before they became a serious problem. No matter what your particular departure point as a business, chances are that somewhere, there is a GC participant who has faced a similar challenge and devised a solution that can be of use. We see this happen across sectors and national boundaries. So, sharing knowledge, experiences and guidance play a huge role in our approach. At the end of the day, the Global Compact is about finding pragmatic solutions, about learning from one another.

The beauty of our principles lies in their solid universal acceptance. This has proven especially effective in places of weak governance, such as conflict zones, or countries riddled with corruption. Here, companies often face a wealth of challenges that can really come back to hurt them. In the absence of clear regulatory frameworks, in places where existing laws are not applied – for whatever reason – the Global Compact offers a moral yardstick, a well-tested framework that companies can go by. It helps to build trust in the community, to gain a social license to operate, particularly in those many places where trust in multinational corporations has eroded over the years.

At the same time, businesses in the Global Compact find it easier to scale up good efforts that would otherwise remain insular examples of good behavior without lasting impact. If everybody shares the same vision on a particular issue, we have a chance of truly transforming the global market in the spirit of universal values. For example, look at the various collective initiatives that have emerged from the Global Compact in recent years and that offer good and relevant engagement opportunities for Australian businesses: The Principles for Responsible Investment, which have galvanized the efforts of institutional investors and asset managers holding more than USD 10 trillion in assets; Caring for Climate, which is a platform for action calling on business and governments alike to address climate change; the CEO Water Mandate, which is a high-level effort to promote responsible use of one of our most precious resources. More such actions, at the sectoral, national or issue level are on the horizon, and they are crucial if we are to make a difference.

Moreover, the Global Compact gives a collective voice to the private sector, particularly vis-à-vis the public policy process. Both national governments and multilateral organizations have a seat at our table, and businesses appreciate the opportunity to express their views and help inform the often complex decision-making in this arena.

I know you would probably want to know what our take is on the role that the new Australian Government can play with regard to the Global Compact and CSR in general. Well, first of all, we were

delighted when the Australian legislature, following its Joint Committee's inquiry into corporate responsibility, recommended that Australian businesses join our initiative. Not only is this a strong sign of support for our work, it also underlines that Australia has always been a leading voice on global issues, with a deep dedication to peaceful cooperation and dialogue. Indeed, Australia's globally minded business leaders have long understood that the ideas of the United Nations are a perfect match for their own operations. And there is a lot that the government can do to support this alignment – especially through soft power approaches.

I hope that this event today will inspire and motivate many of you to take a closer look at the Global Compact and what it has to offer. We look forward to seeing more Australian companies join our global platform, make their voices heard and form a strong Australian network. We will stand ready to support you. On this note, I wish all of you a most auspicious meeting.