



POSTAL ADDRESS—ADRESSE POSTALE: UNITED NATIONS, N.Y. 10017
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REFERENCE

27 February 2014

Dear Mr. Arif Shikverdiev,

As we enter 2014, I am writing to thank you for your engagement with the United Nations Global Compact in 2013 and highlight what we hope to achieve together going forward. This year, we stand at the threshold of an enormous global opportunity. As the Millennium Development Goals 2015 deadline approaches, two sets of UN-led processes are ongoing: one to define a post-2015 global development agenda and the other to reach an international climate agreement. Both processes present a rare occasion to shape the future of global policy and the goals established will impact sustainability aspirations and actions for decades to come.

Now, more than ever before, business is being called upon to speak out – by giving input to new policy frameworks – and to take action – by implementing strategies that ensure inclusive and sustainable global markets. It is well understood that as the world's main source of economic activity, business is at the heart of virtually any widespread improvements in living standards. The world is relying on business to play a critical role in sustainable development.

Over the past year, the UN Global Compact, along with our 8,000 companies and 4,000 non-business stakeholders, has been laying the groundwork for business action in the post-2015 era. A major milestone was the *UN Global Compact Leaders Summit 2013: Architects of a Better World* held under the chairmanship of the UN Secretary-General (19-20 Sep, New York). More than 1,200 chief executives and leaders from civil society, Government and the UN gathered to unveil a global architecture for corporate sustainability – how companies deliver long-term value in economic, social, environmental and ethical terms.

The *Post-2015 Business Engagement Architecture* makes clear that future sustainable development priorities – inclusive growth, social equality and environmental protection – are inextricably linked to the long-term goals of business – revenue growth, resource productivity and risk management. The Architecture takes the notion that individual firms can create value – for themselves and their communities – to a global scale. I hope you will utilize this framework to advance our common goals and I am counting on you to take action in several key areas.

Put corporate sustainability at the heart of your operations

While progress is being made, there is a long journey ahead for companies to fully embed responsible practices across their organizations and supply chain. Based on survey responses from nearly 2,000 companies, the *Global Corporate Sustainability Report* shows that companies committed to the Global Compact are moving from good intentions to significant actions. To close the gap between planning and implementation, the world needs a level of business action and leadership not yet seen. Based on over a decade of experience, we know corporate sustainability efforts must be rooted in *respecting* universal principles; taking action to *support* broader UN goals; and *engaging* in partnerships and collective action at the global and local levels.

Mr. Arif Shikverdiev

Director

Scientific Research Center of Corporate Governance, Law and Venture Investment of Syktyvkar State University

Set a vision for the long-term and be accountable

To deepen impact and scale up the contribution of business to UN priorities, 2014 must be the year in which we look farther into the future than we have before. We will need to retool and reorient our approach to corporate sustainability. I encourage each of you to think beyond the next several years and set longer time horizons for your sustainability goals. What can your organization accomplish in the next 10, or even 15, years?

The Communication on Progress (COP) for business and Communication on Engagement (COE) for other stakeholders are the most critical accountability measures for Global Compact participants. Companies are encouraged to leverage the COP as a platform to share long-term sustainability goals and targets publicly – demonstrating both transparency and dedication to sustainable development to stakeholders. Reporting on progress made implementing the ten principles in the COP remains central to fulfilling the corporate commitment to the Global Compact. In 2013, the number of COPs submitted increased across all regions. At the same time, the percentage of COPs categorized as GC Active and GC Advanced grew while the percentage of COPs categorized as GC Learner decreased.

Engage globally, act locally

The Global Compact employs a range of approaches to engage participants, support reporting and drive implementation – taking into consideration that participants span all stages of corporate sustainability, from beginners to advanced performers. I hope you will take advantage of these platforms in 2014.

- Through *over 100 Global Compact Local Networks*, companies are convening and acting on sustainability issues at the ground level. Networks serve an essential role in rooting global norms, issue platforms and campaigns within a national context. The Global Compact supports and builds the capacity of networks, and facilitates knowledge sharing among them. Local Networks present an enormous opportunity for subsidiaries and I encourage you to participate in networks in every country where you have operations.
- In 2013, the Global Compact launched three new *issue platforms* – on Business for Peace, education and sustainable agriculture – to round out our existing portfolio comprised of Caring for Climate, the Women’s Empowerment Principles, the CEO Water Mandate and Children’s Rights and Business Principles; global working groups on Human Rights and Labour, Anti-Corruption and Supply Chain Sustainability; and our sister initiatives, the Principles for Responsible Investment (PRI) and the Principles for Responsible Management Education (PRME).
- The *Global Compact Business Partnership Hub* is an interactive, online platform designed to connect businesses with potential partners. It allows companies to browse existing partnership projects – in the areas of anti-corruption, climate and energy, social enterprise, water and UN-business partnerships – that need additional support or to post new projects seeking partners.
- A *searchable library of tools & resources* was recently added to the Global Compact website, cataloguing more than 100 publications with implementation guidance and best practice examples.

Be a leader and challenge others to do more

Businesses are driven to act sustainably by a number of factors – public policy, investors, consumers and civil society, among others – and enlightened business leaders have enormous potential to catalyze change and increase the uptake of sustainable business practices. In order to contribute to the post-2015 development agenda in the most meaningful ways, companies will need to push beyond first-mover approaches and embrace partnerships and collective action initiatives that unite business peers, often for the first time, as well as other stakeholders. As a leader, you can spur a race-to-the-top, encourage those sitting on the fence to act and provoke the competitive spirit of peers at all levels of sustainability performance. Take a leading role in sustainability initiatives specific to your sector and advocate for others to commit to the ten principles of the Global Compact.

Help the corporate sustainability movement grow

The likelihood of corporate sustainability becoming a truly transformative movement is enhanced by the recent proliferation of sustainability networks and initiatives. The Architecture makes clear that collaboration requires engagement and co-investment by a broader group of business partners and key stakeholders to further strengthen global and local initiatives. In fact, the Global Compact developed the Architecture in alliance with the Global Reporting Initiative (GRI) and World Business Council for Sustainable Development (WBCSD) who we will partner with over the coming months to support corporate action that advances UN goals. This year, I call on you to support global sustainability initiatives, and look for synergies and opportunities to cooperate with others.

Financially support the Global Compact

Finally, I would like to underscore the importance of business participants' annual financial contribution to the Foundation for the Global Compact (globalcompactfoundation.org). Strong and consistent financial support from business is essential for sustaining our initiative and ensuring that we can advance the ambitious global agenda outlined here. As many of you know, the Global Compact has been working to develop innovative funding models with select Local Networks that have chosen to participate. Regardless of whether you are in a participating Local Network, I strongly encourage you to contribute both at the global level and to your Local Network if you have not done so already. This would mean a great deal as the Global Compact moves into a next phase.

Thank you again for your continued participation in the Global Compact. I look forward to working with you over the coming year to help shape international policy and align the corporate sustainability efforts of businesses globally, amplifying our collective impact on sustainable development.

Yours sincerely,



Georg Kell
Executive Director
UN Global Compact Office