

# **United Nations Global Compact and Principles for Responsible Management Education, PRME**

**What it is, why it's valuable, how  
to register, and how to stay  
registered.**

## **A public commitment**

*Signing up to the UN Global Compact and/or PRME is the clearest way to demonstrate support for sustainable behaviour, responsible leadership and good business practice.*

*That is increasingly expected by customers, students, regulators, and staff, and is increasingly a part of reporting, audit and disclosure.*

We can help with planning, reporting and implementation.

# UNGC and PRME

The UNGC was proposed by UN Secretary-General Kofi Annan at the World Economic Forum in Davos in 1999. With more than 12,000 participants (corporations, NGOs, others), it is the world's largest voluntary corporate responsibility initiative.

PRME was developed in 2007 by an international task force of deans and university presidents of leading business schools and academic institutions, following from a recommendation by academic stakeholders of the UN Global Compact. PRME currently has more than 570 signatories worldwide, including most of the world's top-rated business schools.

## UNGC – 10 principles in 4 areas

- **human rights** (not be complicit in human rights abuses, support and respect human rights)
- **labour** (not be complicit in forced labour or child labour, don't discriminate at work, uphold the right to collective bargaining)
- **environment** (promote environmental responsibility, encourage environmentally-friendly technologies, take precautions against environmental damage)
- **anti-corruption** (don't support corruption, extortion or bribery)

# Human Rights

- Principle 1: you should support and respect the protection of internationally proclaimed human rights;
- Principle 2: make sure that you are not complicit in human rights abuses.

## Key steps:

***Assign senior management responsibility.***

***Involve all business operations. Put in place a cross-functional team.***

***Conduct a policy gap analysis/mapping exercise.***

***Consult with internal and external stakeholders.***

***Reflect the human rights policy in operational policies and procedures.***

***Communicate internally and externally*** (use the CoP as a communication to staff, customers and other stakeholders)

# Labour

Principle 3: uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: eliminate all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour;

Principle 6: eliminate discrimination in respect of employment and occupation.

These derive from the 1998 ILO Declaration on Fundamental principles and Rights at Work.

Put in place written company policies on ***employee rights and responsibilities*** and their compensation and benefits, freedom of association and collective bargaining.

Put in place written company policies ***against forced labour***, child labour and employment discrimination.

Require that ***business partners and suppliers*** adhere to these principles.

Assess and address ***labour-related risks***

Describe how policies have been and will be ***implemented***

Describe how ***outcomes*** are ***measured and monitored***

***Communicate*** internally and externally (use the CoP as a communication to staff, customers and other stakeholders).

# 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.

Consider your potential for environmental improvements through changing production processes, design, and recycling of waste. Managing and reporting on environmental issues can be very detailed, and in some business sectors, this is mandatory and expected.

## Key steps:

Assess the *environmental footprint and impact* of your company

Create a *written company policy* on environmental issues, including prevention and management of environmental risks

Put in place a policy requiring *business partners and suppliers* to adhere to UNGC environmental principles

*Set, measure and report* on specific goals in environmental issues

*Communicate internally and externally* (use the CoP as a communication to staff, customers and other stakeholders).

# Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Issues of bribery and corruption may in some cases be quite 'black and white', but generally they will be nuanced, without clear lines. Try to be open and discuss the topic of corruption freely with all partners. This will make it easier for a staff member who is faced with bribery demands, to handle the situation.

Key steps:

Develop a ***corporate code of conduct*** to guide staff in situations where they are confronted with demands for bribery.

Send a clear signal to ***partners and clients*** by communicating your anticorruption policy

***Communicate internally and externally*** (use the CoP as a communication to staff, customers and other stakeholders).



# PRME – 6 principles

- **Purpose:** to develop the capabilities of students to be future generators of sustainable value for business and society at large
- **Values:** to incorporate into academic activities the values of global social responsibility
- **Method:** to create educational frameworks that enable effective learning experiences for responsible leadership.
- **Research:** to engage in research about the role, dynamics, and impact of corporations in the creation of sustainable social value.
- **Partnership:** to work with business corporations to explore jointly effective approaches to meeting social and environmental challenges.
- **Dialogue:** to facilitate debate among educators, students, business, government, and other stakeholders on issues related to social responsibility and sustainability.

# How to sign up

Signed letter from the company CEO/highest b-school executive (or equivalent),  
pledging to:

- **Integrate the principles** into strategy; decision/policy-making; operations, curriculum and research
- **Communicate publically** on how the principles have been addressed and implemented; the Communication on Progress, (COP; UNGC); the Sharing Information on Progress (SIP; PRME)
- **Advance the case** for responsible business to peers, partners, suppliers, customers and other stakeholders

Pay a (relatively small) annual subscription fee –

**UNGC** \$250 a year up to \$50m turnover; \$15,000 a year more than \$5bn turnover.

**PRME** \$380 a year for an organization with less than \$10m operating budget, to \$1500 a year for one with more than \$25m.

# Benefits of being a signatory

- enhanced brand value – people like to deal with responsible organizations
  - improved stakeholder relations
- competitive differentiation; particularly not being ‘left behind’
- ease of supplier relationships with other UNGC/PRME organizations – like ISO 9000, it removes the need to audit and verify supply chains
- a recognized and globally agreed policy framework to implement CSR
  - sharing and learning from best and emergent practice
  - access to networks and resources, national and global
- connection with local and international NGOs, pressure groups and civil society members
- staff motivation, and positioning for talent recruitment and retention

# Who are the Global Compact signatories? Is it for everyone?

The majority of UNGC signatories are larger business organizations. But because registration and maintenance of certification is relatively low-cost, and can be relatively simple, if addressed properly, increasing number of small and medium-sized businesses (SMEs) participate.

SME engagement is seen as a key challenge.

There are also some 700 Universities, more than 50 national and international labour organizations, more than 2000 NGOs, nearly 400 public sector bodies worldwide, and even 70+ cities, from Barcelona to Cleveland to Dubai to Bogota.

# How to stay registered

At the basic level, submit an annual COP or SIP report, consisting of:

- Statement by the CEO/senior executive expressing continuing support
- Description of practical actions taken or intended
- Measures of outcome; how performance targets were set and met, qualitative or quantitative
- The COP/SIP should be shared with stakeholders, via website, annual report, etc.
- The COP/SIP, and an organization's CSR position more generally, can be used for marketing and positioning.

# You can get de-listed!

- About 3000 UNGC members have been placed on 'warning' or had registration withdrawn, for not participating (not submitting a COP on time)
- PRME members are red-flagged if they are 'non-communicating'
- In 2012, global investors from 12 countries managing over \$3tn of assets, asked 29 large UNGC members to start producing progress reports
  - CSR reporting and compliance is increasingly expected by national reporting regulations
    - Take it seriously, and don't do greenwash/bluewash!
- **De-listing clearly negates all the business and reputational benefits above.**

## Not nice to do – must-do

- With further regulatory and compliance pressure on sustainability reporting, this is not an issue which is going to go away.
  - Both EFMD EQUIS and AACSB business school accreditation demand a commitment to sustainability and responsibility