
Economic and Social Commission for Asia and the Pacific
Committee on Trade and Investment

Second session

Bangkok, 27-29 July 2011

Item 8 of the provisional agenda

Integrating small and medium-sized enterprises into the regional economy

Report on the Global Compact Local Networks/Transnational Corporations Regional Meeting: Partnerships for Corporate Sustainability, Bangkok, 25 July 2011*

1. Background: Companies both domestic and transnational are increasingly confronted with sustainability challenges which cannot be resolved individually, for example issues like child labour / illegal migrant workers / land right conflicts etc. and exhibit a clear need for collective action.
2. The Asia-Pacific region is one of the most diverse regions in terms of geography, political regimes and cultural practices. Therefore, there are very different perceptions and interpretations of CSR, which will lead to policy misalignment between companies, subsidiaries and suppliers. These factors coupled with lack of transparency and good governance create an even more challenging environment for multinational companies to practice an international norm that come to clash with harsh realities on the ground.
3. The UN Global Compact is the world's largest CSR initiative and the Global Compact Local Networks are key instruments for rooting the Global Compact principles into the local context. GCLNs can help localize company policy, values & strategic CSR initiatives to the national context by: providing tools and training to subsidiaries to help them comply with corporate policy; providing better market intelligence due to greater local presence; and offering improved stakeholder engagement by bringing together local parties and raising public awareness.
4. Participants recognize companies can contribute to the promotion of the Global Compact principles/CSR in the region, for example, by encouraging their subsidiaries to be actively engaged with the local networks. Global Compact Local Networks (GCLNs) are NGOs and often voluntary so they will need help from companies through the sharing of: management and organizational expertise, valuable resources, not just money but people, time and knowledge and best sustainability practices.

* This document has been issued without formal editing.

Details of the event

5. The meeting brought together 9 network representatives from India, Pakistan, Bangladesh, Mongolia, Sri Lanka, Nepal and Viet Nam and 6 business representatives from Tata, Oxyane, Li&Fung, Maersk, Nestle and Microsoft. The participants formed two moderated discussion groups composed of a mixture of company and local network representatives, and both groups were asked explore HOW partnerships between companies and local networks could best be forged.

Key outcomes of discussion

6. All of the participants agreed that it is mutually beneficial for companies and local networks to explore partnerships for corporate sustainability in the Asia Pacific Region.

7. The following are the key messages that came out of discussion:

- Global Compact Local Networks should focus on more effective conveyance of their value proposition to companies
- GCLNs need to identify specific local sustainability challenges through survey and stakeholder dialogue to determine critical sustainability issues that are common to all of their GCLN members.
- Companies can help expedite this process through better communication to Local Networks of their local sustainability challenges and needs.
- Companies should continually and systematically promote awareness of their participation in the Global Compact throughout their organization internally, and encourage local subsidiaries and suppliers to explore the possibility of engagement with Local Networks.
- Local Networks should refine their role as a unique nexus point for multi-stakeholder dialogue on country-specific sustainability issues. Participants felt that GCLNs are best positioned to engage civil society organizations, non-government organizations, UN agencies and media.

8. The meeting successfully staged the first open dialogue between GCLNs and TNCs at the regional level. As a result, they now have a better understanding of each other's needs which will facilitate their future collaboration.
