



I propose that you,  
the business leaders,  
and we,  
the United Nations,  
initiate a  
**global compact**  
of shared values  
and principles,  
which will give a  
human face  
to the global market.

(Continue from Vol.12)

**ANNUAL REVIEW**

**1**  **YEARS**  
2000 – 2010

United Nations Global Compact



# ENVIRONMENT

Environmental issues – be they related to climate change, water scarcity or other natural-resource and ecological challenges – are growing in scale and complexity. It is increasingly clear that traditional corporate environmental management approaches – based largely on compliance and narrow risk assessments – will not be sufficient to successfully navigate and address these 21st century challenges.

In 2009, the intense efforts and global awareness around climate change leading up to the UN Climate Change Conference in Copenhagen (COP15) energized our work with business to put forward practical solutions that will protect and sustain our planet. Specifically, we continued efforts to improve corporate commitments and actions on climate and water. With progressive action being undertaken by hundreds of businesses around the world under these initiatives, Caring for Climate and the CEO Water Mandate now stand as leading business platforms in their respective areas.

Additionally, the Global Compact initiated a timely project to develop a corporate environmental stewardship approach, which assists companies in managing environmental risks and opportunities and integrating a host of environmental challenges into a comprehensive strategy.

Recognizing that climate change and water sustainability are challenges to both societal development and the sustainability of the global market, it is critical to further explore the interconnectivity of climate change, water, food, energy, and poverty. Moving forward, the Global Compact will further align its environmental portfolio with development priorities, particularly ahead of the UN Conference on Sustainable Development 2012: Rio + 20.



MILESTONES

2000

United Nations Environment Programme (UNEP) serves as guardian of Principles 7 - 9




2000

2001

Early conference explores role of Global Compact in advancing international environmental protections

2004

Policy dialogue focuses on Sustainable Consumption



2005

UNEP develops Global Compact Environmental Principles Training Package

2007

Caring for Climate and CEO Water Mandate are launched by Secretary-General at Global Compact Leaders Summit

Business for the Environment (B4E) conference is launched with UNEP, annual meeting commences

Innovative government-business collaboration announced in San Francisco with launch of Business Council on Climate Change

Hosts Bali event for business in conjunction with UN Climate Change Conference (COP13)

2008

- CEO Water Mandate: Convenes inaugural working conference, semi-annual meetings commence
- Announces transparency and disclosure policy
- Urges G8 to take action on emerging water crisis
- B4E Summit is held in Singapore
- First meeting of Caring for Climate signatories focuses on progress made

2009

2009



Environmental Stewardship Working Group is established, chaired by Chad Holliday, Chairman of the Board of Bank of America, and Habiba Al-Marashi, Chair of the Emirates Environmental Group (EEG)



Ahead of the **UN Conference on Climate Change (COP15)** in December, Global Compact takes a number of steps to harness the voice of business in urging for a global agreement

**May:** Co-hosts World Business Summit on Climate Change in Copenhagen

**May:** Launches Caring for Climate Series, a collection of reports by investment, academic and civil society organizations.

**April:** B4E Summit, Paris, results in 'Manifesto' urging for a low-carbon world

**September:** Organizes UN Leadership Forum on Climate Change in New York

**December:** Convenes business in Copenhagen during COP15

2010

B4E Summit, Korea

CEO Water Mandate releases Public Policy Guide



Environmental Stewardship Strategy is released following year-long project with Duke University

Caring for Climate holds 2nd meeting and focuses on climate-development link

2010



# Environmental Stewardship Model

To give further expression to the Global Compact’s three environmental principles and assist companies in addressing this increasingly challenging landscape, the Global Compact Office brought together a group of committed participants during the 2009-2010 period and – in partnership with Duke University – developed a next-generation Environmental Stewardship approach and resource.

This Environmental Stewardship model is designed to help companies – at the highest levels of the organization – develop a holistic and comprehensive strategy. Importantly, it recognizes the growing linkages among various environmental issues, as well as their connections to social and development priorities. This Environmental Stewardship strategy incorporates and leverages the Global Compact’s Caring for Climate and CEO Water Mandate initiatives.



**RECOMMIT**

Leadership’s recommitment to environmental principles through a Global Corporate Policy Statement.

**ASSESS**

A continuous assessment of stewardship strategies for the identification of gaps in policies and practices.

**DECLARE**

A statement of environmental goals related to every aspect of the organization.

**ENGAGE**

Public policy engagement to establish standards, form partnerships, and inform the global environmental policy agenda.

**PERFORM**

Develop internal management systems and tools leading to consistent environmental performances.

**EVALUATE**

Develop internal management systems and tools to track, monitor, measure and report environmental performance.

**ANTICIPATE**

Influence and anticipate future market trends in order to build a more sustainable business.

**DISSEMINATE**

Communicate challenges, risks and results to stakeholders for greater accountability and transparency.



## Caring for Climate

Caring for Climate has the support of approximately 400 companies in 65 countries. Signatories are spread across a wide variety of sectors and regions, with strong support in developing and emerging markets.

Caring for Climate signatories are making notable progress in pursuing comprehensive long-term strategies on energy efficiency and innovative low-carbon technologies within their processes, products and services. Analysis by Dalberg Global Development Advisors shows that between 2007 and 2008, in the first year of Caring for Climate, signatories lowered their emissions by a total of 3%, even as their turnover grew by 14%, proving that green growth is possible.

Additionally, 80% of companies in Caring for Climate with more than 250 employees have easily identifiable and publicly available strategies for managing their impact on the environment.

Comprehensive reviews on the progress of Caring for Climate signatories were undertaken in 2009 and 2010:

- **A Greener Tomorrow: How Caring for Climate is Leading the Way to a Low-Carbon Economy** (June 2010, Dalberg/UNGC)
- **Emissions Reductions and Lower Carbon Intensity: Are We Making Progress?** (May 2009, Yale University)

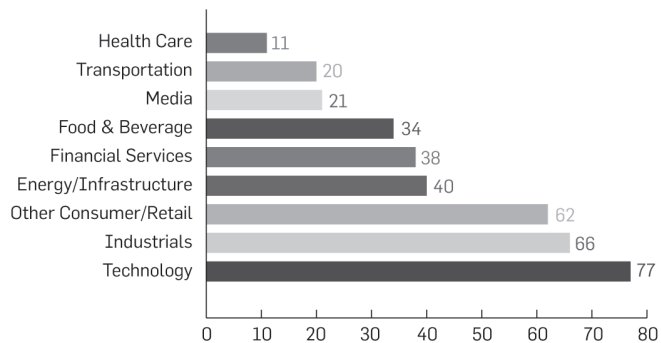
### Towards a Global Climate Agreement

The magnitude and urgency of the climate challenge was in focus in 2009. Ahead of COP15, Caring for Climate took a number of steps to bring the support of business to the debate. Together with partners, we supported global advocacy campaigns, convened several international events and produced a number of publications. All efforts were aimed at advancing the role of business in addressing the climate challenge and outlining expectations for the global policy agenda. As climate change negotiations are entering the next round in pursuit of a legally-binding global agreement, Caring for Climate continues to focus on accelerating business action and solution-finding.

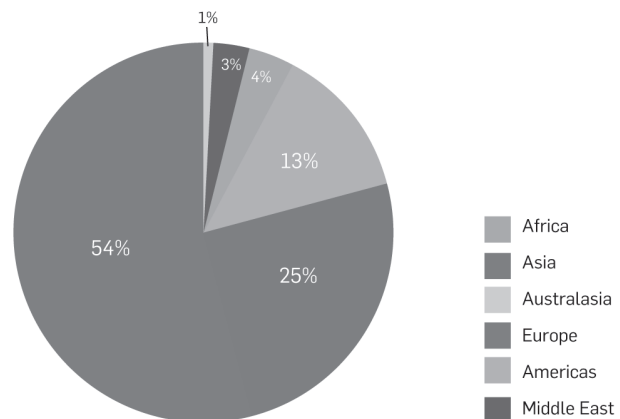
### UN Leadership Forum on Climate Change

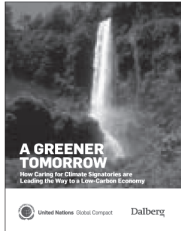
Held on 22 September 2009 in New York, the UN Leadership Forum on Climate Change brought together Heads of State and Government from over 50 nations with 200 leaders of global business and civil society organizations in order to build momentum for a climate agreement. Private sector leaders made it clear that they are prepared to be part of the solution and demonstrated that radical transformations are underway, but stressed that only with regulatory certainty will innovation, investment and efficiencies occur at the levels needed to bring climate mitigation and adaptation approaches to full scale.

### Caring for Climate signatories by sector



### Caring for Climate signatories by region





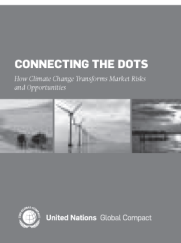
### Meeting of Caring for Climate Signatories

The second meeting of signatories and stakeholders (April 2010, Geneva) convened approximately 100 senior representatives from business, finance, the public sector and United Nations, as well as civil society. In focus at the conference was the link between climate change and development, including the Millennium Development Goals, and important work leading up to the UN Conference on Sustainable Development 2012: Rio + 20. The meeting provided a platform for companies to demonstrate their continued commitment to addressing climate change.



### Connecting the Dots: How Climate Change Transforms Market Risks and Opportunities

This report charts the intimate interaction between climate change and other key issues on the global agenda, and identifies the requirement this places on governments and international agencies to develop a new level of policy coherence. It warns business that both the success or failure of climate policy will transform the landscape of risk and opportunity for investment. The report further urges faster and more imaginative development of partnerships between governments, international agencies, businesses and civil society organizations.



### Caring for Climate Series: Transformation is Possible

A collection of reports and research studies by leading investment, academic and civil society organizations. The Series offers a range of perspectives on the roles of business, investors and government in tackling climate change. While each report has a unique focus, leadership and investment are cross-cutting themes. A clear message emerges from the Caring for Climate Series: *Transformation is necessary and possible*. Publications in the Series include:

- **Best Practices and Policy Frameworks: 2009 Survey of Caring for Climate Signatories** *By GlobeScan/UNEP*
- **Change is Coming: A Framework for Climate Change - A Defining Issue of the 21st Century** *By Goldman Sachs*
- **Investor Leadership on Climate Change: An Analysis of the Investment Community's Role and Snapshot of Recent Investor Activity** *By Principles for Responsible Investment*
- **Building a Green Recovery** *By HSBC*
- **Carbon Markets: the Simple Facts** *By Mission Climat of Caisse des Dépôts*



### A Challenge for Society and Business

Factors including population growth, urbanization, industrialization and climate change are serving to escalate a global crisis in water access and sanitation. The related issue of declining water quality is also becoming a critical concern. All regions of the world are being affected to some extent – some acutely so. Water should not be seen as an isolated environmental topic, but rather as a profoundly cross-cutting issue that relates to economic development, the health of societies and ecosystems, as well as other key sustainability concerns such as food security and energy.

The business community faces a range of growing water-related risks – including disruptions to operations as a result of water shortages, growing societal concerns and uncertain regulatory environments. On the flip side, there is an opportunity to improve water efficiency – and therefore operating expenses – while also becoming better water stewards for the sake of both business and the wider community.



## CEO Water Mandate

Launched by the UN Secretary-General in July 2007, the CEO Water Mandate has rapidly established itself as one of the world’s leading business-oriented initiatives on water sustainability. It is both a call-to-action and a strategic framework to manage water issues in a comprehensive way. Endorsing companies are expanding their water policies and practices, and beginning to realize improvements in water efficiencies in their operations. In addition, endorsers have begun expanding their work into supply chains and in relation to local watersheds.

While still a relatively small initiative, the CEO Water Mandate has pursued, in partnership with the Pacific Institute, a robust programme of activities and projects. By mid-2010, approximately 75 companies from a range of sectors and regions had endorsed the Mandate.

### Working Conferences

Each year the CEO Water Mandate convenes two theme-based conferences, bringing together endorsing companies with the public sector, civil society, UN agencies and other stakeholders. Since the beginning of 2009, the Mandate has convened three working events – Istanbul (March 2009), Stockholm (August 2009) and New York (April 2010).

Each conference focused on the Mandate’s three declared work streams: i) water and public policy; ii) water and human rights; and iii) water disclosure. On each of these topics, the Mandate has created special working groups to advance thinking and practice, and to produce related products. For example, in 2009 the Mandate released “Water Disclosure 2.0”, which analysed the effectiveness of 110 corporate sustainability reports. Subsequently, guidance was developed on how companies can report information in a manner that is consistent and meaningful for stakeholders.

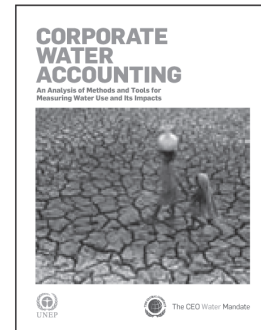
In addition, the Mandate partners with UN agencies on research and partnership projects. At the New York conference, for example, the Mandate and UNEP published “Corporate Water Accounting: An Analysis of Methods and Tools for Measuring Water Use and Impacts”.

### Water and Public Policy

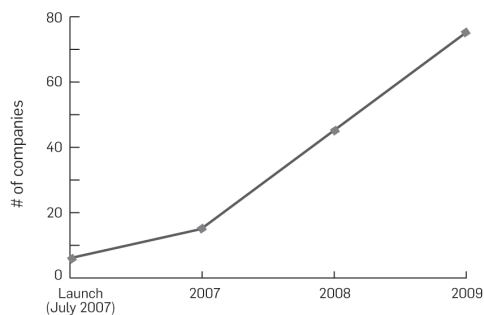
Water scarcity, pollution, climate change, inadequate infrastructure and ineffective water management create risks for companies and governments alike. To advance water management, the Mandate and the Pacific Institute – in collaboration with WWF International – are developing “Guide on Business Engagement with Water Policy and Management”. This Guide – to be released in 2010 in two stages – will provide principles, concepts, practical steps and case examples that can facilitate responsible engagement with water policy in a manner that reduces business risks.

### Water and Climate Change

Recognizing the growing links between climate change and water-related issues, the Global Compact and the Pacific Institute issued “Climate Change and the Global Water Crisis: What Businesses Need to Know and Do”. This paper concludes that climate change will: affect water scarcity and sustainable supply; impact water quality; and increase water demand. Strategic recommendations for business are identified including: measuring water and carbon footprints throughout the value chain; assessing physical, regulatory and reputation water risks; and seeking opportunities for collective action.



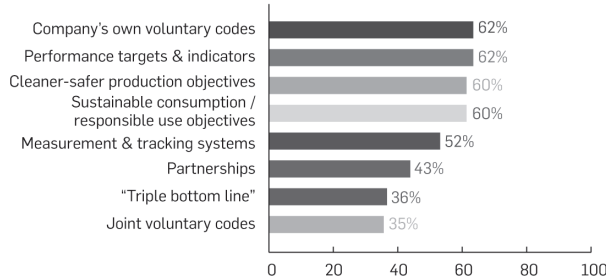
### CEO Water Mandate endorsers



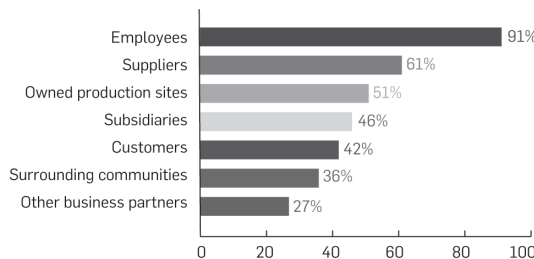


# Implementation Data

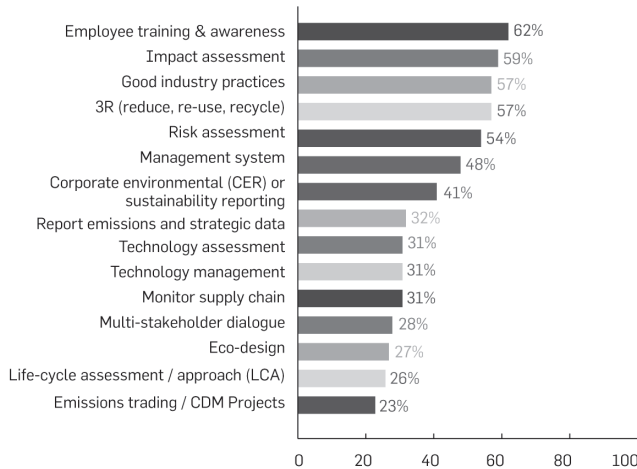
## How does your company take the environmental principles into account in its policies or practices?



## To which groups do your company's environmental policies and practices apply?



## What actions does your company take to implement environmental policies and practices?



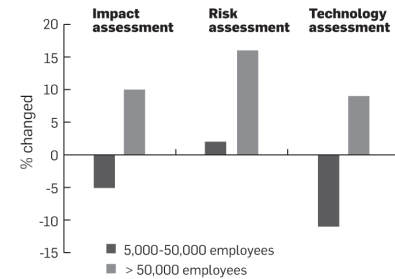
## Highlights

Survey results in 2009 show that companies of all sizes are increasingly developing key environmental policies and practices – with notable increases in policies linked to suppliers (+9%) and customers (+12%).

While the overall change from 2008 was very slight, marked improvements can be found when analysing by company size. For example, SMEs (<250 employees) saw increases in: performance targets (+5%), risk assessment (+4%) and eco-design (+7%).

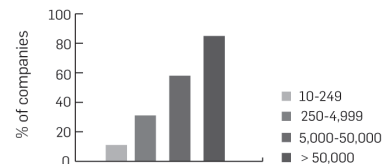
The largest companies made significant improvements in impact assessment, risk assessment, technology assessment, and 3R – reduce, reuse, recycle. On the other hand, companies with 5,000 – 50,000 employees were not as successful in improving their actions to implement environmental policies – with losses seen in key areas.

Change in actions taken in 2009 vs 2008 (by company size)



32% of all companies state that they report greenhouse gas emissions and strategic climate data – though this figure varies greatly by company size. The vast majority – 85% – of companies with more than 50,000 employees report emissions. This number decreases by company size: 58% for companies with 5,000 – 50,000 employees; 31% for companies with 250 to 5,000 employees; and only 11% of SMEs with less than 250 employees.

Report GHG emissions and strategic data







## Environment in Practice

### Cleaner and safer production objectives

**Natura Cosméticos** (Brazil, Personal Goods) implements a comprehensive plan focusing on three work fronts including inventory, reduction and offsetting, and involving all of its production chain. The company also supports reforestation and renewable energy projects. As part of its sustainable waste management strategy, the company focuses on recycling projects, including post-consumption recycling. The company is also implementing new water and energy consumption reduction policies in its units.

### Suppliers

**Levi Strauss & Co.** (US, Apparel) was the first company in its industry to establish Water Effluent Guidelines which mandate maximum wastewater contaminant levels for its manufacturing operations worldwide. In 2009, Levi Strauss expanded application of the Guidelines to first and second tier suppliers, including bulk fabric suppliers and sundry items (e.g., buttons, zippers, threads). In conjunction, Levi Strauss provides support to suppliers to address problems if they are found to be out of compliance.

**Reed Elsevier Group** (UK, Media) introduced supplier training to its ongoing Socially Responsible Supplier Programme on calculating and reporting carbon emissions. In 2009 they conducted a Supplier Heat Mapping study to look at the breakdown of supplier emissions to identify key target areas for further reduction. Reed Elsevier also collaborates with British publishing companies to encourage emissions reduction at the industry level.

### Management system

**China Minmetals Corporation** (China, Metals & Mining) implemented a comprehensive environmental stewardship strategy with commitment from the board level as part of their integral company operations. China Minmetals sustainability report indicates three priorities for sustainable development: enhancing the core competitiveness; the necessity of safe production and environmental protection; and the continuous pursuit of social and world harmony.

### Good industry practices

**Nokia** (Finland, Technology Hardware & Equipment) has engaged in ongoing efforts in sustainable environment management, focused on energy consumption and product stewardship. Key milestones in 2009 include launching products with improved environmental features, which will be rolled out across product lines; driving a new energy rating for chargers in the industry; piloting the sale of phones without a charger; reducing energy consumption in facilities; and expanding its global take-back programme.

### Multi-stakeholder dialogue

**Sasol** (South Africa, Energy) has implemented a plan to operate – through recycling and other measures – a zero waste-water discharge facility in Sasolburg. In addition, Sasol is hosting dialogues on water management and sustainability with industry peers, government and external experts and stakeholders. The goal is to raise awareness of water stewardship issues in order to help ensure that communities and the business sector have access to adequate and safe supplies.

### Life cycle assessment

**Vestas Wind Systems** (Denmark, Technology Hardware & Equipment) continues to use a Life Cycle Assessment to provide a “cradle to grave” evaluation of the environmental impact of its products and activities. These assessments concentrate on documenting the environmental performance of Vestas wind turbines and analysing results to develop wind turbines that have less impact on the environment.

*“Climate change is the defining challenge of our time. I also believe it is the most potent game-changer for business over the next century. It is an opportunity we must seize. Today, I want to challenge you. I want to see you in the vanguard of an unprecedented effort to retool the global economy into one that is cleaner, greener and more sustainable.”* — UN Secretary-General, Ban Ki-moon