



**Global Compact Singapore Network Launch  
16 September 2005**

**Special Remarks  
Assistant Secretary-General Andrew Toh**

Excellencies, Ladies and Gentlemen,

I am doubly honored this morning: firstly to be given the opportunity to represent the United Nations in my home country, and secondly, to be given the privilege to join representatives from so many distinguished Singapore companies on the launch of the United Nations Global Compact initiative.

There is no doubt that the process of globalization has delivered tremendous results in lifting entire countries out of poverty. The “Asian Tigers”, of which Singapore is one, have been some of the main beneficiaries of globalization. For Singaporeans, globalization is not a new concept. In fact, Singapore can easily claim to be one of the founder members of globalization.

As a trading colony in the maritime crossroad between East and West, Singapore was engaged in the global market since it's founding nearly two centuries before the term “globalization” was born. While Singapore and most of its Asian neighbors have thrived, the shortcomings of globalization are deeply felt by many: Over a third of the world's population – some 2.5 billion people - still lives on less than two dollars a day

As poverty is still the day-to-day reality for so many people in the world, we all must acknowledge that globalization has remained a very uneven and fragile process. It is indeed a tremendous challenge that we are facing - a challenge that can only be managed with the help of business.

And as business interests are increasingly overlapping with development objectives in this global society, the need for responsible business practices, as well as cross-sector partnerships, is more important than ever before.

The contribution of business to development is unique and multi-faceted – from creating employment and income, providing technical skills and delivering social benefits, to value creation and upholding universal principles. It is our best hope to deliver broad-based development and to create sustainable markets.

Business leaders need to ensure that the competitive advantages to be gained from the global markets are not outweighed by the ill-effects of a “race to the bottom”, where basic notions of human rights and respect for the environment are violated on a daily basis.

In fact, responsible business is making a unique and significant contribution to achieving the societal commitments embodied in the UN's Millennium Development Goals – reducing poverty, improving education and health, protecting the environment, ensuring gender equality.

For Singaporeans, we have a head start and corporate social responsibility should come quite naturally. As individuals, we are imbibed from a tender age with the Asian values of care and respect for our elders, and for extending assistance to the less fortunate. Indeed, if not for the community assistance provided by clan associations for newly arrived immigrants in the early years, we would not be where we are today. Furthermore, from the beginning of our nation state, we have had good governance: there were equal opportunities in education and employment regardless of race, religion or language; there was gender equality (those in my generation will recall that even in the first city council elections, there were a number of women candidates) and universal suffrage was an unquestioned part of government. What we need to do is to transition from individual to corporate social responsibility with the same altruistic values.

But we must always remain aware that danger lurks in the face of competition arising from globalization of the marketplace and the lure of quick profit. The need for aggressive response to competition sometimes leads industry to think simply in terms of reducing costs at the expense of employees and the environment instead of looking at the more challenging option of increasing productivity. Cost reduction through staff redundancies and withdrawal from social support results in quick wins but has no long term sustainable energy. Increasing productivity by creation a core of hardworking and dedicated staff through good labor practices and the provision of a healthy environment for them to work, live and play is a more sustainable way to meet competition. It is imperative that we remain vigilant and remind ourselves that long term business success is invariably tied to its social and environmental sustainability.

This understanding lies at the center of the Global Compact, the Secretary-General's voluntary initiative to promote responsible corporate citizenship.

Today, the Global Compact is the largest, most inclusive corporate citizenship initiative in the world – proving that this vision is thriving and steadily becoming a reality. Over 2,000 companies from 80 countries, as well as international labour and civil society organizations, are engaged in our initiative and are working to advance ten universal principles in the areas of human rights, labour standards, the environment and anti-corruption.

Today's launch of the Global Compact is a natural and welcomed progression of The Singapore Compact established in January this year. It is an important addition to an already strong and growing Global Compact presence in Southeast Asia in Indonesia and the Philippines – as well as the larger East Asian arena where networks can be found in Japan and the People's Republic of China.

Recent launches of local Global Compact Networks in Lithuania, Kenya, Mexico and the emergence of regional support centers in South Africa and Barcelona suggest that, indeed, the notion of principled corporate behavior is increasingly recognized and valued in regions and cultures far and wide.

Many encouraging signs suggest that more and more companies understand the need to *both* act responsibly by implementing universal principles within their operations *and* take action through partnerships in support of United Nations goals.

By developing and implementing the ten principles of the Global Compact, companies demonstrate leadership and a proactive, strategic approach to the challenges their business may face. Participating companies have proven that through leadership commitment and dedication to continuous performance improvement, the Compact's principles can become part of a smart corporate strategy that reduces risks and enhances core competencies, at the same time maximizing environmental, social and governance benefits.

In fact, a fundamental transition is underway. Financial analysts, asset managers, stock exchanges and pension funds increasingly understand the deepening interdependence between a company's future risk and its environmental, social and governance -- or ESG -- behavior. ESG criteria are moving center stage as long-term value drivers of corporate performance -- an occurrence that will provide powerful incentives for companies to implement the Compact's principles.

Additionally, the principles of the Global Compact form a solid bedrock for partnerships. Partnerships between business, civil society and government will be productive when driven by universal values. Indeed, principles and projects complement *and* reinforce one another.

The contribution of the Singapore National Employers Federation (SNEF) and National Trade Union Congress (NTUC) as founding members of the Singapore Compact, and the Singapore Labour Foundation (SLF) as a sponsor of the launch event, is telling. The importance of cross-sector partnering is clearly well understood in Singapore.

Let us hope that the results of such cooperation and action will be fruitful. By having such a strong economic presence in the region, Singapore is already a role model for the business sector in Southeast Asia. In launching this Global Compact network, Singapore has yet another opportunity to take a leading position by proving that principled business behavior can augment corporate strategies, *while at the same time* righting the course of globalization in order to improve the human condition.

Thank you.

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### **Sharing/Insights on the UN Global Compact (Intervention Remarks):**

On behalf of the United Nations and Secretary-General Kofi Annan, permit me to congratulate all of the new Global Compact participants. The voluntary decision of such an august group of companies to advance responsible business practices is commendable and will undoubtedly inspire other companies in Singapore and abroad to do the same.

True implementation of the Global Compact's principles is an extensive, yet ultimately rewarding, process. As mentioned in my opening statement, Singaporeans have an advantage in already having deep seated Asian values of respect and care. These individual characteristics have to be transformed into a corporate culture. No matter how validating the results can be, change is a difficult path that requires persistence and dedication. The United Nations is indeed familiar with this challenge, having committed last year to implement the Global Compact in our own day-to-day operations. Internalization efforts are underway in four areas: procurement practices, pension fund policies, facilities management and human resource management. We can fully appreciate the dedication and tenacity required to change ways in which an organization and its people think and operate.

In a relatively short period of time, Global Compact participants have made promising steps and some have already delivered real impact.

It is vital that we find ways to advance such business-driven solutions for economic and social development. A key challenge to the corporate social responsibility – or CSR – agenda is that replication of successful solutions and social initiatives has yet to take place on a mass scale. Without replicating and diffusing best practices, significant impact will not occur.

Learning from each other's actions, mistakes and outcomes is essential for furthering our shared mission to embed universal principles in the global marketplace. This newly launched network will provide an excellent platform for dialogues and learning among participants and stakeholders in Singapore and beyond.

Several planned network events promise to aid in this important process. For example, dialogues, training programs and case studies on best practices and project implementation will be conducted through the Singapore Compact. And specific targets are being set for participating companies, such as appointing a CSR liaison and sending representatives to local and international CSR forums. These actions strive to embed responsible practices into the psyche of Singapore's business community.

Another way to spur the responsible business agenda is to ensure that the movement is credible to stakeholders. In this vein, the Global Compact has a "Communication on Progress" policy which requires participants to develop an annual disclosure to their stakeholders on how they implement the principles. Failure to do so results in an inactive status for a participant on the Global Compact website. The policy seeks to promote transparency and make companies more accountable to their stakeholders with respect to their commitments. Again, credibility is critical for scaling up responsible corporate behavior.

The office of the Global Compact in the UN will do its part to support your great work here in Singapore and will ensure that others learn from your experiences and dedicated efforts. After all, inspiring more companies to act responsibly is our best hope for bringing about lasting change – a goal we all share here today.

Thank you.

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