



POSTAL ADDRESS—ADRESSE POSTALE: UNITED NATIONS, N.Y. 10017
EMAIL: GLOBALCOMPACT@UN.ORG TEL: +1 212 963 1490

7 August 2015

**Open Letter to His Holiness Pope Francis from the
United Nations Global Compact Responding to *Laudato Si'***

Your Holiness,

The United Nations Global Compact is inspired by your recent encyclical, *Laudato Si'*. We share the concerns of the Church and many others that isolated pursuit of profit distorts the concept of economy and threatens our common home. We welcome your leadership and we embrace the call to create a more just and sustainable global economy.

The UN Global Compact is a movement born from recognition that people engaged in business can be a great source of harm to other people and the planet, but also a tremendous force for good. We draw inspiration and guidance from a framework of universal principles derived from United Nations conventions and declarations that speak to all people of goodwill. We offer a platform for learning, dialogue and collaboration among business, government, civil society and labour organisations to create a sustainable and inclusive global economy that mitigates harm and delivers lasting benefits to all people, communities and markets.

We believe *Laudato Si'* should inspire the private sector to do more to protect the environment and address climate change. We offer the UN Global Compact and our network-based infrastructure as a bridge, connecting the encyclical's vision of integral ecology with practical efforts underway to mobilize responsible business. In this way, we share with the Church in embracing a principles-based approach to enterprise, shaping technology to strengthen rather than erode human interconnectedness and prosperity, cultivating business leaders to care for our common home, and transforming the world of finance to create value by valuing creation.

People are at the heart of all business, and those who recognize the power and influence of their own humanity can do tremendous good. Today's global market is a complex array of deeply integrated chains of value. Large corporations are connected to countless smaller businesses. No enterprise can sustain itself in isolation. The fabric of global commerce consists of small and mid-sized businesses, cooperatives of many sizes, state-owned enterprise, multinationals, and informal economies. People lead them all and all are enabled by the varied contributions of people.

The UN Global Compact celebrates this diversity and strives to cultivate the humanity of the business sector. In fact, our initiative began with the idea of "a global compact of shared values and principles, which will give a human face to the global market" that was first introduced in a speech to business leaders in 1999 by the UN Secretary-General. We are interconnected and interdependent: over 8,000 corporate participants represent nearly every industry sector and size, coming equally from developed and developing countries. Over 4,000 non-business participants enrich the initiative's learning and engagement platforms addressing issues such as climate change, women's empowerment, children's rights, and business for peace.

UN Global Compact participants commit to respect and support ten universal principles in the areas of human rights, labour, the environment, and anti-corruption, and take actions that support the society around them.

Participants must report annually on their progress in integrating these principles into their operations. In a fractious world, a common values framework coupled with accountability measures is more precious than ever.

While chief executives and senior leaders commit their organizations to the UN Global Compact, our outreach does not stop with them as we know that all men and women who work in and with the business sector should be mobilized in the fight for inclusive and sustainable markets. We have over 85 country networks actively engaging companies through dialogue and learning to act on sustainability issues on the ground in partnership with civil society and labour organisations. From Mexico to Argentina, from Egypt to South Africa, from China to Sri Lanka and Norway to Turkey, our networks are undertaking hundreds of projects and initiatives involving many small and medium-sized enterprises, which make up over 60 percent of our business participants.

By advancing a values-based approach to business, we can ensure that technology does not outpace morality and address the concern that private sector innovation often exceeds society's ability to adjust to the change it brings. There is no doubt that technology can foster darkness in our world, but it also holds great promise: thanks in large part to technological advancements and business investments, over a billion people have been lifted from extreme poverty since 1990. Private sector innovation and investment in renewable energy technologies is securing a better future for many of the world's poorest and most vulnerable while lessening the threat of climate change.

The digital age also heralds opportunities for vastly increased transparency and accountability. Digital platforms enhancing access to knowledge and information can be democratizing forces: fostering global dialogue, enabling people to speak truth to power, and holding decision makers more accountable for their actions.

Technology can facilitate deeper connection and understanding among the world's people. The very manner in which *Laudato Si'* spurred a global online conversation, testifies to the internet's power as a unifier and source of interconnection. We hope to sustain the powerful message of *Laudato Si'* through time and broadly over our global network.

Empowering and educating business leaders to use technology wisely and to better care for the earth is essential. The Principles for Responsible Management Education, a UN Global Compact sister initiative, plays a critical role in shaping students as future leaders of an inclusive and sustainable global economy. The initiative is supported by more than 600 leading business schools from over 80 countries across the world, educating 2.5 million students. Through a set of six core principles these management institutions follow a framework for gradual, systemic change based on continual improvement, networked learning, and accountability to stakeholders.

While companies and business schools are working to incorporate sustainable business practices into their strategies, operations and curricula, in parallel investors are working to integrate environmental, social and governance (ESG) factors into their investment decisions. The Principles for Responsible Investment, another of our sister initiatives, represents over 1,400 institutional investors with US\$59 trillion in assets under management who are working towards a sustainable global financial system through the adoption of six core principles and collaborate on their implementation.

These investors acknowledge the relevance of ESG factors to a company's long-term value as well as the long-term health and stability of the market as a whole. They recognize that the generation of long-term sustainable returns is dependent on stable, well-functioning and well-governed social, environmental and economic systems, and that the pursuit of an economy with a truly human purpose must replace the current race to short-term returns. In the dialogue spurred by *Laudato Si'*, we must include the financial sector as a driver of responsible business practices and a catalyst for a just, inclusive and low-carbon economy.

Engagement by business that is collaborative, serious and solutions-oriented is vital to building a transition to this low-carbon economy. For too long, industrialization has been based on the assumption that pollution and greenhouse gas emissions can be "externalized" while profits are internalized. Polluters have been allowed to destroy the planet, harm the health of people and cause damage especially for the poor. It is urgent to change this and to give meaning to the "polluter pays principle", which the Global Compact has at the core of its environmental principles. Putting a price on carbon, be it at the source through taxation, through effective trading schemes, or by other fiscal adjustments, as well as ending fossil fuel subsidies of all forms, when done equitably is arguably the most effective way to make the polluters pay and incentivize low-carbon, sustainable development.

Through Caring for Climate, the world's largest initiative for business leadership on climate change, we mobilize business to embrace carbon pricing. Our Business Leadership Criteria on Carbon Pricing calls on companies to commit to integrate carbon pricing into long-term strategies and investment decisions, publicly advocate the importance of carbon pricing, and communicate on progress over time on the Criteria in public corporate reports. It is highly challenging to find companies that are able to meet these three commitments. To date, forty UN Global Compact participants have taken the leadership role and aligned with the criteria. We must increase the number of companies in the lead-up to COP21 and beyond. Although there is great hope for an ambitious Paris outcome, there is a more fundamental purpose and opportunity before us: cementing the reality of an unstoppable shift to a low-carbon future, tipping markets to fully embrace and accelerate that change, and catalyzing business leaders to take innovative action well beyond simple regulatory compliance.

Despite progress, the majority of the world's companies remain outside the sustainability movement, ignorant or blinded by short-term interests.

Thus, upon visiting the United Nations in September, we humbly entreat Your Holiness to call directly upon business and financial markets to do more to care for our climate and our common home. We offer our support in convening further dialogue with the UN Global Compact's diverse international network of business actors, civil society partners and labour organisations. In markets all over the world, we want to ensure that the encyclical is heard and the ethic of care it heralds is appreciated.

The challenges threatening the earth's survival are far too great for any one sector or institution to address alone. Business creativity and the entrepreneurial spirit can be applied to elevate human dignity, find solutions to global challenges, and care for the earth. In the spirit of *Laudato Si'*, and invigorated by its worldwide impact, we will continue our work to realize a vision of a truly sustainable and inclusive future for all.

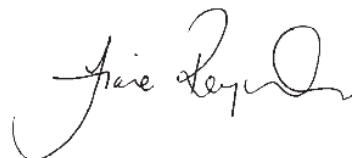
Yours sincerely,



Georg Kell
Founder,
Outgoing Executive Director
UN Global Compact



Lise Kingo
Incoming Executive Director
UN Global Compact



Fiona Reynolds
Managing Director
Principles for Responsible
Investment