



# **United Nations** Global Compact

## **FINAL REPORT**

### **Meeting of the Global Compact Board**

**United Nations Headquarters**

**New York**

**24 July 2009**

**Prepared by the Global Compact Office**

## Executive Summary

The Global Compact Board met at United Nations Headquarters in New York on 24 July 2009. UN Secretary-General Ban Ki-moon, Chairman of the Board, was unable to attend the meeting due to official travels in China. A message from the Secretary-General was delivered to the Board by Mr. Kim Won-soo, welcoming new Board members and thanking all members for their work to champion and protect the integrity of the initiative. In the Secretary General's absence, the meeting was chaired by Sir Mark Moody-Stuart, Vice-Chair of the Board. Discussion focused on the status of Board Working Groups and the Global Compact, Integrity Measures and the 2010 Leaders Summit.

Following the meeting, Board members joined Government representatives for a lunch discussion on restoring trust in markets and a new imperative for sustainability toward COP 15 and the 2010 Leaders Summit. There was strong consensus among Board members and Government representatives that the Global Compact has an important role to play in mobilizing business support and solutions to address climate and poverty. (See Appendix 2 for summary of discussion and list of attendees.)

### *Outcomes and recommendations emerging from the Board meeting include:*

- Agreement to establish an Environmental Working Group under the co-chairmanship of Chad Holliday and Habiba Al Marashi.
- Proposal to lengthen the time period (currently 7 days) for Local Networks to provide input on companies from their country that have submitted an application to the Global Compact Office.
- Agreement that the Expert Group on Responsible Investment in Conflict Affected Countries will be convened under the auspices of the Global Compact Board, with Mark Moody-Stuart assuming Chairmanship of the Expert Group until 2010.
- Broad support of holding future working group meetings in conjunction with the Annual Local Networks Forum.
- Approval of the proposed solutions to address the challenges of the Integrity Measures process, as detailed in the background document developed by the Global Compact Office:
  - SOLUTION 1: Agreed without modification.
  - SOLUTION 2: Agreed without modification.
  - SOLUTION 3: Agreed with changes to reflect that local networks that are “willing and capable” should be encouraged to resolve matters raised, and noting that network input is not mandatory nor would it necessarily determine the outcome.
  - SOLUTION 4: Agreed without modification.
  - SOLUTION 5: Agreed without modification.
  - SOLUTION 6: Agreed without modification. In addition, the Board will receive from the Global Compact Office information on matters raised prior to each meeting, which will include the nature of the matters raised and a summary of actions taken by all parties.
- The Board agreed that the operation of a company in a weakly governed or repressive environment could not be sole grounds for removal from the initiative and that the Global Compact, as a learning platform, cannot require a company to engage in advocacy with a government. Therefore, in reference to a matter raised about a business operating in Sudan, the Board agreed that the matter had been handled appropriately by the Global Compact Office and was not suitable for further action, particularly since the company involved in the matter is not a Global Compact participant. However, it was also noted that the company concerned is actively engaging in the Global Compact Network Sudan and has also met with investors that are signatories to the Principles of Responsible Investment.
- The Global Compact Office will take into consideration suggestions made during the Board meeting for the 2010 Leaders Summit, and welcomes additional suggestions and development of ideas.

## Opening of the Meeting

To open the meeting, Mr. Kim Won-soo, Deputy Chef de Cabinet and Special Advisor to the Secretary-General, read a message from the Secretary-General who was unable to attend the meeting due to an official trip to China. In his message the Secretary-General welcomed new board members – Juan De La Mota, Charles Holliday, Cecilia Ibru, Chey Tae-won, Fernando Chico Pardo, Jean Rozwadowski, and Jamshed Irani – and emphasized the role of the Board as champions of the Global Compact, stating that “corporate responsibility and leadership have never been so important” in the midst of serious global challenges, particularly the economic downturn and climate change.

The Secretary-General praised the accomplishments of the board-level working groups in the areas of human rights, labour and anti-corruption and welcomed the development of a group on environmental stewardship. The Secretary-General asked the Board for active support in the lead-up to the 2010 Global Compact Leaders Summit and as advocates for the UN Seal the Deal! campaign that seeks the negotiation of a fair, balanced and effective global climate agreement in Copenhagen in December.

Finally, in reference to the agenda item on the Global Compact’s Integrity Measures, the Secretary-General stressed the importance of the Board working “together to ensure that the accountability of the Compact is consistent with its mandate and resources”.

In the Secretary General’s absence, the meeting was chaired by Sir Mark Moody-Stuart, Vice-Chair of the Board.

## Agenda Item 1: Briefings on Board Working Groups and the Global Compact Office

An update was provided on each of the Global Compact Working Groups, as well as other issue areas:

**HUMAN RIGHTS WORKING GROUP:** In the absence of working group chair *Mary Robinson*, the update was provided by Ursula Wynhoven of the Global Compact Office. The Working Group has met two to three times per year since launching in 2006, with the most recent meeting held in conjunction with the Annual Local Network Forum in June 2009. Goals of the group include advancing human rights principles by identifying key dilemmas that businesses face and providing guidance on practical ways to overcome challenges. The working group focuses on universality of human rights and how to they can be better understood and addressed, especially by businesses that are unsure of or afraid to address the topic. The Working Group has developed tools and issue specific guidance, including the Embedding Human Rights in Business Practice case series and an online solutions forum. Under the auspices of the working group, a new global business initiative on human rights, with the participation of approximately 15 companies, is being developed to see how tools and guidance can be practically applied.

**LABOUR WORKING GROUP:** *Antonio Peñalosa* discussed the uniqueness of the labour working group, which is co-chaired by a trade union (ITUC) and employer group (IOE). Since being established the group has met three times and, notably, produced the first-ever joint ILO-Global Compact publication which provides a consolidated overview and elaboration of the four labour principles. Mr. Peñalosa suggested that the labour working group should be convened in conjunction with the Annual Local Network Forum meeting, as was done in June, so that better learning can take place between labour and the Local Networks, which may also encourage greater labour engagement at the local level. He also reported on the need for better guidance on how to address labour rights issues in conflict-affected areas, and noted that the ILO was prepared to do work in this regard.

**ANTI-CORRUPTION WORKING GROUP:** *Huguette Labelle* presented the progress of the Anti-Corruption Working Group, which is working closely with institutions such as UN Office on Drugs and Crime (UNODC), Transparency International (TI), International Chamber of Commerce (ICC) and World

Economic Forum - Partnering Against Corruption Initiative (PACI). After being revitalized in 2008, the working group has been very active on several priority work streams, among them improved anti-corruption reporting, supply chain, tools and resources, and public-private partnerships. Additionally, important workshops were held in Nigeria, bringing the public and private sectors together on this issue, and India, seeking to bring greater awareness to transparency in business. To advance the effective implementation of the UN Convention against Corruption, the working group (with input of key partners) developed a letter for CEO endorsement that calls on Governments to enforce and monitor UNCAC effectively. This campaign is underway in the lead-up to next Conference of States Parties to be held in Doha in November 2009.

Following the updates on the human rights, labour and anti-corruption working groups, discussion commenced and focused on the role of Local Networks in advancing the issues:

**Oded Grajew** related his experience advancing human rights in Brazil, noting the effectiveness of holding a meeting earlier this year that brought together 500 of the largest companies and the Government, including attendance by the President. He recommended that this approach could be used in other Local Networks.

**Mark Moody-Stuart** indicated that closer integration with Local Networks was needed to make progress. Through concrete action on the ground and Local Networks addressing issues, more optimal guidance could be identified for companies given local circumstances. He stressed that linking working group meetings with the Annual Local Networks Forum should be a priority.

**Toshio Arima** agreed with the importance of collaboration between working groups and Local Networks, but stressed that more work is needed to develop and empower networks in order for them to contribute meaningfully. Some networks, including Japan, are not structured this way.

**Jamshed Irani** agreed that participants should be encouraged, particularly within their network, to take collective action. When companies are empowered to avoid issues, such as corruption, they retain credibility.

**Chen Ying** affirmed the importance of working group and Local Network collaboration. Ms. Chen further described how the network in China works to develop tools for reporting on the principles in an effort for companies to produce robust COPs. She questioned to what extent it is reasonable to report on all indicators of the principles, especially human rights which is such a wide field.

**Georg Kell** assured that moving forward working group meetings would continue to be held in conjunction with the Annual Local Network Forum. He noted that the 2011 Forum is tentatively scheduled to take place in China. Regarding the UNCAC letter, he asked for Board to actively support the campaign, noting that the UNCAC letter is an example of how the Global Compact can mobilize corporate influence to positively guide Governments.

**Anne Lauvergeon** congratulated the Global Compact Office for avoiding duplication and redundancy in its work streams, notably by building on existing work where possible and engaging key partners. She stressed the importance of pursuing synergy between relevant constituents on each issue area. Also, Ms. Lauvergeon emphasized her experience that commitment to corporate responsibility does help attract and retain talent, assuming that the company carries out and works towards its commitments. She also suggested that companies should also use their influence to push suppliers to join the Global Compact.

**Guillermo Carey** noted that advancing issues, particularly human rights, becomes very difficult for companies in countries with a fragile judicial system, or where individual judges fail to apply or uphold the law. He cited legislation that he is pursuing in Chile in this regard.

**ENVIRONMENT WORKING GROUP:** A new board-level Environment Working Group was proposed by **Chad Holliday**. As issues of climate change and environmental stewardship continue to rise in prominence, he suggested that the working group could play a role in helping to streamline and coordinate efforts, particularly around key areas, and build upon programs that are already in place (e.g. Caring for Climate, CEO Water Mandate). Regardless of the outcome of COP 15, business will face massive changes linked to environmental performance, according to Mr. Holliday. There needs to be guidance and synergy for participants to help set good examples. Additionally, major changes on environment will impact the remaining issues areas, and a focused Working Group would be better able to deal with these nuances.

The Working Group would represent a supra-environmental project, designed to integrate the connected global challenges (climate, water, food, health and migration, for example) into one comprehensive corporate strategy. Corporate interest in the initiative has already been expressed. **Chad Holliday** and **Habiba Al Marashi** have agreed to co-chair with the support of the Global Compact Office.

The Board approved the establishment of an Environmental Working Group under the chairmanship of Chad Holliday and Habiba Al Marashi.

**Mark Moody-Stuart** indicated that the working group should act as an amplifier for environmental initiatives, not as a duplicator. **Huguette Labelle** and **Oded Grajew** advised that the working group should liaise with other United Nations agencies that focus on this area.

**LOCAL NETWORK UPDATE:** **Juan de la Mota** discussed the relevance of the Local Networks and the opportunity to use networks to build on the principles by discussing and sharing experiences and ideas. He noted that that the Local Networks are how most companies interact with the Global Compact on a regular basis, and that many networks provide practical guidance and logistical support for how companies can navigate the corporate responsibility field based on shared experiences and collective support. Following Mr. de la Mota's remarks, a brief update was provided by the Global Compact Office on the status of networks and Board members were encouraged to review the recently released "Local Network Report 2008".

A discussion ensued regarding the integrity, capacity and activities of Local Networks:

**Guy Ryder** spoke of the importance of enhancing the governance structure of the Local Networks, particularly in regard to the minimum requirements and assurance that networks adhere to these guidelines. He asked if any Local Networks have been "delisted" for failing to meet the minimum requirements and enquired how many of the networks had signed the MOU. Further Mr. Ryder questioned the utility and appropriateness of Local Networks in certain countries.

**Georg Kell** indicated that since the MOU with networks (which includes the minimum requirements) was codified in the past year, not enough time had passed to see any trends in terms of failure to meet criteria.

**Antonio Peñalosa** stated that the future of the Global Compact is in the strength of the Local Networks and stressed their need to be business driven, though multi-stakeholder. He noted that if a network has no links to the business community it cannot be as effective and the possibilities of development are very narrow.

**Mark Moody-Stuart** agreed on the importance of keeping Local Networks connected with business, but cautioned on networks which are taken over by groups of companies with conventional, rather than innovative, approaches to business.

**Habiba Al Marashi** turned attention to how Local Networks engage in the enrolment process, indicating that this process needs refinement. She suggested that companies apply through the Local Network or

that, at a minimum, the Global Compact Office increase the length of time provided to a Local Network to “vet” a company that has submitted a letter of commitment. She also urged that more work be done to get subsidiaries of global companies to engage locally.

**Mark Moody-Stuart** agreed that more time should be given to Local Networks once an application has been made to the Global Compact Office.

**Toshio Arima** suggested that better coordination is needed between the Global Compact Office and Local Networks, particularly when the Office is working closely with a company in the network’s country.

**RESPONSIBLE INVESTMENT IN CONFLICT AFFECTED COUNTRIES UPDATE:** A brief update was provided by the Global Compact Office on the work of the Expert Group on Responsible Investment in Conflict Affected Countries, notably the decision during the group’s Istanbul meeting (June 2009) to produce a non-duplicative guidance document on how to invest in conflict affected countries. It was noted that the 2009 G8 Leaders Declaration encouraged the Global Compact to “further develop practical guidance for business operating in countries with weak governance”.

Following the update, **Mark Moody-Stuart** explained that he had been asked to serve as Chair of the expert group and noted that he would be pleased to take a guiding role, but that it would be important to move ahead cautiously and to ensure synergies with the other working groups (notably human rights and labour).

**Fernando Chico Pardo** supported work to provide further guidance to investors, particularly pension funds, on responsible investment and stated the need for more tools in this area.

**Guy Ryder** supported the need for coherence in this important and complex area, urging that the work of other groups (such as Organisation for Economic Co-operation and Development and Special Representative of the Secretary-General on Business and Human Rights) be incorporated and noting that in some cases a decision not to invest is a legitimate and necessary option.

**ADDITIONAL UPDATES:** Brief updates were provided by the Global Compact Office on the Principles for Responsible Investment and the Principles for Responsible Management Education, as well as on the broader UN-business agenda.

It was agreed that Agenda Item 1 (b), a tour de table for other Board Members to report on and discuss their activities present and planned in their capacity as Global Compact champions, could be handled as part of the day’s discussions and was not necessary as a separate agenda item. In addition, there had been much informal discussion among Board members at the dinner the previous evening.

#### **Outcomes: Briefings on Board Working Groups and Global Compact Update**

- Agreement to establish an Environmental Working Group under the co-chairmanship of Chad Holliday and Habiba Al Marashi.
- Proposal to lengthen the time period (currently 7 days) for Local Networks to provide input on companies from their country that have submitted an application to the Global Compact Office.
- Agreement that the Expert Group on Responsible Investment in Conflict Affected Countries will be convened under the auspices of the Global Compact Board, with Mark Moody-Stuart assuming Chairmanship of the Expert Group until 2010.
- Broad support of holding future working group meetings in conjunction with the Annual Local Networks Forum.

## **Agenda Item 2: Review of Progress on Integrity Measures, with a focus on the Global Compact's dialogue facilitation mechanism**

During the meeting, the Global Compact Integrity Measures – comprised of the Communications on Progress policy, logo policy and dialogue facilitation process – were reviewed, the current status of these measures were discussed and relevant future directions were outlined. Special attention was given to how matters are raised and handled through the dialogue facilitation process. Board members were provided with a background document prior to the meeting which outlined challenges and proposed solutions to improve the functioning of the Integrity Measures and provide clarity about what they are and are not intended to achieve. Proposed solutions were as follows:

1. Clarification of what the integrity measures are and are not through a set of “frequently asked questions” (FAQs);
2. Strengthening references to and links with other relevant government backed processes;
3. Giving Local Networks a stronger role;
4. Reducing the time period within which companies are asked to respond under the dialogue facilitation process;
5. Undertaking further awareness-raising of the Integrity Measures and FAQs; and
6. Providing aggregate data about the number of matters raised and addressed and their nature.

Board discussion on the Integrity Measures focused on the following topics:

**Clarity of the initiative:** It was agreed that there is need to clarify and express externally the mandate of the Global Compact as a learning platform. The Secretary-General's message clarifying that the Global Compact is not designed to be a “sanction-based” system. There was unanimous agreement among the Board that the purpose of the initiative is not in any way related to resolution of disputes, nor should it seek to be. However, the Board emphasized the need to better shape external expectations. In this context, the proposed Frequently Asked Questions were reviewed and approved by the Board as useful clarification.

**Strengthening references to and links with other relevant government backed processes:** The Board agreed that the Global Compact Office should strengthen efforts to refer parties that raise matters to government backed process, including the OECD Guidelines for Multinational Enterprises and their National Contact Points.

**Role of Local Networks in dialogue facilitation:** The important role of Local Networks was affirmed by the Board, in terms of their local knowledge and unique ability to contribute to the Integrity Measures in their country. In cases where Local Networks are willing and capable, they should be encouraged to resolve matters raised. However, concerns were expressed by several Board members about promoting a strong role for Networks in dialogue facilitation in cases where networks are not well developed or governed, or where issues of bias or concerns on the consequences of expressing views publicly could influence any actions. It was agreed that network engagement in dialogue facilitation should not be mandatory and that network input would not necessarily determine the resolution. It was proposed to amend Solution 3 accordingly.

**Transparency of existing matters raised and responses:** Board members were keen to know more about matters being handled by the Global Compact Office. It was clarified by the Global Compact Office that of the 73 matters received, 29 were handled through the dialogue facilitation process, as not all persons raising matters desired to progress through the facilitation process or the matters were not suitable for the process. The Board requested that at future meetings, they receive more detailed information on matters raised which documents the nature of the issues raised and steps taken. As for the timing and extent of information released publicly on matters raised, the Board did not reach a concrete conclusion, recognizing that this was a complex situation, with factors to be considered including ensuring appropriate time to understand the

facts, guarding against public grandstanding and navigating other sensitivities. This would be reviewed in the light of board experience in reviewing the nature of the issues raised.

**Consideration of the Global Reporting Initiative (GRI) as a requirement for the COP:**

Though GRI was cited as a well-established and robust corporate responsibility reporting mechanism, Board members stressed that the Global Compact COP requirements must remain flexible given the broad range of participants in the initiative – by size, region and industry. Additionally, GRI guidance poses challenges particularly for smaller companies, which make up nearly 50 percent of the Global Compact participant base. The GRI is aware of this and is working on methods of addressing this, as is the Global Compact Office.

As part of the discussion on the purpose and capacity of the dialogue facilitation mechanism, the Board addressed an ongoing matter raised involving the operations of a company in Sudan. The matter involves a participant company's parent operation, which an international coalition of civil society organizations has alleged to be complicit in human rights abuses due to its operations in this conflict-affected country and has requested that the company use its influence to ask the Government to pursue specific actions linked to peace building.

Having been involved in the ongoing communications with the group raising the matter, the Board Vice-Chair provided an update on his recent visit to Sudan to meet with companies participating in the initiative and the state of the newly established Local Network (launched in December 2008 with the support of both local and international companies, NGOs and government). He further explained how the company that is the subject of the matter raised has been active in supporting sustainable development in the country and engaged in the newly formed and embryonic Local Network, although not itself a Global Compact signatory. The Board also took note that the company had engaged in Global Compact learning and dialogue activities on conflict sensitive business practices. Several Board members recognized the importance of strengthening the network in Sudan, and offered support towards this end.

The Board agreed that the operation of a company in a weakly governed or repressive environment would not be sole grounds for removal from the initiative and that the Global Compact, as a learning platform, cannot require a company to engage in advocacy with a government. Given this, and the fact that the matter did not involve a Global Compact participant, the Board unanimously agreed that the matter had been handled appropriately by the Global Compact Office and was not suitable for further action. It was also noted that the company has been willing and prepared to engage in learning and dialogue activities on conflict-sensitive business practices and that positive efforts are being made through the Global Compact Local Network to embed good business practices in Sudan, which is all that could be expected in the situation.



**Outcomes: Review of Progress on Integrity Measures, with a focus on the Global Compact's dialogue facilitation mechanism**

- The Board agreed to the proposed solutions to address the challenges of the Integrity Measures process, as detailed in the background document developed by the Global Compact Office prior to the meeting:
  - SOLUTION 1: Agreed without modification.
  - SOLUTION 2: Agreed without modification.
  - SOLUTION 3: Agreed with changes to reflect that local networks that are “willing and capable” should be encouraged to resolve matters raised, and noting that network input is not mandatory nor would it necessarily determine the outcome.
  - SOLUTION 4: Agreed without modification.
  - SOLUTION 5: Agreed without modification.
  - SOLUTION 6: Agreed without modification. In addition, the Board will receive from the Global Compact Office information on matters raised prior to each meeting, which will include the nature of the matters raised and a summary of actions taken by all parties.
- The Board agreed that the operation of a company in a weakly governed or repressive environment could not be sole grounds for removal from the initiative and that the Global Compact, as a learning platform, cannot require a company to engage in advocacy with a government. Therefore, in reference to a matter raised about a business operating in Sudan, the Board agreed that the matter had been handled appropriately by the Global Compact Office and was not suitable for further action, particularly since the company involved in the matter is not a Global Compact participant. However, it was also noted that the company concerned is actively engaging in the Global Compact Network Sudan and has also met with investors that are signatories to the Principles of Responsible Investment.

### Agenda Item 3: Global Compact Leaders Summit & 10th Anniversary

Following a presentation by the Global Compact Office on the status of planning for the 2010 Leaders Summit (24 – 25 June 2010 in New York), Board members were asked to suggest themes to be addressed or tangible outcomes emerging from the 2010 Leadership Summit. Suggestions included:

- Outcome of COP15 will have influence on Leaders Summit and if Copenhagen is negative the Summit would be very valuable to develop more positive momentum and identify what can be contributed (Irani, Peñalosa)
- Since 2007 Summit, a different business climate in the wake of the financial crisis and climate change and issues need to be addressed in this context (Gabrielli)
- “Launch” Global Compact 2.0 after 10 years of operation (Holliday, Arima, Warda)
- Explore measures to be taken to vitalize social entrepreneurship (Chey)
- Influence companies to do more social work in country (Chico)
- Enhance commitment from world leaders (Irani)
- Show how the UN has implemented the Ten Principles (Grajew)
- Address the growing roles of China, India and Brazil (Gabrielli)
- Consider a UNGC award system that recognizes corporations who are champions in the realm of CSR (Chey)
- Establish goals at the 2010 Summit to be reviewed and reported on at 2013 Summit (Grajew)
- Enhance presence of sports world (Al Marashi) and young entrepreneurs (Labelle)

#### Outcome: Global Compact Leaders Summit & 10th Anniversary

- The Global Compact Office take into consideration suggestions made during the Board meeting for 2010 Leaders Summit, and welcomes additional suggestions and development of ideas.

### Agenda Item 4: Update on the Foundation for the Global Compact

Due to time constraints, discussion of the Foundation Fundraising Campaign was shortened. **Mark Moody-Stuart** provided a brief overview of the work of the Foundation for the Global Compact and its fundraising efforts in 2008. Currently the Foundation is more than halfway to meeting its committed fundraising for 2009. The Foundation is pursuing small donations from a large number of donor companies. The Board was encouraged to promote fundraising activities among their own networks.

## Appendix 1: Members of the Global Compact Board

### *Business*

Toshio ARIMA	Director and Executive Advisor to the Board, Fuji Xerox, Japan
Guillermo CAREY	Senior Partner, Carey & Allende Abogados, Chile
CHEN Ying	Director, Beijing Rong Zhi Institute of Corporate Social Responsibility, China
CHEY Tae-Won	President & Chairman, SK Group, Republic of Korea
Fernando CHICO PARDO	President of Grupo Aeroportuario del Sureste (ASUR), Mexico
José Sergio GABRIELLI DE AZEVEDO	President and CEO, Petrobras, Brazil
Chad HOLLIDAY	Chairman of the Board, DuPont, US
Cecilia IBRU	Chief Executive Officer & Managing Director, Oceanic Bank International, Nigeria
Jamshed IRANI	Director of the Board, Tata Steel, India
Anne LAUVERGEON	Chair of the Executive Board, Areva, France
Juan de la MOTA	President, Global Compact Spanish Network
Ntombifuthi MTOBA*	Chair of the Board, Deloitte, South Africa
Mads ØVLISEN*	Adjunct Professor, Copenhagen Business School Chair, Lego, Denmark

### *International Labour and Business Organizations*

Antonio PEÑALOSA	Secretary-General, International Organization of Employers
Jean ROZWADOWSKI	Secretary General, International Chamber of Commerce
Guy RYDER	General Secretary, International Trade Union Confederation
Manfred WARDA	General Secretary, International Federation of Chemical, Energy, Mine and General Workers' Unions

### *Civil Society*

Habiba AL MARASHI	Chair, Emirates Environmental Group
Oded GRAJEW	Chair, Instituto Ethos de Empresas e Responsabilidade Social
Huguette LABELLE	Chair, Transparency International
Mary ROBINSON*	Chair, Realizing Rights: The Ethical Globalization Initiative

### *Ex-Officio*

Sir Mark MOODY-STUART	Chairman, Foundation for the Global Compact
Georg KELL	Executive Director, UN Global Compact Office

\* Not present at 24 July 2009 Board meeting

## Appendix 2: Discussion over Lunch with Government Representatives and UN Global Compact Board Members

Following the meeting, Board members joined Government representatives for a lunch discussion on restoring trust in markets and a new imperative for sustainability, with a focus on the 2010 Global Compact Leaders Summit. There was strong consensus among Board members and Government representatives that the Global Compact has an important role to play in mobilizing business support and solutions to address climate and poverty.

Summary of discussion:

- Georg Kell opened the luncheon discussion by welcoming all guests and introducing topics for discussion, as outlined in the note distributed prior to the lunch meeting (See Appendix 3).
- Board Vice-Chair Mark Moody-Stuart provided a brief update on the Board discussion and key outcomes, including updates on issue working groups, the creation of an environmental working group and decisions linked to the Global Compact Integrity Measures.
- Ambassador Peter Maurer of Switzerland outlined several issues to be considered in preparation for the Global Compact 2010 Leaders Summit, notably the need to build on and integrate the outcomes of the December Copenhagen climate negotiations (COP 15) as well as linking to the MDGs, since 2010 will mark the goals' 10 year review.
- Ambassador Carsten Staur of Denmark highlighted the importance of the successful negotiation of a fair, balanced and effective climate agreement at COP 15 and stressed the role of the business community in advancing the climate change agenda.
- Mr. Janos Pasztor, Director of the Secretary-General's climate change support team, encouraged the business community to participate in the UN's Seal the Deal! campaign in an effort to reach a successful agreement in Copenhagen. He noted that the UN Leadership Summit on Climate Change (New York, September 22) will provide an important opportunity for the exchange of ideas and solution-building among business leaders and Governments.
- Mr. Guy Ryder, a Global Compact Board member, reported on the discussion at his roundtable on priorities for the 2010 Global Compact Leaders Summit, including: assessing the first ten years of the Global Compact but also looking ahead to how business must operate in current time of multiple global crises; bringing business support to multilateralism; fostering dialogue on how innovation in markets can address emerging global challenges.
- Ambassador Park of the Republic of Korea noted that he will be a chair of the Second Committee in 64<sup>th</sup> Session and asked the group to provide him with input on the role of the private sector in advancing the development and climate agendas and in creating a new multilateralism.

Government Representatives attending lunch with Board members:

H.E. Mr. Carsten Staur	PR, Denmark to the United Nations
H.E. Mr. Federico Alberto Cuello Camilo	PR, Dominican Republic to the United Nations
H.E. Mr. Jarmo Viinnen	PR, Finland to the United Nations
H.E. Mr. Leslie Kojo Christian	PR, Ghana to the United Nations
H.E. Mr. Morten Wetland	PR, Norway to the United Nations
H.E. Mr. Park In-kook	PR, the Republic of Korea to the United Nations
H.E. Mr. Juan Antonio Yanez-Barnuevo	PR, Spain to the United Nations
H.E. Mr. Peter Maurer	PR, Switzerland to the United Nations
H.E. Ms. Regina Dunlop	DPR, Brazil to the United Nations
H.E. Mr. Jairo Montoya	DPR, Colombia to the United Nations
H.E. Mr. Manjeev Singh Puri	DPR, India to the United Nations
H.E. Mr. Norihiro Okuda	DPR, Japan to the United Nations
H.E. Mr. Pieter de Klerk	DPR, the Kingdom of the Netherlands to the United Nations

Mr. S.K. Amieyeofori	Minister, Permanent Mission of Nigeria to the United Nations
Mr. Hugh Dugan	Advisor, U.S. Mission to the United Nations
Ms. Delphine Delieux	First Secretary, Belgian Mission to the United Nations
Mr. Wang Qun	First Secretary, Chinese Mission to the United Nations
Ms. Vera Lizarzaburu	Trade attaché, French Mission to the United Nations
Mr. Tobias Thomae	Second Secretary, German Mission to the United Nations
Mr. Emanuele di Lorenzo Badia	First Secretary, Italian Mission to the United Nations
Ms. Karin Stanghed	First Secretary, Swedish Mission to the United Nations

## **Appendix 3: Note Prepared for Lunch with Government Representatives**

### **“GLOBAL COMPACT CONTRIBUTION TO THE ADVANCEMENT OF UN GOALS”**

#### **GLOBAL COMPACT BACKGROUND**

Recognizing that solutions to the most fundamental challenges facing society require extraordinary collaboration, the UN entered the corporate responsibility realm in 2000 with the Secretary-General's launch of the UN Global Compact. The Global Compact is a call to companies everywhere to: (1) voluntarily align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption and (2) take actions in support of UN goals, including the Millennium Development Goals. By doing so, business can help ensure that markets advance in ways that benefit economies and societies everywhere. Endorsed by chief executives, the Global Compact is a leadership platform for the development, implementation, and disclosure of responsible corporate policies and practices. The Global Compact is largest corporate responsibility initiative in the world – with over 6,500 signatories based in more than 135 countries, and Local Networks existing or emerging in 90 countries.

#### **CURRENT PRIORITY ISSUES**

##### **Global Economic Downturn:**

With the financial crisis provoking the worst global economic downturn since the 1930s, issues of ethics, comprehensive risk management and long-term sustainability are at the fore. A spotlight is finally being placed on issues that the Global Compact has long advocated as essential responsibilities for the modern corporation. As business is adjusting to new economic and global realities, there is a most compelling case for companies to orient towards sustainability by:

- Increasing focus on long-term value creation;
- Proactively embracing an expanded view of risk management to include environmental, social and governance (ESG) factors; and
- Emphasizing the role of responsibility and ethics in driving confidence and trust.

Embedding UN principles into markets is part of the solution for rebuilding trust and confidence. The Global Compact can make a positive contribution towards this end, as was recently recognized by Leaders of the Group of Eight meeting in Italy and by Government leaders attending the UN Conference on the World Financial and Economic Crisis and Its Impact on Development. In a positive sign that business is seeing the value of principle-based practices in the wake of the economic crisis, the Global Compact saw a marked increase in the number of participants joining per month from October 2008 – June 2009, compared to the same period the prior year.

##### **Climate Change and Sustainability:**

While governments are called on to deliver a comprehensive and effective global framework agreement on climate, business also has a vital stake in this process. The private sector has started embracing a broader sustainability imperative based on recognition of the need to move to a low-carbon economy, while also being prepared to deal with climate impacts. A host of related critical issues – in particular water, food, energy, and health and humanitarian concerns – are at stake. Business is beginning to see climate change not as a stand-alone environmental issue, but rather as a global cross-cutting challenge.

Business must answer the call to create a future based on a low-carbon economy. The Global Compact is engaged in a variety of efforts to support the needed transformation:

- Through the Caring for Climate and CEO Water Mandate initiatives, hundreds of Global Compact participants are developing, implementing and disclosing related policies and performance.
- At the World Business Summit on Climate Change in May 2009 – co-organized by the Global Compact – business leaders issued the Copenhagen Call to governments, appealing for a new global climate treaty that sets bold targets for emissions reductions by 2020 and 2050.
- All Global Compact participants have been urged to join the Seal the Deal! campaign. Suggested actions to promote an effective climate agreement include CEO testimonials, awareness raising and responsible lobbying of governments.
- The Global Compact is the lead organizer of the UN Leadership Forum on Climate Change to take place on 22 September, where committed business and civil society leaders will hold discussions with governments to advance two main objectives:
- The private sector will make the case to Heads of State and Government that business has a strong interest in a balanced and effective UN Framework Convention on Climate Change.
- Leaders will identify ways that business – individually and in partnership with the UN and civil society – can scale up efforts to address the impacts of climate change.

### **2010 Global Compact Leaders Summit:**

The next Global Compact Leaders Summit, held on a triennial basis, will take place on 24-25 June 2010 in New York. It will bring together 1,000 top executives and leaders of government, civil society, UN agencies, academia and the investment community. The 2010 Leaders Summit will mark the 10th anniversary of the launch of the Global Compact. Identification of the Summit's vision and themes is underway. A successful Summit will move the initiative closer to a critical threshold, allowing the Global Compact to deliver on its fundamental purpose:

*Mobilizing significant numbers of companies to advance their environmental, social and governance performance – at a level that has a profound effect on broad UN goals, particularly poverty and climate.*

A number of potential themes have been identified for action and discussion at the Summit:

- Deep implementation of principles in strategy, operations and governance
- Linkages between sustainability issues
- Climate change and poverty
- Collective action, partnerships
- Comprehensive disclosure
- Role of investors and educators
- Public policy support

### QUESTIONS FOR DISCUSSION

How can the Global Compact best contribute to the advancement of UN goals?

What is the most important objective to be achieved at the 2010 Global Compact Leaders Summit?

What would a high-ranking government representative from your country expect to accomplish by attending the 2010 Global Compact Leaders Summit?

## **Appendix 4: Secretary-General's Remarks to the Global Compact Board [Delivered by Mr. Kim Won-soo, Deputy Chef de Cabinet and Special Advisor to the Secretary-General]**

It is my great pleasure to send greetings to this important Board meeting.

I regret that I cannot join you in person. Although I had long planned to attend and was looking forward to meeting with the newly constituted Board, I am instead in China discussing climate change. I know this issue is of great concern to everyone involved in the Global Compact. With the Climate Change Summit in New York coming up in September, and critical negotiations to follow in Copenhagen in December, I trust you understand my absence today.

I warmly welcome the newest Board members: Juan De La Mota, Charles Holliday, Cecilia Ibru, Chey Tae-won, Fernando Chico Pardo, Jean Rozwadowski, and Jamshed Irani. And I thank all of you for the time and effort you devote to the Global Compact.

The Compact is making a critical contribution to advancing the UN's agenda. In my many meetings with Global Compact Local Networks around the world, I have seen the benefits of engaging with the private sector. This collaboration is all the more important as the world grapples with the global economic crisis and other challenges. Many people have lost trust in markets and businesses. Climate change threatens development and social progress.

The Global Compact can play a key role in finding solutions to these problems by helping to restore confidence in the private sector and facilitating the transition to a low-carbon economy. Corporate responsibility and leadership have never been so important. That is why I am pleased to see more companies joining the initiative, and engagement in the Compact growing more serious and focused.

As members of the Compact's Board, each of you has a unique perch from which to advance this work even further. You can focus on a given issue, support country or regional outreach, mobilize your networks, or carry out any number of other activities to champion our initiative.

The Board is already making good progress through its working groups on human rights, labour and anti-corruption. I was pleased to learn that a working group on the environment is being developed.

You will have to intensify your efforts as we approach the Global Compact Leaders Summit, to be held next June in New York. The Summit will mark the tenth anniversary of the Compact, and I am counting on you to make it a great success.

I also urge you to lend your voice to the UN's Seal the Deal! campaign for a fair, balanced and effective climate agreement in Copenhagen. We are asking all Global Compact participants to support the campaign by providing CEO testimonials, raising awareness and responsibly lobbying governments.

The integrity of the Compact is another paramount concern. I rely on the Board for guidance about ensuring the accountability of participant engagement. The Compact is voluntary in nature, providing a forum for learning and dialogue to advance UN goals. It was never meant to be a sanction-based initiative, which I understand might be a disappointment to some. I trust you will work together to ensure that the accountability of the Compact is consistent with its mandate and resources.

You have a full agenda. I wish you a most productive session and look forward to hearing the outcome of this meeting, which will be chaired in my absence by Sir Mark Moody-Stuart with the support of Georg Kell. Above all, I thank you for your energetic and indispensable support as we join forces to confront and overcome the many complex challenges facing our world.