



**Meeting of the Global Compact Board  
Final Report**

**United Nations Headquarters  
New York**

**1 May 2008**

**Prepared by the Global Compact Office**



## I. Executive Summary

The Global Compact Board met at United Nations Headquarters in New York on 1 May 2008. Discussion largely centered on a draft paper on the strategic direction for the Global Compact, as well as the initiative's Integrity Measures. Board members also received an update on the status of the Global Compact, including recent fundraising efforts by the Foundation for the Global Compact.

Global Compact Board Chairman Secretary-General Ban Ki-moon was unable to attend the meeting due to a last-minute change to his schedule. Mr. Robert Orr, Assistant Secretary-General for Policy Coordination and Strategic Planning, participated on behalf of the Secretary-General, but did not chair the meeting. The meeting was chaired by co-vice chair Sir Mark Moody-Stuart.

Several Board members were unable to attend the meeting: Mr. Talal Abu-Ghazaleh, Mrs. Chen Ying, Mr. Anthony Ling, Mrs. Anne Lauvergeon, and Mr. B. Muthuraman. Mr. Laurent Corbier of Areva and Mr. Arun Maira of Boston Consulting Group attended as representatives of Mrs. Lauvergeon and Mr. Muthuraman, respectively. Mr. Jostein Mykletun of the Norwegian Foreign Ministry joined the meeting as an observer.

Outcomes and recommendations emerging from the Board meeting include:

- Draft version 1 of "The Strategic Direction of the UN Global Compact, 2008-2009" will be updated based on a rough framework agreed upon in the meeting. The report will then be re-circulated for input by the Board. A reasonable time frame for response to the revised draft paper will be provided, and Board members agreed to provide input as warranted.
- The Global Compact Office was asked by the Board to explore the development of a minimum standard for Communications on Progress.
- The Global Compact Office was asked by the Board to explore the possibility of cross-checking the participant database for companies blacklisted by International Financial Institutions.
- One Board member proposed that the Board highlight and recognize good practices in communicating progress.
- One Board member asked that the Global Compact Office take a stronger role in following up on complaints made through the dialogue mechanism to address cases of systematic and egregious abuse.
- The Board was pleased with progress made by the Board Working Groups in the areas of human rights and anti-corruption. Additionally, the creation of the Labour Working Group was welcomed. The first meeting of the Labour Working Group will be held on 30 May at 10:30 in Geneva at the ILO (Room 3). All Board members are invited to attend.
- The Global Compact Office will share several materials with the Board: (1) the recent funding paper developed for the government donor group will be re-circulated (previously sent to the Board); (2) a link to the report of the Special Representative on business and human rights will be shared; and (3) the Human Rights Working Group meeting agenda and the outcomes of the working group meeting will be circulated.

The Board agreed to hold its next meeting in either at the end of the third quarter or the beginning of the fourth quarter of 2008. Selection of a date will take place shortly.



## II. Agenda Item 1: Briefing from Global Compact Office and Discussion

Members of the Global Compact Office (GCO) provided updates on recent developments related to the four main issue areas and other integral work of the Office. The update is summarized in Appendix 1 of this report. Following the briefing, several Board members posed questions and offered suggestions.

**Ntombifuthi Mtoba** suggested that the proposed title for an upcoming publication, “Business Case for Anti-Corruption”, should be reconsidered, given that corruption is illegal. The phrase “business case” is not appropriate for convincing companies to do something which is illegal.

**Huguette Labelle** commended the Principles for Responsible Management Education initiative for its potential for mid- and long-term change. She suggested that it could also be important to eventually engage other kinds of graduate programmes, such as engineering and law, which also have an impact on business.

**Oded Grajew** shared his belief that the example of the United Nations in implementing the Global Compact into the Organization is a most important action to build further credibility with the business community. Additionally, he inquired if the Global Compact would be involved in the World Social Forum to be held in Brazil in 2009 as he thought that this would be important. The GCO will investigate timing and possible representation.

**Antonio Peñalosa** shared his impression that the UN family needs to be better united in its work related to business, a view he felt was also expressed by governments at the Board dinner the previous evening. For example, UNEP, the ILO and trade unions have been advancing a project on green jobs, and the Global Compact should be involved. He questioned how we can ensure that the Global Compact is present at the right places.

Additionally, **Antonio Peñalosa** offered the support of the IOE in countries where the Global Compact may have challenges or face issues mobilizing action. He believes that for the Global Compact to have real impact, the number of signatories must be larger. Peñalosa plans to write to IOE offices around the world to encourage their members to support the Global Compact.

**Bob Orr** confirmed that the Secretary-General is involved in the green jobs work mentioned by Antonio Peñalosa, and that Mr. Ban has raised the issue of how the Global Compact might be brought in to this work.

**Georg Kell** thanked both the IOE and ICC for the good collaboration and offers to increase participation in the Global Compact by their members. He also mentioned that UN resident coordinators around the world are increasingly using GC to engage with business, which helps to build synergies across the UN system.

On the point of inviting Global Compact collaboration in outside initiatives, **Mark Moody-Stuart** noted that there sometimes is an issue of competition. This is a misperception by other organizations because the role of the Global Compact is to support and advocate such efforts, not take away from any sense of ownership.

**Toshio Arima** asked about whether the Local Network is an appropriate platform for its members to express opinions publicly (to the media, for example), or should it just be a platform for exchanging practices on the Global Compact?

**Georg Kell** stated that the driving parameter for any Local Network is the advancement of the GC and the ten principles. Members of the network are encouraged to be advocates of issues relevant to the principles and broad UN goals.



### **Outcome: Global Compact Office briefing**

- Antonio Peñalosa committed to write to IOE offices around the world to encourage their members to support the Global Compact.
- The GCO will investigate the possibility of attendance at the World Social Forum.
- The GCO will amend the title of the publication "Business Case for Anti-Corruption", if possible before printing, but if the report has already been issued, the change will be made in future editions or publications.
- Throughout the meeting many Board members complimented the GCO staff on the remarkable range and quality of activities being carried out and on the enthusiasm and ability of the GCO staff members.



### III. Agenda Item 2: The Strategic Direction of the UN Global Compact, 2008-2009

The Board discussed the draft version of “The Strategic Direction of the UN Global Compact, 2008-2009”, a document which in its final version is intended to be endorsed by and representative of the views of the Global Compact Board.

The original intention of the document had been as a briefing note for the Secretary-General giving him information on the current status and achievements of the Global Compact, as well as outlining current trends in the work being done. There was overwhelming agreement among the Board that the current version of the document serves as a historic positioning and overview of the Global Compact, rather than a full-fledged strategic paper. In order for the Board to provide the desired strategic guidance and recommendations, a process for identifying and discussing goals and related priorities needs to be developed.

The discussion largely centered on the purpose and focus of the Global Compact. To date there has been a strategy of “letting many flowers bloom”. The Board agreed that it is the appropriate time to take stock of what elements and areas of the Global Compact are needed for future growth and success, and to prioritize initiatives. Otherwise, there is a risk that the Global Compact will lose focus.

#### Strategic issues

Board members made numerous suggestions about Global Compact issues and characteristics that must remain central, and in some cases be given more attention moving forward:

##### *Mission of the Global Compact:*

- The mission should also include the rationale for the Global Compact’s work to ensure that markets are more sustainable and inclusive, pointing to the larger development-related objectives. This could also make the GC more appealing to potential donors. (Labelle, seconded by Øvliisen)
- The voluntary nature of the initiative needs to be clear in the mission, as well as the concept of continuous improvement. (Sebban)

##### *Ten principles and partnerships:*

- The principles, particularly human rights, must be given enough weight moving forward and not diluted by other new issues which – although also important – do not need as much caretaking by the GCO, such as PRME. (Robinson)
- The Global Compact must refer to the issue area as “Labour”, not “Workplace”. This is a long-fought battle, and the decision on the use of “labour” should be upheld. (Ryder)
- The 10 principles are central, but the dual nature of the Global Compact must also be upheld. The Compact was founded with the objectives of business: (1) implementing the ten principles into their operations and strategy, and (2) engaging in partnerships in pursuit broad UN goals. To ensure the second objective is also met, there must be different entry points and methods of engagement in the Global Compact. It must remain flexible. (Kell)
- Member states reiterated the importance of the link between business and the MDGs. In the future, the Global Compact should emphasize the importance of business operating and partnering in a ways that will help achieve the MDGs. (Grajew)

##### *Quality vs Quantity:*

There were differing views on whether quantity and quality of participants and engagement is mutually exclusive. Most felt that there can be a balance, but it must be closely managed.



- In all areas of the Global Compact, there is a choice to be made between quantity and quality (geographically, reporting, networks, PRME, etc). The Compact cannot have both – quality must come first. Without quality, the Global Compact will lose credibility. (Grajew)
- Without quality, then quantity is irrelevant. However, there is a balance and it is not an “either/or” situation. There are many ways to do so: for example, encouraging leaders who then inspire learners and using large companies multipliers through the supply chain. Quality must be ensured through many methods: self-assessment, peer review, companies barred from UN contracts. The Global Compact may want to consider also barring companies on IFI blacklists. (Labelle)

#### *Implementation Gap:*

Board members generally agreed that it was important to address current lags in implementation – both in the sense that not enough is being done to implement the principles among committed companies and that there are so many companies that have yet to embrace responsible practices.

- Supply chains and subsidiaries were identified as areas where much more work needs to be done (Robinson). Based on experiences in the Gulf Region, for example, it seems that many subsidiaries have no role in the Global Compact and there needs to be a way to help cascade commitment down from headquarters (Al Marashi).
- New thinking and efforts must emerge on how to gain the interest of small- and medium-sized companies in implementing the Global Compact. Rather than dictating change in practices to small companies through supply chain policies (which no longer makes the Global Compact voluntary), appeals should be made to smaller companies to implement principles in their practices because it can be good for their business and their society. In terms of the COP requirement, there must be different rules for smaller companies. (Carey, Peñalosa)
- It was noted that the existence of the Global Compact has led some large companies to question the need to engage with labour unions through global agreements because they feel their commitment to the Compact replaces the need for dialogue. This unintended consequence of the Global Compact is of concern to ICEM. (Warda)
- The potential connection between COPs and investors is promising – and could provide a substantial opportunity to increase participation and deepen implementation. (Arima)

#### *Local Networks:*

- Local Networks remain critical for gaining scale and deepening implementation of the principles. The GC needs to continue to share information, such as the recent Ruggie report on Business and Human Rights, and use the networks to further develop issue areas. (Robinson)
- Local Networks need to invite local unions to become involved in events, even if they choose not to engage. (Ryder)
- The Global Compact should look to make connections with institutions on the ground that are already active in the area of corporate responsibility or partnerships, so that the Compact can build on existing strength and not be reliant on limited number of champions to develop a Local Network. (Labelle, Sebban, Peñalosa)

*Integrity Measures:* See Section V of this report for discussion on the Communication on Progress and other integrity measures.

#### *Prioritization and interplay of issues:*

- Given the growing range of Global Compact issues and initiatives, Board members expressed concern about how these connect to one another and that the Global Compact not operate in silos. (Mtoba)
- However, newer initiatives, such as PRME and PRI, were seen to be very important levers for the Global Compact. (Gabrielli, Robinson)
- A framework for considering the interplay of issues and initiatives was proposed where: (1) At the centre is the mission of the Global Compact to voluntarily induce companies operate and act in



ways that lead to robust, inclusive markets and help achieve the MDGs; (2) The Local Networks provide a *means* for companies to take action, understand the issues in local context and learn from one another; (3) The Communication on Progress (COP) and links to Principles for Responsible Investment and financial community serve as the *demand* for corporate actions to support the GC mission; and (4) The Principles for Responsible Management Education (PRME) can be viewed as *supplying* future talent and research that can drive corporate actions to support the GC mission. (Maira)

#### *Miscellaneous:*

- It was suggested that the overall governance of the Global Compact be further discussed and considered: What should the Board do? How do Local Networks provide input? Also, it was suggested that the UN agency partners should be consulted on the strategic document developed by the Board. (Ryder)
- It was noted that all Board members are appointed in their personal capacity and do not represent the organizations they come from or are employed by. (Øvlisen)

#### **Comments by Bob Orr of the Secretary-General's office**

Mr. Bob Orr noted the Secretary-General's interest in the Global Compact from his earliest days in office – and how he has since become very excited and impressed with the work of the Global Compact. Mr. Orr stated that the Secretary-General feels that it is the right time for the initiative – after sufficiently evolving and maturing – to make important strategic decisions. He reminded the Board that the dual nature of the Global Compact – principles and partnerships – is essential. The focus on serving UN goals and values should be considered as important as the implementation of principles into business. He urged the Board to determine a process for seriously considering and discussing the strategic direction of the Global Compact – feeling that Mark Moody-Stuart, Georg Kell and the Global Compact Board are the correct group to do so. After the Board's final strategic paper on this topic is prepared, Mr. Orr suggested sharing it with the Global Compact's government donor group.

#### **Process and next steps**

A process will take place to re-work the current draft document. It was agreed that:

- The updated document must be forward looking, and address concepts and language that currently is not clear (e.g. “branded initiatives”, “scaleable incentives”, “engagement platforms”).
- The fundamental objective of the Global Compact must continue to be implementation of the ten principles and collaborative efforts to support UN goals, especially the MDGs, within a voluntary, multi-stakeholder nature. The strategy document should consider how: (1) to widen efforts around this objective (through Local Networks, supply chains, PRI, PRME); (2) to deepen engagement and implementation on specific principles through the activities of the Working Groups (e.g., on Human Rights, Labour, Corruption), as well as learning fora, meetings and publications to share experiences, and training materials; and (3) to ensure integrity and quality (COP). In terms of resources it was noted that Local Networks, Working Groups, and the organization of meetings to exchange experience, the preparation of publications, and managing the COP process require significant GCO staff and funding support. Initiatives such as PRI and PRME are becoming self-organizing and self-funding, although there will always be a need to maintain a staff and coordination link to the GCO. Similarly, there are also deepening initiatives on environment driven by leading companies in conjunction with the GCO (such as the CEO Water Mandate and Caring for Climate initiatives) which will need support from the GCO, but are strongly supported by groups of companies.
- Based on this broad framework (mission, widen, deepen, quality), the current document will be refined and sent to the Board for input, giving sufficient time for feedback and comments.
- More time should be provided in Board meetings – or through separate side meetings – to discuss key issues in more detail (e.g. Integrity Measures), which will allow the Board to delve further into specific strategic areas. This could be done through having a separate session after



lunch dedicated to an in-depth discussion of a single topic. This would also make better use of Board members' time in New York.

**Outcomes and Recommendations: Board Paper on Strategic Direction of the GC**

- The draft version of “The Strategic Direction of the UN Global Compact, 2008-2009” will be updated based on a rough framework agreed upon in the meeting. The new draft will then be re-circulated for input by Board.
- A reasonable time frame for response to the revised draft paper will be provided, and Board members agreed to provide input as warranted.
- The Global Compact Office will re-circulate to the Board the recent funding paper developed for the government donor group.
- Bob Orr suggested sharing the Board's final strategic paper with the Global Compact's government donor group.





#### **IV. Agenda Item 3: Board Members Report on Activities as Global Compact Champions**

Due to time constraints, a tour de table to report and discuss Board member activities as GC champions was not completed as planned. Discussion was limited to an update on the activities of the Human Rights Working Group and plans for the first meeting of the Labour Working Group, to be co-chaired by Antonio Peñalosa and Guy Ryder.

##### **Human Rights Working Group**

**Mary Robinson** noted that a Human Rights Working Group Meeting had just been held on 29 April in Boston. She asked that the draft Ruggie report on business and human rights, the working group meeting agenda and the note on outcomes of the meeting be circulated to the Board.

With regard to the new Labour Working Group, Mrs. Robinson expressed hope that these two working groups could hold a joint meeting in 2009 given the overlap in the issues covered.

##### **Labour Working Group**

**Antonio Peñalosa** explained that the new Labour Working Group, which he will co-chair with Guy Ryder, aims to provide an opportunity for dialogue around labour issues that are proving to be demanding and difficult for companies to address. The first meeting will be held on 30 May at 10:30 in Geneva at the ILO (Room 3). All Board members are welcome to attend.

The first meeting will address what the Global Compact and ILO have done to advance the labour principles with business and other stakeholders. The agenda of the meeting will soon be determined with the ILO, who will be closely integrated in the working group. The goal is to unite efforts and work toward common goals in a good spirit.

In the future the Labour Working Group would like to hold a meeting prior to a Board meeting or other opportunity that will allow Board members to be involved in the group's work.

**Mary Robinson** raised a concern that civil society be invited as a member of the working group and expressed her hope that the approach to the working group will not be too institutional, stating that there is a need to keep the right balance. This was agreed by Mr. Peñalosa, and Mrs. Robinson was invited to join the working group.

**Mark Moody-Stuart** suggested that the Labour Working Group also look into how to increase participation in the Global Compact by local labour groups – as opposed to global representatives – particularly in the Local Networks. Local Networks had to be open to labour groups, but labour groups should also take the initiative to become involved in the networks.



### **Outcomes: Board Working Groups**

- A link to the draft report of the Special Representative on Business and Human Rights will be shared with the Board. The Human Rights Working Group meeting agenda and the outcomes of the meeting will also be circulated.
- The Board was pleased with progress made by the Board Working Groups in the areas of human rights and anti-corruption.
- The creation of the Labour Working Group was welcomed. The first meeting of the Labour Working Group will be held on 30 May at 10:30 in Geneva at the ILO (Room 3). All Board members are welcome to attend.
- Mary Robinson, as a civil society representative, was invited to join the Labour Working Group. Others would also be welcome.



## V. Agenda Item 4: Integrity Measures

A brief status update was provided by the Global Compact Office on the three main areas of the Global Compact Integrity Measures (communication on progress, logo policy, and the dialogue mechanism) based on the background note “Progress Report on Integrity Measures”.

### Communication on Progress

Opening the discussion, **Guy Ryder** expressed his interest in the qualitative dimension of the COPs, stressing that those “at the bottom end of the spectrum” must be given more attention. He further asked what it actually means for a COP to be evaluated by stakeholders.

Oliver Johner of the GCO responded that the Global Compact's COP team provides feedback. While there are formal requirements, the team is flexible as it is difficult to come up with hard criteria. He further mentioned the ongoing debate among Local Networks, with some networks even challenging the idea of having a minimum COP requirement. With regard to the quality and content of COPs, Mr. Johner explained that the team's long-term goal is to ensure that all ten principles are addressed. However, if this were to be required now, a large number of companies would be lost.

**Mark Moody-Stuart** argued that ranking and evaluation of COPs had to be left to others, as the Global Compact Office did not have the capacity to do this. He mentioned the efforts of the PRI initiative in this regard and noted that “pressure is increasing”.

**Jose Sergio Gabrielli de Azevedo** called the COP experience a “two-way learning process”. Citing Petrobras' example, he explained that the company had been reporting since 2005, using the ten principles as a guideline, with third-party verification. He recommended that the Global Compact establish a minimum COP standard and give more publicity to the results, recognizing that society, not the GCO, should ultimately assess the value of the communication.

**Oded Grajew** asked whether a minimum level of participation could be established in order to improve the COP process, and to preserve its credibility. His view was supported by **Mark Moody-Stuart**, who mentioned the Global Reporting Initiative's tiered approach to reporting as a possible model to follow.

**Mads Øvlisen** acknowledged the need for clear targets, but cautioned that stakeholder dialogue is still crucial, as “stakeholders will only be active, if companies are open to discussion”.

Drawing parallels to the Board's own human rights working group, **Mary Robinson** suggested that the Board become a forum to endorse good practices in communicating progress for both large companies and SMEs, setting the standard for other companies to learn from.

**Habiba Al Marashi** stressed the importance of incentives and the need to recognize good practices. In her own CSR network corporate reports are verified by an external auditor, she explained, providing more credibility and also more encouragement to companies.

Highlighting the increasing materiality of reporting, **Mark Moody-Stuart** noted that there are several indices based on sustainability reports.

**Georg Kell** explained that the Global Compact's policy rests on two assumptions – that the business case will over time be recognized by the market, and that transparency and disclosure can accelerate and promote this trend.

**Ntombifuthi Mtoba** detailed current developments in South Africa, where companies have partnered with business schools to study their own social and environmental footprint. Similarly, **Arun Maira**



mentioned the Indian example, where the Confederation of Indian Industries has begun looking at COPs from other countries in order to distil good practices and promote learning.

In summing up the discussion, **Mark Moody-Stuart** stated that the Board was requesting the Global Compact Office to look at the possibility of establishing a minimum standard, without “reinventing the wheel”. The GCO should come back to the Board with recommendations as to how this might be done and the implications.

### **Logo Policy and Dialogue Mechanism**

**Mary Robinson** asked whether the Global Compact cross-checks companies that have been delisted by international financial institutions, such as the World Bank, as suggested earlier by **Huguette Labelle**. **Georg Kell** agreed to look into the details of the respective policies.

**Guy Ryder** reminded fellow Board member of the importance of the integrity measures, which he called the initiative’s “safety net”. Referring to the cases of egregious violations reported to the Global Compact Office, he voiced his surprise that no case had gone further than asking and receiving information from the company. He criticized what he perceived as “nervousness about taking the process to a higher level of response”, such as the Board.

Ursula Wynhoven of the Global Compact Office explained that in many case complaints reach the GCO only after other means have been tried. She stated that complainants often use the process to start a dialogue which they then take elsewhere.

**Mark Moody-Stuart** pointed out that the existing procedure can also involve Local Networks, although he opined that Local Networks should not have to decide on matters of legal relevance. However, he explained, Local Networks can help establish the facts and apply peer pressure.

His view was supported by **Habiba Al Marashi** who stressed that Local Networks can address critical issues before they are taken to the global level, and by **Antonio Peñalosa**, who urged the GCO to utilize Local Networks to simplify and resolve issues.

**Mark Moody-Stuart** reminded the Board that the Integrity Measures also included the provision that, if no local agreement could be reached or there was a questions of interpretation, there was provision for the matter to be referred to the relevant bodies (e.g., the ILO or the Office of the UN High Commissioner for Human Rights) or through such established complaints mechanisms, such as that of the OECD which has made provision for adjudication in home states of OECD corporations.

#### **Recommendations: Integrity Measures**

- The Global Compact Office was asked by the Board to explore the development of a minimum standard for Communications on Progress.
- The Global Compact Office was asked by the Board to explore the possibility of cross-checking the participant database for companies blacklisted by International Financial Institutions.
- Mary Robinson proposed that the Board highlight and recognize good practices in communicating progress.
- Guy Ryder recommended that the GCO take a stronger role in following up on complaints made through the dialogue mechanisms to address cases of systematic and egregious abuse.



## VI. Agenda Item 5: Update on 2008 fundraising campaign

**Mark Moody-Stuart** provided a brief overview of the work of the Foundation for the Global Compact and its fundraising efforts. As he explained, a contribution appeal, together with specific sponsorship proposals, had been sent to business participants in February. By mid-April, approximately 200 donors had pledged a total of USD 590,000 to the Foundation, with roughly 60 donors pledging contributions of USD 5,000 and above. Sir Mark noted that stronger efforts will be needed to reach this year's fundraising goal of USD 2 million and to match the public-sector contributions to the Global Compact Trust Fund. With regard to the latter, he emphasized that continued government support will require growing support from the private sector. Progress is being made.

**Georg Kell** added that the Foundation is on track regarding general contributions, but that the donor response to specific sponsorship opportunities was below expectations.

**Habiba Al Marashi** proposed that Local Networks that are already collecting membership fees share a percentage of their revenues with the Foundation. **Georg Kell** responded that the Global Compact tries not to compete with Local Networks for funding and that it was nearly impossible to apply a universal system. He expressed hope that the Global Compact would have a better picture of the situation in the coming year.

## VII. Additional Comments

At a previous meeting, the Board had discussed the desirability of ensuring closer contact and communication with governments, in particular donor governments. **Jostein Mykletun** of the Norwegian Foreign Ministry, who was present at the meeting as an observer, was briefly shared his perspective on the Global Compact. Mr. Mykletun stressed that there was no intention by donor governments to "micro-manage" the Global Compact. He observed that there were many similarities in the topics discussed the Board meeting to the discussion at the donor meeting held in late April in Oslo. He further offered Board members to enter into a targeted, strategic dialogue on the Global Compact if desired. In closing, he remarked that it is the donors' position that the Global Compact's financial base should be widened to include greater sharing of costs with the private sector.

In closing, **Georg Kell** thanked all Board members for their efforts during the previous months, stressing that their engagement and leadership helped enormously and added critically to the initiative's credibility. He encouraged Board members to look at the Global Compact's event calendar and seek out future engagement and advocacy opportunities: ([http://www.unglobalcompact.org/NewsAndEvents/upcoming\\_events.html](http://www.unglobalcompact.org/NewsAndEvents/upcoming_events.html)). **Mark Moody-Stuart** stated that while the website was useful for checking on dates and details, it would be helpful if Board members could be sent regular update e-mails to inform them when meetings were being arranged. This would allow the Board to check on the possibility of attendance as soon as meeting dates were known.

**Arun Maira** suggested that the next Board meeting be held in New Delhi in December in connection with an international Global Compact-related event being held at that time. **Mark Moody-Stuart** noted the invitation but cautioned that Board meetings are arranged where and when there is the greatest hope of having the Secretary-General's attendance. It may be easier therefore to arrange events, such as Working Group meetings, at venues around the world in conjunction with other GC-related meetings.

Following **Mark Moody-Stuart's** suggestion to hold the next meeting in late Q3 or early Q4 2008, the Board meeting was adjourned.



## Appendix 1: Global Compact Office Briefing

Members of the Global Compact Office (GCO) provided updates on recent developments related to the four main issue areas and other integral work of the Office.

Overall the Global Compact continues to build strength – with the brand increasingly recognized and the core issues being further advanced. The GCO, acting as the “hub” for the initiative, faces numerous challenges to continue to manage participants, improve quality, deepen engagement, uphold integrity measures, and develop the GC brand. Local Networks remain central to increasing understanding and deepening action on the ground.

### HUMAN RIGHTS

- The human rights workstream remains focused on raising business awareness of human rights risks and opportunities, and providing guidance on systematic management approaches for respecting and supporting human rights.
- The GCO provides support to the Human Rights Working Group chaired by Mary Robinson;
- The GCO and the Office of the UN High Commissioner for Human Rights have recently published “Embedding Human Rights in Business Practice II”, the second publication in this series of case studies on business action related to human rights issues.
- Support has been given to Local Networks related to learning and dialogue activities on business and human rights, including a major event with the US Network on 28 April in Boston.
- Leveraging the 60th anniversary of the Universal Declaration on Human Rights later this year, the GCO has launched a campaign with the Office of the High Commissioner for Human Rights to encourage participants to do more to implement human rights. A first co-signed letter was sent in December 2007, which was followed by a letter in mid-April outlining further suggestions for raising the level of corporate human rights performance.

### LABOUR

- Because the labour principles are directly championed by the International Labour Organization, the GCO’s work in this area focuses on utilizing its global network to support the ILO efforts.
- At the request of the ILO, efforts by the GCO to advance the labour principles have primarily focused on GC Principle Six on non-discrimination. The collaboration with the ILO has included a policy dialogue convened in 2006, which helped to identify a wide range of tools on non-discrimination.
- Key platforms have been made available to the ILO and its constituents to advance their messages on the labour principles. Recent examples include the labour session at the 2007 Global Compact Leaders Summit and a training workshop for senior managers of Global Compact participants organized by the GCO and conducted by the ILO in Turin in 2007.
- The GCO is keen to undertake other activities to help advance the other labour principles and has frequently reached out to the ILO offering collaboration and support. The Global Compact communications machinery has been used, for example, to promote a set of principles on forced labour for business.
- The GCO stands ready to support the soon-to-be-established Labour Working Group in this respect.



## ENVIRONMENT

The GCO has put strong emphasis on two environmental engagement platforms: Caring for Climate (C4C) and The CEO Water Mandate.

### *Caring for Climate:*

- The total number of C4C signatories stands at 217. Recent signatories include China Mobile, Rusal, Oil and Natural Gas Corporation, and Copagaz.
- Claude Fussler, former Vice President of Dow Chemical and director of the World Business Council on Sustainable Development, has been appointed as Programme Director for Caring for Climate.
- Current efforts are geared towards a successful UN meeting in Copenhagen (COP15) in December 2009 where the post-Kyoto protocol phase will be negotiated. The objective is to further engage the private sector in the lead-up to this event. To that effect, the GCO will co-convene the World Business Summit on Climate Change, to be held in Copenhagen in May 2009.
- Preparations for this summit include the development of a comprehensive study on C4C implementation by signatories and their expectations with respect to policy frameworks. As a complement, it was proposed that both the PRI initiative and Goldman Sachs conduct their own research presenting different investors' perspectives on the issue.
- The GCO plans to hold a first meeting of C4C signatories at UN Headquarters in Geneva on 21 October 2008.
- The GCO and UNEP co-hosted held the 2<sup>nd</sup> Business for the Environment Summit in Singapore on 22-23 April 2008.
- Advocacy and awareness raising efforts are underway to increase the number of signatories to 800 companies by the end of 2009. In May 2008 all Global Compact participants will be invited to join Caring for Climate.

### *The CEO Water Mandate:*

- The initiative, launched at the 2007 Global Compact Leaders Summit with six CEOs, now has approximately 20 CEO endorsers working on the issue of water sustainability in their operations and supply chains.
- On 5-6 March 2008, the GCO, in partnership with the Pacific Institute, convened the inaugural working conference of The CEO Water Mandate which brought together senior representatives from numerous corporations, as well as policy leaders from civil society organizations, UN agencies and specialized water institutes.
- On 7 May 2008, the GCO will release a letter signed by the chief executives of the companies engaged in The CEO Water Mandate calling on G8 leaders to actively address the issue of water during their upcoming Hokkaido Toyako Summit on 7-9 July in Japan.

## ANTI-CORRUPTION

- On 5-6 June 2008, in partnership with UNODC, the GCO will convene the 3rd Anti-Corruption Working Group Meeting in Vienna, bringing together representatives from business, civil society, business associations, integrity pacts, labour, academia, and international organizations. The goal of the meeting is to identify priority issues that will form the basis of a two-year work plan for the 10th Principle.
- A number of tools and resources are currently under development:
  - A publication on "Resisting Extortion and Solicitation in International Sales and Transactions (RESIST)" (in partnership with ICC, TI, WEF-PACI);
  - A collective action manual and web portal, to be launched in Washington, D.C. and London in June (in collaboration with the WBI, CIPE, Grand Thornton and Siemens); and
  - A publication on anti-corruption initiatives, to be published in May 2008 (in collaboration with TI, ICC and WEF-PACI).





- The Global Compact and Transparency International are considering inviting the Global Reporting Initiative to jointly develop indicators for reporting on the 10th principle. These indicators could help GC participants, and other companies, produce credible reporting on the 10th principle.

#### **PARTNERSHIPS FOR DEVELOPMENT**

- The 2008 work plan aims to continue efforts begun in 2007 to focus on the quality of partnerships – helping to identify criteria for assessing and improving the effectiveness and impact of public-private partnerships on development – in particular the MDGs.
- The “Partnership Assessment Tool” was launched in December 2007 a simple interactive resource to assess the development impact of UN-Business partnerships.
- This year the GCO will raise awareness of the assessment tool and promote its use – both outside and inside the UN. This will be done by: encouraging companies to communicate progress achieved through partnerships, based on the metrics developed in the tool; working with Local Networks; and distributing the tool throughout the UN system, including to most country offices in emerging and developing countries, and to staff working with the private sector.
- Several events will be convened in 2008 to capture the experiences and to improve the tool: a workshop with academic experts to have the assessment framework vetted by the academic community; a side event to the annual meeting of UN private sector focal points; and a consultative process with selected civil society organizations to ensure that the tool is validated and relevant also for civil society partners.
- The objective is to launch a final improved version in one year together with a best practice publication to share the lessons learned about cross-sectoral partnering and to profile partnership practices that demonstrate value both for business and society.

#### **CONFLICT PREVENTION AND PEACEBUILDING**

- In April 2008, the GCO sent out a stock-taking survey, developed with American University (Washington, DC) and International Alert, to better understand the role of business in conflict prevention and peace-building – including the levels of risk and uncertainty experienced by companies operating in conflict-prone countries, and which strategies, if any, these companies have implemented. Results will help the GC to better assist companies in this area.
- On 26-28 June 2008, an international conference "Responsibility to the Future: Business, Peace & Sustainability" will held in Mumbai, co-hosted by the GCO and Strategic Foresight Group. The event will provide a platform for multi-stakeholder dialogue around the issues of business, peace and sustainability, and to showcase approaches to measure the impact of these relationships. Board member Sir Mark Moody-Stuart has kindly agreed to be one of the co-chairs, and efforts are being made to mobilize Indian participants.
- The GCO is working to enhance relations with the UN Peacebuilding Commission, linked to recommendations provided in this area in 2005 in the publication “Enabling Economies of Peace”.
- Over the past eight months, the GCO has worked to support efforts in Sudan to raise awareness of the Global Compact and to launch a network. Currently, there are 22 Global Compact participants – both Sudanese and foreign with operations in Sudan. The goal for the network is to bring companies of all sizes and sectors operating in Sudan together with other stakeholders to discuss key challenges and opportunities with regard to development and peace in the country.
- It is hoped that a Global Compact event will be held in Sudan in June or July 2008, with a more formal launch to follow in the October.
- In a letter to Dream for Darfur, an NGO, on 25 March 2008, the GCO stated that it would welcome a public message from business leaders to the United Nations Security Council, calling for the swift and full implementation of Resolution 1769 which seeks to end the violence and suffering in Darfur.





## **AFRICAN PRIVATE SECTOR FORUM**

- On 22-23 January 2008, the African Private Sector Forum, with the theme “Africa’s Industrial Drive: The Private Sector and Corporate Citizenship”, was held in Addis Ababa, Ethiopia in the context of the AU Summit. The Forum was jointly organized by the African Union Commission and the UN Global Compact. It and was attended by over 200 high-level representatives from the African public and private sector, as well as some regional and international organisations (including Dr. Maxwell M. Mkwezalamba, AU Commissioner for Economic Affairs).
- For two days, participants at the Forum examined the role of the private sector in accelerating Africa’s industrial drive and showcase good practices that contribute to sustainable development.
- The final declaration of the 2008 African Private Sector Forum was presented to the African Heads of State and Government Ministers on the opening day of the 10th African Union Summit. The declaration stressed the importance of joint commitment and action by the public and the private sectors to contribute to the acceleration of Africa’s progress and development.
- The declaration was later forwarded as a possible input to the G8 2008 meeting.
- A decision on the Private Sector Forum’s recommendations is being scheduled for the forthcoming AU Summit in Egypt (July 2008). An effective mechanism will be formalized between the AU and the UNGC to follow up on the implementation of the Forum’s agreed recommendations.

## **GENERAL ASSEMBLY RESOLUTION**

- Following deliberation by the Second Committee, the General Assembly adopted by consensus Resolution A/RES/62/211. The resolution further legitimized the Global Compact and the Global Compact Office, including its governance structure.
- The Global Compact Office will have to report the General Assembly at its 64<sup>th</sup> Session in 2009.

## **PARTICIPANT MANAGEMENT**

- The Global Compact has over 5,100 participants – 4,100 companies and 1,000 non-business stakeholders. Additionally, there are approximately 400 inactive companies not considered in the tally of signatories.
- As the Global Compact continues to grow, so does the importance of having systems in place to ensure data accuracy, as well as to improve speed and quality of communication with participants. A number of technical improvements are currently being implemented in this regard.

## **LOCAL NETWORKS**

- A Local Network Report was published in late 2007, highlighting lessons learned about network building and performance, as well as numerous inspiring and innovative activities and examples of solutions developed by local networks. The Local Network Report helps define what corporate citizenship means in different national contexts.
- In recent months, Global Compact Local Networks have been launched in Serbia, the Gulf States, Russia (in the presence of the Secretary-General), Namibia (with good coordination with ILO, UNDP, and bilateral donors, and in presence of the Prime Minister)
- Other developments include:
  - Egypt, Brazil, Japan, Colombia and South Africa are examples of networks that are becoming more strongly led by business, and moving away from the UN-led (or other single champion) model;
  - South Africa: 17 companies joined at a recent conference; and
  - United States: creation of a network Secretariat, as well as the launch of sub-network in the state of Ohio.
- Agreements have been signed with the Junior Chamber International and the Lions Club – both in an attempt to spur engagement in local networks through partnerships (Lions Club) and increased connection with small business and entrepreneurs (JCI).
- Regional network meetings will be held this year in Africa, Europe, Asia and Latin America.



- The key challenges in the area of Local Networks are:
  - Finding a way to network the Networks better;
  - build more firm structure into networks, in terms of governance and responsibility; and
  - align with existing initiatives where they are flourishing.

### **PRINCIPLES FOR RESPONSIBLE MANAGEMENT EDUCATION**

- The Principles for Responsible Management Education (PRME), the UNGC-backed global initiative developed to promote corporate responsibility and sustainability in business education, has now been endorsed by more than 100 business schools and universities from around the world.
- The initiative is currently establishing several participant working groups to facilitate implementation of the principles and identify best practices.
- A Global Forum for Responsible Management Education will be convened on 1-2 December 2008 at UN Headquarters in New York. The event will present a first opportunity to take stock of the PRME initiative so far, to exchange experiences and forge a closer link between the United Nations' mission and the work of business schools.

### **PRINCIPLES FOR RESPONSIBLE INVESTMENT**

- The growth of PRI continues to be strong. The initiative now includes 350 institutional investors representing \$13 trillion of assets, which is roughly 20% all global finance under management.
- In January 2008, PRI signatories sent letter to the chief executive officers of 103 companies in more than 30 countries to recognize frontrunners in the integration of environmental, social and governance (ESG) issues, while pressing laggards to improve their performance.
- The Principles for Responsible Investment Annual Meeting ("PRI in Person") will be held in Seoul on 17-18 June 2008. The conference's objective is to facilitate the promotion of environmental, social and governance factors across the business activities of financial institutions, institutional investors and corporations.

### **UNITED NATIONS SYSTEM**

- The GCO continues to work to enhance the Organization's capacity to more effectively collaborate with business, to mainstream the GC across the UN system, and to support the Organization in its own efforts to implement the 10 principles.
- In December 2007, the General Assembly adopted a resolution under the item "Towards Global Partnerships" which recognizes the Global Compact's leadership system-wide and the work the GCO is doing to support the development of more effective UN-business partnerships.
- The GCO coordinates the system-wide quarterly electronic newsletter "The UN-Business Focal Point" and is leading work on the development of a new UN-Business website platform to enhance UN/business collaboration by showcasing potential engagement opportunities in a more coherent manner. The new website will be launched before the end of this year.
- The Secretary-General has recently decided to launch a process to revise the UN-Business Guidelines (2000) to better reflect the shared experiences of the Organization and to enhance the efficiency, accountability and transparency of UN partnerships. The Deputy Secretary-General will chair this process, with the GCO providing support.
- The GCO continues to support the work of the UN to internalize the 10 principles:
  - The UN Joint Staff Pension Fund (a signatory to the UN Principles for Responsible Investment) recently hired a consulting firm to develop proposals for implementing the PRI. Decisions will be made at the next UNJSPF Board meeting in July.
  - Renewed efforts to implement the Supplier Code of Conduct are being made in the Procurement group. Additionally, there are efforts underway in terms of sustainable procurement and to hold GC training sessions for procurement.
- The Annual UN System Private Sector Focal Points Meeting will be held on 2-3 October in Geneva. Co-hosted by the GCO, the meeting will bring together UN staff from HQ and from the field who are working with the private sector in various capacities, as well as senior private sector,



civil society and bilateral aid agency representatives and other partnership experts. The focus is on identifying projects and initiatives that address system-wide challenges and create opportunities for inter-agency collaboration - in the spirit of UN Reform.



## Appendix 2: Members of the Global Compact Board

Business	
Talal ABU-GHAZALEH*	Chairman and CEO, Talal Abu-Ghazaleh Organization, Egypt
Toshio ARIMA	Director and Executive Advisor to the Board, Fuji Xerox, Japan
José Sergio GABRIELLI DE AZEVEDO	President and CEO, Petrobras, Brazil
Guillermo CAREY	Senior Partner, Carey & Allende Abogados, Chile
CHEN Ying	Deputy Director-General, China Enterprise Confederation, China
Anne LAUVERGEON**	Chair of the Executive Board, Areva, France
Anthony LING*	Chief Investment Officer, Goldman Sachs International, UK
Ntombifuthi MTOBA	Chair of the Board, Deloitte, South Africa
B MUTHURAMAN**	Managing Director, Tata Steel, India
Mads ØVLISEN	Adjunct Professor, Copenhagen Business School Chair, Lego, Denmark
International Labour and Business Organizations	
Antonio PEÑALOSA	Secretary-General, International Organization of Employers
Guy RYDER	General Secretary, International Trade Union Confederation
Guy SEBBAN	Secretary-General, International Chamber of Commerce
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 1 May 2008 Board meeting.

\*\* Not present at the 1 May 2008 Board meeting, but sent a representative to attend.