



MEETING SUMMARY

The UN Global Compact Board held its second scheduled meeting of 2022 in a hybrid format. The meeting focused on assessing progress made on the 2021-2023 Strategy, taking stock at a midpoint, as well as discussing leadership education and skilling for sustainable business.

UN Secretary-General António Guterres, the Chair of the Board, joined the Board for a one-hour session on just energy transitions, incentivizing the private sector through the critical work of the UN Global Compact to set ambitious targets and advocate for government action.

1 WELCOMING & HOUSEKEEPING REMARKS

Mr. Paul Polman, Vice-Chair of the Board, opened the meeting by welcoming the UN Global Compact Board to New York. Mr. Polman then welcomed the Board Members who joined the meeting virtually.

Mr. Polman welcomed new UNGC Board Members to their first UNGC Board Meeting: Ms. Kylie Porter, Co-Chair Global Network Council; Executive Director, UN Global Compact Network Australia; Chair, Regional Network Council, Asia-Oceania, the newly elected colleague representing Global Compact Local Networks and Mr. Jim Kearney, Chairman, Foundation for the Global Compact, who recently assumed the position following Sir Mark Moody-Stuart's retirement. Mr. Polman welcomed the new Chair of the Government Group Mr. Marco Giungi (head of the Department for Multilateral Affairs of the Directorate General, Ministry of Foreign Affairs and International Cooperation, Italian Government).

Ms. Porter, Mr. Kearney and Mr. Giungi took the floor to introduce themselves and share brief remarks on the importance of strengthening collaborative efforts in the Compact.

The March Board Meeting was the last for Mr. Ren Hongbin who assumed a new position with the Government of China in June of this year. Mr. Polman thanked him for all of his contributions, especially in relation to supporting the development of our China strategy.

Mr. Polman stated that this September Board Meeting would be the last meeting for Mr. Guy Ryder, who is retiring from the ILO and stepping down as the leader of the Four Guardians at the end of September. Mr. Polman highlighted Mr. Ryder's important leadership and support for the Compact over many years and offered our sincere thanks to him. Mr. Polman announced that Ms. Inger Andersen from UNEP, will transition into the Four Guardians seat next month and will join the UNGC Board.

Mr. Polman also announced that Ms. Sharan Burrow and Mr. Marco Lambertini will transition out of the UNGC Board following their retirement at the end of this year. Mr. Polman thanked Ms. Burrow and Mr. Lambertini for their dynamic leadership and support and for their numerous important contributions to the work of the Compact.

Mr. Polman then gave the floor to Mr. Ryder, Ms. Burrow, and Mr. Lambertini to share brief farewell remarks. The section concluded with a round of applause to thank and bid farewell to the transitioning Board Members.

2 BOARD MEMBER ENGAGEMENT IN THE GLOBAL COMPACT



Mr. Polman introduced the Board Member engagement segment, which is designed to enable Board Members to share the ways in which they have been championing the UN Global Compact, and gave the floor to Ms. Flora Mutahi.

Ms. Mutahi presented on her different engagements related to the work of the Compact this year. She was present in the launch of the Africa Strategy in Nigeria in May 2022 as well as for the opening of our Regional Hub in Abuja. Ms. Mutahi participated in the Africa Business Leaders Roundtable in Nairobi, Kenya in July 2022, where key CEOs of large corporations led by the CEO of Safaricom met to discuss enhanced partnerships between the Compact and the African private sector. Ms. Mutahi reported on the outcomes of these meetings and shared that participants to those events were eager to become more actively involved. Ms. Mutahi reflected on her participation and identified COP 27 in Egypt as an opportunity to think more deeply on what positioning the Compact can have in Africa, and how to ensure that Africa will have a common voice in the climate space.

Ms. Solange Ribeiro, Vice-Chair of the Board, took the floor to thank Mr. Polman and Ms. Mutahi. Before asking Ms. Sanda Ojiambo to take the floor in the next section, Ms. Ribeiro asked the Board to join her in congratulating Ms. Ojiambo on her new appointment as Assistant Secretary-General. The Board joined in celebrating this important designation for Ms. Ojiambo.

3 BUSINESS SINCE LAST: UPDATE

BACKGROUND

Ms. Sanda Ojiambo, Assistant Secretary-General, CEO & Executive Director of the UN Global Compact, began the segment by thanking Board Members transitioning out of the UN Global Compact: Mr. Guy Ryder, Ms. Sharan Burrow and Mr. Marco Lambertini, and emphasized the importance of maintaining key partnerships with labor, trade, and climate stakeholders. Ms. Ojiambo also welcomed the future addition of Ms. Inger Andersen from UNEP to the Four Guardians seat and welcomed Ms. Porter and Mr. Kearney to their first meeting as UNGC Board Members, acknowledging their important roles in representing the voices of Local Networks and the Foundation for the Global Compact in the group.

Ms. Ojiambo then provided an update on the Compact's progress in the following areas:

- **2022 Dashboard Snapshot:** Ms. Ojiambo shared that the UN Global Compact has largely met or exceeded our targets around expansion, growth, fundraising and programmatic engagement. Ms. Ojiambo shared that we continue our efforts to improve on diversity and inclusion - establishing strategic alliances and scaling participation in our events and Academy sessions - and on continuing to expand the Government Group.
- **Accountable Companies** – Ms. Ojiambo highlighted the development and implementation of a revamped reporting mechanism for our participants that captures the initiative's impact - a revamped Communication on Progress (CoP). This new CoP is a streamlined and digitized accountability mechanism that was tested out through an Early Adopters Programme in 2022. Feedback from this first rollout was overwhelmingly positive. Across participants who completed the feedback survey, 8 out of 10 reported being satisfied overall. A full roll-out of the CoP is scheduled for 2023 when all business participants will be required to complete the enhanced reporting between 1 March and 30 June to retain their active status. In the coming year, we will have more information to share. Our new Strategic Planning and Monitoring & Evaluation unit will help ensure that data collected from this first rollout will be used strategically to set new benchmarks, track progress and to collect impact statements to create a narrative that will



complement our quantitative data and help articulate how, over the past 18 months, we have brought the Strategy to life with concrete results.

- **Updated Integrity Measures** – Ms. Ojiambo updated the Board on the five new key enhancements to the Integrity Measures. These are: a more holistic structure with reference to key policies and procedures; an extraordinary clause to delist, as a last resort, if in the interest of the UN; an expanded scope for proactive engagement to enable meaningful engagement when an official investigation has been launched on severe issues, without necessarily waiting for legal resolution; an enhanced CoP disclosure on major issues participants may be involved in; and a referral of concerns raised by trade unions against a GC participant to the ILO dialogue facilitation procedure.
- **Balanced Growth of Local and Regional Networks for Global Coverage** – Ms. Ojiambo shared how the Compact is expanding its footprint. As a result of the geographic expansion to date, the UN Global Compact now covers a total of 96 countries, including all of the G20 countries since the launch in Saudi Arabia last year. This year, we are expanding to a number of new countries in Africa, Central Asia and Latin America, including for example Angola, Botswana, Kazakhstan, Uzbekistan and the Caribbean. In addition to this, we have Regional Hubs established in Abuja, Dubai, Panama and Copenhagen and expect to launch the final Hub in Bangkok by the end of 2022.
- **Participant Growth** – Ms. Ojiambo presented on the growth in our business participant base: in the first 18 months of the Strategy, the Compact recruited 6,013 new business participants. Our June 2022 Year-over-year global growth rate is 20% and we are on plan to exceed our original 2022 target with a 13% increase over 2021. Drivers of this growth include the work of the UNGC Board, an improved value proposition, and multipliers such as investor demand and the rise of ESG; increased capacity for growth; and integrated marketing. A projected negative growth rate for the APAC region in 2023 is due to retention of small businesses challenges with the additional burden of new CoP and Business fee requirements in 2023. Key for 2023 will be working closely with the Local Networks on country reviews to investigate this in more detail and plan how to best address any risks in the APAC region as well as planning to address any retention number challenges due to the potential effects of the new CoP and the roll-out of the new business model.
- **Programmes: Measurable Impact in Prioritized Areas** – Ms. Ojiambo highlighted the Compact's programmatic portfolio and underscored enhancements on how we deliver for business at the Compact. This year, companies engaged in a variety of our programmes and Compact team members traveled to Local Networks to engage directly with our programmatic agenda. We recently launched the Introduction to **Just Transition — Business Brief** which builds on the ILO's guiding principles of just transition and provides an introduction to the central role of the private sector in ensuring a just transition for all as well as the seven priority actions companies need to take. The brief is the key deliverable stemming from our Think Lab engagement with sector leaders such as Accenture, Maersk and Unilever, and will serve as a good framework for our programmatic work on Just Transition moving forward. Business also engaged significantly this year at the **UN Ocean Conference** in Lisbon, where we played a major role by partnering with the UN system to bring the strong voice of the business community to the proceedings. In addition, the Global Compact hosted over 10 events under the auspices of our Ocean Stewardship Coalition. This included a **Youth and Innovation Forum**, which gathered more than 130 youth delegates representing nearly 60 countries to innovate ocean-based solutions to some of the world's greatest challenges. And during the Private Sector Forum, we will launch our **Business & Human Rights Accelerator**, a six-month learning programme, will equip companies with the tools and knowledge



they need to establish an ongoing human rights due diligence process and ensure they are meeting their responsibility to respect human rights.

- **Harnessing the Collective Action of SMEs** – Ms. Ojiambo presented on our SME Strategy and our work in the 5 workstreams and shared that major advancements were anchored in our digital learning programming and e-learning modules. In June of this year, we launched the e-module called “Future-proofing your SME”, which has been used by over 1,300 SMEs to date and has received strong feedback with 95% satisfied and finding that their understanding and skills have significantly improved. The UN Global Compact has established several new partnerships with organizations like the International Trade Centre and Accenture. We also partnered with the Government of Spain to implement a supply chain impact pilot in coordination with its Local Network. Discussions are underway to partner with the International Labour Organization and the International Chamber of Commerce. Additional pilot opportunities are under consideration in Kenya, Nigeria and Switzerland and the USA. Ms. Ojiambo underscored the importance of continuing to partner more deeply with these organizations and thanked Mr. Mahindra and his team for helping design the pilots in India along with the IFC.
- **UN SYSTEM COLLABORATION** – Ms. Ojiambo spoke to the elevated positioning of the UN Global Compact throughout the UN System. As the first Assistant Secretary-General of the UN Global Compact, Ms. Ojiambo is able to participate in the Secretary-General’s Senior Management Group, strengthen relationships with other UN agencies and organizations such as the World Economic Forum, and increase our ability to influence UN-wide discussions in relation to private sector engagement. The Compact has also enhanced our relationship with the Four Guardian agencies (OHCHR, ILO, UN Environment and UNODC) and will welcome Ms. Inger Andersen, as the new Four Guardians Board Representative as of 1 October. The Compact will continue to play an important role in support of Our Common Agenda and the Global Crisis Response Group, given their strategic importance to the UN. And, with these goals in mind, we hope to build more global-local collaboration between the UN and our Local Networks
- **Ukraine Update** – Ms. Ojiambo updated the Board on the Compact’s response to the war in Ukraine since our last Board Meeting. The Compact partnered with the Connecting Business initiative (CBI), UNOCHA, and UNHCR, and our Poland and Ukraine Local Networks, to organize a series of capacity-building workshops targeting SMEs around the humanitarian coordination system as well as on humanitarian principles. Global Compact Local Networks in Ukraine and Poland have also collaborated with UN and NGO partners to support humanitarian efforts and promote business continuity and economic resilience. We are hosting a series of leadership dialogues, publishing insights and best practices from business leaders on responsible conduct in turbulent times, and continuing to offer ongoing programmatic engagement opportunities and guidance aimed at strengthening companies’ understanding and ability to prevent, react to and recover from today’s interconnected crises. We have also engaged as part of the Global Crisis response Group and added an extraordinary clause in Integrity Measures to allow for possibility for delistings in extreme cases.

Mr. Alex Stein, Managing Director of the Foundation for the Global Compact, presented the Compact’s financial results through the end of July 2022. The organization achieved favorable financial results with a net surplus.

Mr. Stein stated that the UN Global Compact has raised revenue from different funding avenues in addition to Participant and Signatory fees, including from the government sector. A portion of the invoiced Participant and Signatory fees are designated to the Local Network Development Fund. Coalition participants and sponsors have contributed to 10% of the total revenue, while Grants have been secured



to an amount of 13% of the total revenue. Other sources of funding include revenues from Events, PRME and Administrative Income. Combined, these revenue sources represent 5% of the UN Global Compact's total revenue for the year. Expenditures to date are 57% of the annual budget. Over budget categories are Travel and Consultancy expenses. Most other categories are under budget. Mr. Stein stated that even with the over budget items, he expects to arrive at the EOY with a surplus.

4 MIDPOINT REVIEW – UN GLOBAL COMPACT 2023 STRATEGY

Ms. Ojiambo updated the Board on the actions that the UN Global Compact has taken to advance our 2021-2023 Strategy. From strategy operationalization in 2021 to bringing our refreshed Programme Delivery Channels to life this year, the UN Global Compact has made great progress in advancing its Five Strategic Shifts. Ms Ojiambo highlighted major achievements and advancements in three key areas:

- First, the UNGC's elevated role: since the beginning of the Strategy, our investments in strengthening our partnerships have elevated the Global Compact's role and mandate within the UN System, with Governments and with the private sector. The UNGC established work plans with the 4 Guardians, governments reaffirmed the UNGC's mandate in the UN General Assembly Resolution "Towards Global Partnerships", and 90% of surveyed companies confirmed that the UNGC has helped advance corporate responsibility policies and practices.
- Second, the growth in the scale of our work & impact: through recent crises, the initiative has achieved unprecedented growth - both geographically and in our participant base. This growing country coverage and participant base allows us to scale our programmatic delivery and reach. The UNGC now covers 96 countries compared to 69 from the start of the Strategy. Participants are set to exceed 17,000, and our Accelerator programmes have driven corporate sustainability progress and ambition on climate, gender, and overall SDG implementation with over 3700 companies in 60+ countries. Scaled access to the UNGC Academy will reach 72,000+ participants across 180+ countries. In addition to increasing course participation numbers and regions, our programmes initiatives are shaping company behaviour change that can be seen in metrics such as:
 - 1,275 companies are aligning with 1.5C and net-zero through science-based targets
 - The Water Resilience Coalition is committed to working in 100 water basins, supporting 3 billion people
 - 83% of companies that underwent the Target Gender Equality Accelerator are creating new targets or revising existing ones on women's representation in top management.
 - The CFO Coalition for the SDGs now reaches 72 companies with a combined market capitalization of US\$ 1.5 trillion and has committed to collectively investing more than US\$ 500 billion in support of the SDGs.
- Third, the renewed focus to apply a regional and local lens to our work: Since implementation of the strategy, the Africa and China strategies have established a blueprint for applying a localized lens to our work. This has set the direction for the Global Compact as we move forward into 2023. The Africa Strategy has raised US\$ 2.5 million and the Africa Business Leaders Coalition rolled out across cities in 6 countries (Abidjan, Nairobi, Cairo, Casablanca, Lagos, Johannesburg). Regarding our China Strategy, we strengthened the value proposition through balanced global and local programming. We reorganized the UNGC China Office and began a strategic partnership with SASAC. UNGC Board support was instrumental in driving in-country companies' involvement during the launch of the China Strategy.



Another important update since the beginning of the Strategy, Ms. Ojiambo presented, has been in the area of fundraising. Here the primary goal for programmatic fundraising has been to increase and diversify our revenue beyond company fees. Specifically, Ms. Ojiambo expressed the need to fundraise from Foundations and Governments. In both areas, the challenges have been facing skepticism about the UNGC's ability to generate on-the-ground impact and broader systems change and making a showing to governments that additional funds are needed to deepen our work and effect long lasting change. Moving forward, the Compact will continue building upon relationships with donors and governments and building trust with these prospective funders. Ms. Ojiambo asked the Board to consider how we can better demonstrate the UNGC effects change and asked for support from the Board on any introductions or advocacy with funders.

Ms. Ojiambo referred to additional challenges that the Compact has faced in the implementation of its Strategy. These challenges include: capacity restraints (talent recruitment, retention, and Local Network capacity), participant retention (due to increasing reporting burdens, new regulations and business models), prioritization vs. adaptability (continuing to follow our mission while being flexible to respond to pressing global challenges like COVID 19 and the war in Ukraine), and the new "normal" (changes in the world of work and implications of hybrid work, convenings and travel).

Lastly, Ms. Ojiambo presented briefly on the 15 priority initiatives for 2023 which fall under one of the following four categories: build, reach, engage, and progress. This list will be refined as part of the 2023 Annual Plan over the coming months.

5

BRIEFING: Leadership Education and Skilling for Sustainable Business

Mr. Polman welcomed and introduced Dr. Mette Morsing, Head of The Principles for Responsible Management Education initiative (PRME) of the UN Global Compact, to brief the Board on the topic of Leadership education and Skilling for Sustainable Business. In her role as the Head of PRME, Dr. Morsing oversees the strategic development and implementation of the PRME initiative and its programmatic work and operations.

Dr. Morsing took the floor and drew on her extensive experience as a professor for 20 years and as a researcher prior to joining the Compact over two years ago to brief the Board on leadership education.

6

DISCUSSION WITH THE UN SECRETARY-GENERAL

The UNGC Board Members and the Secretary-General gathered in-person for an independent one-hour discussion on the topic of a just energy transition.

Ms. Solange Ribeiro welcomed the Secretary-General and opened the meeting, introduced the discussion topic of a just energy transition, and invited the Secretary-General to provide remarks.

The Secretary-General began his remarks by thanking UN Global Compact Board Members who concluded their terms earlier this year for their contributions to the Board – Mr. Manny Chirico, Mr. Ren Hongbin, Mr. Steve Kensie and Sir Mark Moody-Stuart. The Secretary General also thanked the three Board Members who will be retiring later this year – Ms. Sharan Burrow, Mr. Marco Lambertini, and Mr. Guy Ryder for their



engagement and gave a warm welcome to two new Board Members – Ms. Kylie Porter and Mr. James Kearney.

The Secretary-General then shifted focus to the main topic of discussion for the session – achieving a just and equitable energy transition. He noted that escalating climate disasters, and skyrocketing fuel prices have made it clear that we must end our global addiction to fossil fuels, invest in renewables, build resilience, and scale up adaptation. The Secretary-General spoke about his latest visit to Pakistan and about the level of destruction, loss of crops, loss of people's lives and infrastructure in the aftermath of massive flooding. He mentioned that we are in the midst of a climate emergency that could have been prevented had we invested greatly in renewable energy in the past. He emphasized that renewables are the only credible path to real energy security, stable power prices and sustainable employment opportunities and that the share of renewables in global electricity generation must increase from nearly 30 per cent today to over 60 per cent in 2030 and 90 per cent in 2050. The Secretary-General urged leaders in business as well as government to stop thinking about renewables as a distant project of the future because, he stated, without renewables there can be no future.

The Secretary-General then went on to discuss his 5-point plan for renewable energies:

- First, we must treat renewable energy technologies as freely available, global public goods. Identifying patents that can be made freely available – especially those relating to battery and storage capacity – are crucial for a rapid and fair energy transition.
- Second, we must secure, increase and diversify supply chains for renewable energy technologies. Supply chains for components and raw materials are still concentrated in a handful of countries.
- Third, we must level the playing field for renewables. We have the technology, capacity, and funds. But we urgently need to put policies and frameworks in place to incentivize investments and eliminate bottlenecks caused by red tape, permits and grid connections.
- Fourth, we must shift subsidies from fossil fuels to renewable energy. Each year, governments spend around half a trillion dollars to artificially lower the price of fossil fuels – more than triple what renewables receive. If we channel these resources and subsidies to renewables, we not only cut emissions; we also create more decent and green jobs.
- And fifth, we must triple public and private investments in renewables to at least \$4 trillion dollars a year.

The Secretary-General then highlighted that upfront costs for solar and wind power account for 80 per cent of lifetime costs – meaning big investments today will reap even bigger rewards tomorrow.

He explained that this requires financing to flow to those who need it most as well as adjusted risk frameworks and more flexibility to scale up renewable finance. He added that this also requires lowering financing costs for developing countries and noted that the cost of capital for renewable energy projects in the developing world can be seven times higher than in the developed world. He mentioned that Africa attracts a mere 2 percent of clean energy investments despite its vast renewable energy potential.

The Secretary-General stated that a just transition to a renewable energy future is everybody's business and called on the private sector to advance science-based targets and Just Transition plans in partnership with labour organizations and civil society and in keeping with the need for credible actions and accountability. He added that all business and investors; every city and country must walk the talk on their net-zero promises to realize the Paris Agreement and rescue the Sustainable Development Goals and remarked that The UN Global Compact is poised to help in this vital effort.



In his concluding remarks, the Secretary-General encouraged the Board to share their plans on how to accelerate meaningful private sector action across industries and regions to jumpstart the renewables revolution.

MEETING ATTENDANCE

BOARD MEMBERS:

1. H.E. Mr. António Guterres | Secretary-General, United Nations (In-person for the discussion session)
2. Ms. Clara Arpa Azofra | CEO, ARPA Equipos Móviles de Campaña (Virtual)
3. Ms. Sharan Burrow | General Secretary, International Trade Union Confederation (In-person)
4. Mr. Patrick Chalhoub | CEO, Chalhoub Group (In-person)
5. Mr. Stephen Cotton | General Secretary, International Transport Workers Federation (In-person)
6. Mr. John W.H. Denton | Secretary General, International Chamber of Commerce (In-person)
7. Dr. Delia Ferreira Rubio | Chair, Transparency International (In-person)
8. Dr. Musimbi Kanyoro | Chair, United World Colleges (In-person)
9. Mr. Marco Lambertini | Director General, WWF International (In-person)
10. Mr. Anand Mahindra | Chairman, Mahindra Group (Virtual)
11. Mr. Roberto Marques | Former Executive Chairman and Group CEO, Natura & Co. (Virtual)
12. Ms. Flora Mutahi | CEO, Melvin Marsh International (In-person)
13. Ms. Sanda Ojiambo | CEO & Executive Director, UN Global Compact (In-person)
14. Mr. Paul Polman | Co-Vice Chair of the Board, UN Global Compact (In-person)
15. Ms. Solange Ribeiro | Co-Vice Chair of the Board, UN Global Compact (In-person)
16. Mr. Guy Ryder | Director General, International Labour Organization (In-person)
17. Mr. Roberto Suarez-Santos | Secretary General, Int'l Organisation of Employers (In-person)
18. Mr. Jean-Pascal Tricoire | CEO, Schneider Electric (Virtual)
19. Ms. Sandra Wu, Wen-Hsiu | Chairperson and CEO, Kokusai Kogyo Co. Limited (In-person)
20. NEW BOARD MEMBERS:
21. Mr. James V. Kearney | Chairman, Foundation for the Global Compact (In-person)
22. Ms. Kylie Porter | Co-Chair Global Network Council; Executive Director, UN Global Compact Network Australia; Chair, Regional Network Council, Asia-Oceania (In-person)
23. Mr. Marco Giungi | Head of the Department for Multilateral Affairs of the Directorate General, Ministry of Foreign Affairs and International Cooperation, Italian Government, Chair UNGC Government Group (In-person)



OBSERVERS:

24. Ms. Sue Allchurch | Chief of Outreach and Engagement, UN Global Compact
25. Ms. Griet Cateart | Acting Program Chief, Head of Labour Rights, UN Global Compact
26. Mr. Ole Lund Hansen | Chief of Global Operations, UN Global Compact
27. Ms. Lila Karbassi | Senior Programme Officer of Science-based Target Setting, UN Global Compact
28. Ms. Olajobi Makinwa | Chief of Intergov'tl Relations and Africa, UN Global Compact
29. Ms. Jayoung Park | Acting Program Chief, UN Global Compact
30. Ms. Melissa Powell | Chief of Staff, UN Global Compact
31. Mr. Alex Stein | Managing Director, Foundation for the Global Compact
32. Mr. Dan Thomas | Chief of Communications, UN Global Compact

REGRETS:

33. Mr. David Atkin | Chief Executive Officer, Principles for Responsible Investment