



**FINAL REPORT**  
**Meeting of the Global Compact Board**  
**4 April 2007**

**Prepared by the Global Compact Office**

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## I. Executive Summary

The 2<sup>nd</sup> meeting of the Global Compact Board took place on 4 April 2007, in Conference Room 8 at UN Headquarters in New York. The one-day event was attended by nearly all Board members. Mr. Arun Maira, Chairman of the Boston Consulting Group India, attended the meeting on behalf of Board member Mr. B. Muthuraman. No replacement has yet been named for Mr. Hiroyuki Uemura of Mitsui Sumitomo Insurance Co. (Japan), who retired in 2006. Additionally, Fred Higgs of the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM) retired in 2006. Both Guy Ryder of the International Trade Union Confederation (ITUC) and Guy Sebban of the International Chamber of Commerce (ICC) were unable to attend due to prior engagements. All civil society representatives were present.

The Secretary-General officially opened the meeting, following a preliminary briefing by Georg Kell, Executive Director of the Global Compact Office, on key developments and issues, as captured in the Board Briefing Paper distributed prior to the meeting.

The Board meeting focused on the following areas: the Triennial Leaders Summit; Integrity Measures; Principles for Responsible Investment and Responsible Education; and Global Compact Working Groups, particularly on climate change and human rights.

*The meeting resulted in a number of significant outcomes:*

- ❖ The Secretary-General chaired the meeting and reconfirmed his full commitment to and leadership of the Global Compact. He noted that the challenge is to bring the Global Compact to its full scale.
- ❖ The Secretary-General appointed Sir Mark Moody-Stuart and Mr. Talal Abu-Ghazaleh as co-chairs of the Global Compact Board, to conduct the Board's business and chair the meeting during his absence.
- ❖ Board members reaffirmed the important role of Local Networks and their commitment to undertake activities to promote the networks. The multistakeholder dynamic of the networks was stressed – networks should be business-led, yet inclusive of civil society, labour and the UN.
- ❖ Regarding the Leaders Summit, the Board agreed that measures should be taken to ensure that corporate participants at the Summit make contributions to cover the costs. Additionally, Board members agreed at the individual level to take a variety of actions to encourage peers to attend and help shape the content of the meeting.
- ❖ Regarding further development of the Global Compact's Integrity Measures, the Board decided that GC participants listed as "inactive" for one year or more should be removed entirely from the initiative's database of participants. Additionally, with the Board's support, the Global Compact Office will continue to pursue strategies for strengthening COP development and quality, as described in the Board Briefing Paper.
- ❖ The Principles for Responsible Investment and Principles for Responsible Business Education were welcomed developments, and recognized as important elements for establishing the business case for corporate responsibility.
- ❖ Based on a random drawing of names within the various stakeholder groupings, Board member terms of one to three years were determined.
- ❖ The Board agreed that the forthcoming ISO 26000 guidance on social responsibility should be consistent with and supportive of the Global Compact and its ten principles.
- ❖ Support was given for the progress of the ongoing activities of the Global Compact Working Groups (human rights, climate change, anti-corruption, SMEs); however, in the area of climate change further consultation is required to better define the scope.
- ❖ The Board encouraged that UN Member States, during the next session of the General Assembly, lend further political legitimacy to the Global Compact as a unique, global public-private partnership.
- ❖ A short Board meeting was proposed for 6 July to discuss taking forward Summit, with a full-day Board meeting to be scheduled in November 2007.

## II. Preliminary Discussion

Prior to the official opening by the Secretary-General, the Board meeting began with a brief update by **Georg Kell**, Executive Director of the Global Compact, on the initiative's growth and development in several key areas. *See the Board briefing paper for details.*

Following Mr. Kell's introductory remarks, **Sir Mark Moody-Stuart** invited comments and questions from Board members.

### General Remarks

**Ntombifuthi Mtoba** congratulated the Global Compact Office (GCO), particularly with regard to the new COP policy and the subsequent delisting of companies. She asked about the reaction of delisted companies.

**Georg Kell** responded that many of those delisted were free-riders, while others simply went out of business. Jeff Senne, COP Manager for the GCO, added that the Office is currently exploring ways to facilitate the communication process, for instance through group reporting of small and medium sized companies in a given country.

Referring to the issue of free-riders, **Talal Abu-Ghazaleh** suggested that the initiative move toward becoming a proper membership organization, stating that, "if I am a member of an organization without fees, I would not consider it a proper organization". He went on to say that even the Leaders Summit should ask for mandatory fees. "I would like us to stop being a vehicle for free-riders. Provide income, sustainability and support to this wonderful team."

### Local Networks

**Mary Robinson** noted that much progress had been made, but stressed the need to balance quality and quantity, particularly with regard to the work of Local Networks. She inquired which networks are meeting the Global Compact's governance requirements and what can be done to improve the situation.

**Georg Kell** replied that the current state of networks has much to do with the evolutionary development of the initiative itself. He stressed that there is a noticeable upward trend, particularly in terms of network inclusiveness and expressed his hope that the upcoming Annual Local Network Forum in Monterey (October 2007) will confirm this trend. He also mentioned the emergence of regional support hubs, which have been launched in Barcelona, Bratislava and Pretoria, with further hubs to be opened in Bogotá and Bangkok later this year. He explained that the regional hubs, funded by either governments or privately, play an important role in supporting regional specificities and to facilitate dialogue and learning.

**Arun Maira** said that he was very pleased with the range of issues and activities the Global Compact has covered. He asked about the Global Compact's philosophy on Local Networks: do they need to be multistakeholder with a secretariat and addressing all ten principles in order to be considered a "healthy" network?

**Mary Robinson** explained that one of the Global Compact's core values is the linkage between business, civil society and labour around the ten principles. She expressed her concern that Local Networks would be run only by business and stressed that there should be a commitment by networks to be tri-partite in membership and encourage an interdisciplinary approach.

This notion was supported by **Mark Moody-Stuart** who stated that it would be inappropriate for networks to be comprised of only one element.

**Arun Maira**, by contrast, described the current situation in India, where a large business association (CII) has voluntarily adapted and engages companies across sectors in a number of very effective programs. He explained that there is tension over the existence of a separate GC network secretariat trying to engage the same companies. He questioned the need for a competing alternative.

**Guillermo Carey** encouraged supporting existing organizations at the network level and bringing those organizations under the umbrella of the United Nations, which would lend further support and legitimacy. "I don't see competition, I see support and synergy."

**Anne Lauvergeon** added that competition between different organizations is a very important issue, which often costs a lot of energy. She stressed that part of the success of the World Business Council on Sustainable Development is the personal commitment of CEOs and suggested that the Global Compact be more demanding with regard to this commitment.

Referring to his experience as a board member of the International Chamber of Commerce, **Talal Abu-Ghazaleh** stressed that the ICC's orientation is global, while local chambers are local. He said that he does not see a problem, but that a local Global Compact presence under the name of the initiative is needed.

**Huguette Labelle** emphasized the need to protect the brand of the initiative. She said that companies may not be inclined to join the initiative in situations where the Local Network is weak.

**Antonio Peñalosa** asked fellow Board members to be mindful that that the Global Compact was originally a call to the business community. He expressed his belief that Local Networks have to be business-led and that they need a structure that business feels comfortable with. He further encouraged participants in countries without Local Network to mobilize and form organizational structures.

**Oded Grajew** remarked that much of the problem appears to lie in the communication between the United Nations and local agencies. Local Networks should be business networks, but business networks engaging with the United Nations.

**Sir Mark Moody-Stuart** summarized remarks made by the Board by stressing that networks should be business-led. While the composition a network could be a combination of business and other stakeholders, there should be strong business influence and leadership. At the same time, networks should always involve civil society, labour and local UN agencies. He voiced a general feeling that Local Networks should build on existing organizations and not duplicate existing efforts; however, a clear Global Compact/UN branding link must be created in this situation. In the Indian example discussed, it appeared that if under the umbrella of the CII there was a structure clearly involving civil society and labour with a name link to the Global Compact, this would address all concerns.

**Habiba Al Marashi** added that network building should always take a regional perspective into consideration. The Global Compact should build on organizations and initiatives that have exhibited leadership and managed stakeholders on the ground. She further stated that UNDP leadership was not always necessary.

**Antonio Peñalosa** expressed his concern about the recent launch of a Global Compact Local Network in Belarus. He asked whether it was possible to launch a Local Network in a country that was known for its history of human and labour rights violations and where the companies concerned were not able to abide by the principles of the Global Compact.

Nessa Whelan, Network Coordinator in the GCO, explained that 26 companies from Belarus joined the Global Compact at a launch in December 2006 organized by UNDP, which has been promoting the Global Compact and was coordinating the process.

**Oded Grajew** voiced his fundamental disagreement with the launch in Belarus, because the Global Compact's third principle is not recognized in the country.

**Sir Mark Moody-Stuart** replied that there are other countries with Global Compact participants and operations that do not recognize freedom of association. He agreed however that there appeared to be very serious concerns in relation to a Local Network in Belarus and further developments in Belarus should be followed.

### **ISO Process**

**Antonio Peñalosa** voiced his concern over the recent memorandum of understanding between the Global Compact and the International Organization of Standardization (ISO). He emphasized that "ISO is not an agency to make interpretations of international labour standards". He urged the Global Compact to approach the ISO process with care.

Commenting on the ongoing ISO process, **Oded Grajew** stated that this is a very important step forward with regard to the COP process, very much like the Global Reporting Initiative (GRI) had marked a very important step forward with regard to the quality of reporting. He stressed that it would help the Global Compact very much if a stage could be reached when all participants use GRI.

**Talal Abu-Ghazaleh** stated that the questions raised about the ISO process are very important and that the concerns voiced are legitimate. He expressed his hope that an accommodating solution could be reached, perhaps in the form of a consultative relationship with ISO. He suggested that the Board make a joint recommendation. "Business needs some sense of responsibility in this process", he said.

Referring to the absence of labour representatives at the Board meeting, **Mary Robinson** stressed that a union voice would be needed to reach a conclusion.

On the ISO process, **Sir Mark Moody-Stuart** stressed the importance of reaching a Board decision. Emphasizing the delicacy of the issue, he suggested that the Board not debate the desirability or usefulness of an ISO standard on social responsibility. Rather, he suggested that the Board agree that if the ISO 26000 guidance is developed, it should be consistent with and supportive of the Global Compact and its ten principles.

Discussion on ISO was suspended due to the Secretary-General's arrival and the official start of the Board meeting. The ISO discussion was re-opened following the lunch session, see page 19.

### III. Opening of the Meeting: The Secretary-General

Secretary-General Ban Ki-moon – accompanied by the Deputy Secretary-General, the Chef de Cabinet and the Deputy Chef de Cabinet – officially opened the 2<sup>nd</sup> meeting of the Global Compact Board.

As Chairman of the Global Compact Board, the Secretary-General emphasized the Board's role in providing guidance, advocacy and stewardship to the initiative: "Your work is helping all of us to advance our shared mission – peace, human rights and development." He went on to stress the importance of the Global Compact Leaders Summit to be held in Geneva on 5-6 July: "This historic gathering in Geneva will be instrumental in bringing our joint vision for the future cooperation between business, the United Nations, governments, civil society and labour to full scale." He called on Board members to support the preparation of the Summit. He emphasized that "our challenge ahead now is to bring the Global Compact to its full scale. I am committed to do my best. And I count on you to continue to offer stewardship and guidance as we move forward."

The Secretary-General appointed Sir Mark Moody-Stuart and Mr. Talal Abu-Ghazaleh as co-chairs of the Global Compact Board, asking them to conduct the Board's business and chair the meeting during his absence.

#### **Comments to the Secretary-General**

Following his remarks, the Secretary-General invited Board members to offer their perspectives on the Global Compact's development and future course:

**Talal Abu-Ghazaleh** expressed that he was privileged to serve as Vice Chairman of the Global Compact Board. He stressed that his commitment is to the Arab region and noted that the Secretary-General had visited the region at an early stage in his term. Mr. Abu-Ghazaleh went on to propose the establishment of a regional GC hub for the Arab World, in cooperation with the Arab League. Addressing the Secretary-General directly, he said: "You are the catalyst, the godfather for bringing governments and other partners together. We will be very glad and honored to work under your leadership."

**Oded Grajew** observed that the business sector is today the most powerful sector in society, holding significant economic, ecological and political power. He also noted that the media are largely in the hands of private sector. "For this reason, it is so important for the Global Compact to engage with the private sector." He also stressed the importance of implementing the Global Compact principles within the UN organization. "If you can introduce the GC principles in UN management, you can give a great example to the business community," he said. He went on to note that the UN and the Global Compact have the potential to launch a variety of strong initiatives, such as promoting a business conference on the Middle East peace process or business action on climate change.

**Ntombifuthi Mtoba** remarked that she has been working to promote the Global Compact in a continent that needs to embed the principles. She stressed that South Africa is already very much engaged in this process. She shared the Secretary-General's desire for scaling up the Global Compact and not losing momentum. She concluded by voicing her hope to have the opportunity to meet the Secretary-General in Africa.

**Mads Øvlisen** remarked that the Global Compact has the chance to make a real difference. He observed that over the last several months the initiative has seen an enormous surge in new signatories and that the United Nations is becoming increasingly relevant to the

business sector. At same time, he noted that the Global Compact remains “an experiment”. He expressed his hope that the United Nations will use the opportunity and experience of the Global Compact to revitalize an organization that “is seen as an impersonal bureaucracy by many”.

**Huguette Labelle** noted that the work done by the GCO in the past months has been good to protect the brand and to protect the initiative. She stressed that UN leadership is increasingly vital in the CSR world. She also emphasized that the Global Compact is giving a new face to the Organization itself. Through the United Nations, the Global Compact has the potential to build quality in enterprises and other organizations.

**Antonio Peñalosa** stressed that the experience of the Global Compact has been a good experience. He went on to emphasize the continued commitment of the International Organization of Employers. Offering further support, he encouraged the Secretary-General to lead the Board: “We are your ambassadors, but we need you to continue to guide us.”

**Arun Maira** explained that Indian business leaders have realized that with more operational freedom comes more responsibility. He stressed that business cannot do this alone and needs to work with other agencies. “Partnership with other organizations is a key skill that businesses are recognizing,” he said. On the Global Compact, he expressed his hope that this “set of ideas” will stay ahead of practices.

**Habiba Al Marashi** outlined how her organization managed to bring the private sector on board in an overall drive for national sustainability. She stressed that her region is the “young face of the Arab world”, and has many challenges. She views the Global Compact as a unique and independent body that has put made a global mark in a short period of time. She observed that the initiative should “not become associated too much with UN agencies that are seen as bureaucratic”. In closing, she emphasized that the GC’s opportunities outweigh the challenges and expressed her commitment.

**Guillermo Carey** noted that the Global Compact has been very effective on the ground in Chile working with many stakeholders from business, government and native communities. He stressed that progress can be achieved much faster if participants and networks choose to work across borders, exchanging views and experiences. Referring to his efforts in Chile, he reported that in collaboration with the government rules have been established on how to recognize companies that act responsibly.

**Anne Lauvergeon** raised the issue of climate change as a major concern of her company. She emphasized that she sees a big opportunity to act now, as businesses have changed in recent years and business leaders are deeply committed to doing something. Ms. Lauvergeon also stressed the key role of the UN in this process and thanked the GCO for the work it had done to date.

**José Sergio Gabrielli de Azevedo** stressed his company’s commitment to corporate social responsibility, citing its history of engagement with communities affected by Petrobras’ operations. He pledged that Petrobras will continue to communicate on progress, and show what the company is doing. He remarked that one important aspect of the Global Compact is that good practices can be amplified and brought to other companies.

**Mary Robinson** thanked the Global Compact Office for the work done and stressed that it was remarkable how the business community has evolved into recognizing the role business can play in the context of the Global Compact’s ten principles. She also expressed that she was very pleased with the recent establishment of the human rights working group. Referring to the 60<sup>th</sup> anniversary of the Universal Declaration of Human Rights, Mrs. Robinson





stressed the importance of the anniversary for the Organization and also for the Global Compact. She suggested that the Secretary-General highlight the importance of the anniversary in his opening speech at the Global Compact Leaders Summit.

**Ying Chen** remarked that the Secretary-General's leadership and support are of vital importance to Chinese business. She emphasized that it is very important for business to engage in a dialogue with governments. She concluded by asking the Secretary-General for any specific messages to Chinese business.

**Sir Mark Moody-Stuart**, concluding the round of Board comments, noted that the Global Compact is a "remarkably diverse, enthusiastic and powerful organization". He also complimented the team of the Global Compact Office, who are not funded the UN's regular budget, but by a trust fund. Regarding Board governance, Sir Mark explained that the Board will be developing a rotational system of membership and will be approaching the Secretary-General in the future to approve new appointments or reappointments.

### **The Secretary-General Responds**

Following the round of remarks, the **Secretary-General** stressed the role of the Board members as ambassadors of the partnership between business and the UN. "While individually you are working for your own businesses, you have an important Global Compact champion role, with regard to UN and international goals," he said. He concluded by expressing his hope that Board members will join him for the Leaders Summit in Geneva.

## IV. Agenda Item 1: Triennial Leaders Summit

Board members were provided with a thorough update on the Global Compact Leaders Summit. Discussion and suggestions focused on three key aspects of the meeting: logistics, agenda and opportunities for Board engagement.

### Summit Logistics

- A question was raised about the composition of the Leaders Summit in terms of representation from groups that might otherwise have a difficult time attending the meeting in Geneva, including civil society organizations, SMEs and companies from developing countries. An example was provided of businesses in India paying for two additional companies from their sector to attend meetings (**Maira**).
- The issue of the voluntary nature of the summit fee was raised and it was suggested that the fee be mandatory (**Abu-Ghazaleh**). It was also noted that the mandatory fee should be different for different types of organizations (e.g. large companies, SMEs, civil society) (**Grajew**).
- Further, to ensure that participants actually pay the fee, it was suggested that Summit participants should not be allowed to collect a badge without paying (**Robinson**).
- Following the example mentioned by A. Maira, it was suggested that efforts be made to pair small businesses or NGOs with large businesses from the same country or region (**Moody-Stuart**). However, it was noted that if NGOs thought that business was funding their attendance, they would not come to the meeting. Therefore, funding would need to come anonymously through the GC foundation (**Øvlisen**).
- A suggestion was made to have a back-up list of ministers to ensure adequate attendance. Additionally, it was suggested that the GCO consider inviting the top ten leading export credit corporations since they each impact thousands of businesses (**Labelle**).
- Regarding ministers, it was noted that the GC has invited those ministers that have played a championing role and helped the Compact develop in their countries. At the meeting, the overall number of ministers and, particularly, heads of state must be limited for protocol and logistical reasons (**Kell**).
- It was noted that high-level people will only sign-up for the event once they know who else is coming. The GCO was encouraged to announce at least one or two main speakers as soon as possible to entice others to come (**Abu-Ghazaleh, Gabrielli**).
- Because it is desirable to have CEOs present, as opposed to their executive staff, it was recommended that the GCO strongly enforce the rule that CEOs bring only one additional person to the meeting (**Moody-Stuart**).
- An additional idea for drawing participation is to allow CEOs to bring their son or daughter to learn about the role of business in society and how the future can be shaped responsibly. This unique feature would likely attract participants (**Grajew**).

#### Summary of action points with respect to Summit logistics:

- ❖ The Board agreed that measures should be taken to ensure that corporate participants at the Leaders Summit make a contribution to cover the costs. This change will be made on the Summit registration website based on the Board's approval.
- ❖ The Global Compact Office was requested to announce high-level Summit speakers as soon as possible to encourage attendance by CEOs.

## **Summit Agenda**

- To draw CEOs to the meeting, the value of the Summit must be exhibited. One suggestion for doing this is to showcase companies that are making progress, for example by presenting their GRI report. Additionally, the second session on megatrends should be attractive to leaders. The Summit should not only be a discussion forum, but also an opportunity to take action on key challenges, such as climate change, violent conflict in the Middle East and poverty (**Grajew**).
- Another view was that the most attractive elements of agenda are the closing plenary and the declaration (leaders would like to be seen as signatories). The suggestion was to develop a “Geneva Declaration on the Role of Business in Society” (**Abu-Ghazaleh**).
- Including sector-specific views on issues could be important to help companies find some common areas for discussion and action (**Gabrielli**). However, it was noted that some companies would be as interested in other industries as their own industry (**Moody-Stuart**).
- For committed companies, a key motivation for attending the Summit is to know what direction the Global Compact will take. The Summit must exhibit what is actually happening in the initiative and by companies, and force companies to question if they are on the list of those that have fully complied with the requirements. The Summit must show that engagement and reporting are critical. Don’t believe that only hearing other company experiences is enough of a draw for CEOs. Goldman Sachs findings will be critical and, likely, very interesting to people (**Moody-Stuart**).
- Several issues and questions were raised on the proposed declaration. What is the purpose of the declaration (**Al Marashi**)? Also, skepticism was shared about the possibility of creating excitement around the declaration if the content was not new, noteworthy, or capable of carrying forward (**Moody-Stuart**). Similarly, it is a challenge to not simply repeat what has been said before and also to have people ready to commit to a declaration (**Labelle**). Finally, a view was expressed that the declaration must be illustrated by real examples and justified at the Summit in order to be meaningful (**Øvlisen**). It was suggested that the Board meet the day after the Summit to determine how the declaration could be taken forward (**Robinson**).
- Concerns were raised about the appeal of the session on UN-Business partnerships, particularly how concrete the session could be and how interesting it would be for CEOs (**Maira, Labelle**).
- It was recommended that presentations during the Summit must show what can be achieved. Specifically, it would be interesting to learn what Middle East business leaders have achieved or can achieve for society (**Øvlisen**).
- It was suggested that the Summit focus on framing the issues for businesses that are already committed to GC, not business in general. How can they specifically act together with the UN to advance to core Summit topics? For example, there are many opportunities during the year-long celebration of the Universal Declaration on Human Rights 60<sup>th</sup> anniversary. With millions of people still unaware of human rights, what is the ability of GC participants in the IT sector to communicate? The collective ability of GC participants could be powerful, particularly at a time when the UN needs greater strength. This would distinguish the Summit from Davos, if Compact participants decided to take more collective action (**Robinson**).
- A comment was made on the nature of the “Climate Change” session, questioning why the Compact is not looking more broadly at environmental issues, including water and biodiversity (**Al Marashi**).
- It was noted that while it is important to talk about responsibilities and obligations of business, there also must be some incentives for action. The Summit must also address what responsible corporations could expect, for example consideration from tax authorities (**Carey**).

- An offer was made to feed information into the Summit that comes out of the ILO's annual conference which will be held in late June on the topic of sustainable enterprise (**Peñalosa**). Further, it was noted that a report will be produced that takes stock of the international debate on how business can support employment generation and poverty reduction. An offer was made to share the report with the GC and determine how it might be useful to the Summit's parallel session on human rights and labour (**Jose Manuel Salazar Xirinachs, ILO observer**).
- Regarding the Secretary-General's presence at the meeting, two comments were made. It was suggested that an SG announcement on the UN's implementation of the ten principles, particularly in policy for pension funds and procurement, would be a powerful and motivating statement (**Grajew**). Also, it was proposed that the SG have bi-lateral meetings with select partners or companies during the Summit in order to maximize his presence (**Labelle**).
- A question was posed regarding the outcome from the 2004 Leaders Summit, ensuring that any relevant outputs and expectations for the 2004 Summit have been considered in designing this 2007 Summit (**Mtoba**).

#### Summary of action points with respect to Summit agenda:

- ❖ The Global Compact Office was requested to share drafts of the Annual Review and the Summit Declaration as soon as available.
- ❖ An offer was made by the ILO to share material produced in connection with its annual conference on "Sustainable Enterprise" (June 2007).
- ❖ A Board meeting was proposed for 6 July 2007, to discuss carrying forward outcomes from the Summit – specifically the Declaration.

#### **Role for the Board at the Leaders Summit**

Board members were referred to the list of Opportunities for Board Members during the Summit in the Briefing Book. Various suggestions and supportive offers were made by the Board to both encourage peers to attend and help shape the content of the meeting:

- Regarding Board involvement in Session 4 (Day 2), the following decisions were made:
  - Human Rights: **Robinson**
  - Labour: **Peñalosa** (it also important to have CEO involved in session)
  - Climate change: **Gabrielli, Lauvergeon**
  - Anti-Corruption: **Labelle**
  - Responsible Investment: **Johnson** (to be confirmed)
- A request was made for the GCO to develop several sentences, or short bullet points, that could be used by Board members to convince their peers to attend the Summit. It was suggested that those selling points might be: (1) to be on the short list of truly committed companies, (2) to be in a framework and network with very important people, (3) to be part of an event that will take the corporate citizenship agenda a step forward, and (4) to be recognized by the UN (**Lauvergeon**).
- Full support was offered by **Antonio Peñalosa**.
- In the Arab region, **Talal Abu-Ghazaleh** noted that the Secretary-General of the Arab League would be invited and that there were plans to help engage many people. Advertisements will be developed in Arabic and invites will be sent to the most important CEOs. There is a need for an Arabic marketing document about Global Compact and the Summit. **Habiba Al Marashi's** input will be sought in these efforts.

- It was noted that there is an immediate need to place a one-page advertisement in the *Financial Times*, at the cost of \$60,000. Board support of the advertisement was sought. Following the meeting, **Talal Abu-Ghazaleh** agreed to financially support the advertisement.

**Summary of action points with respect to the Board's involvement in the Summit:**

- ❖ Board members agreed to help develop/provide input to Session 4 on Day 2 of the Summit. Suzanne Nora Johnson's interest in the session on Responsible Investment to be confirmed.
- ❖ The Global Compact Office was requested to develop several bullet points for the Board to use to encourage peers to attend the Summit.
- ❖ Tailored invitations and advertisements will be produced by Talal Abu-Ghazaleh in the Arab region to raise awareness and interest in the Summit, including the Secretary-General of the Arab League.
- ❖ A request was made for Board support of an advertisement in the *Financial Times*. Following the Board meeting, Talal Abu-Ghazaleh agreed to financially support the advertisement to run on 20 April 2007.

## V. Agenda Item 2: Integrity Measures

After a short review of the Communications on Progress (COP) status, challenges and recommendations, the Board made several observations about the value of the COP process and how to make it increasingly useful to the GC, participants and external stakeholders.

- Following a question about the use of the term “integrity” to describe the COP process (**Abu-Ghazaleh**), the Board was reminded by G. Kell that the COP is just one element of the Integrity Measures which were previously endorsed by the Board. The Integrity Measures cover: misuse of association with the UN and/or Global Compact; failure to communicate progress; and allegations of systematic or egregious abuses.
- Further, it was pointed out that it would cause major issues to change the word “integrity”. And that while the COP could be stronger, it is an important first step that increases opportunities to create tools and undertake analysis (**Robinson**).
- Also, it was noted that “integrity” referred to the integrity of the Global Compact, not necessarily the companies since the Compact could not, and should not, be the body to analyse the content of the COPs. A link was made to the GRI model which has three modes for reporting – from basic to use of all indicators and external assessment (**Moody-Stuart**).
- It was recommended that there needs to be a better process for external vetting of the COPs. While it is important just to communicate, it is also essential to know what is being communicated. More public awareness must be created in order to drive the development of tools and groups to evaluate the COPs, otherwise there will not be a sufficient level of vetting (**Gabrielli**).
- Several comments focused on the fact that there are many ways to communicate, and the COP is not the only way. It was suggested that the COPs need more detail and credibility before they will be useful for other stakeholders (**Maira**). Additionally, it was noted that several reporting mechanism exist that may be overlapping (GRI, COP, Transparency International) and it is important to see where there are commonalities (**Labelle**).
- Regarding the development and content of COPs, the Board was reminded that indeed the Global Compact encourages companies to use other mechanisms such as GRI or Ethos for the COP, and does not expect additional reporting to be done for the GC that would be duplicative. But in the case where such reporting is not being done by companies, particularly by smaller or lagging companies, there are GC-specific guidelines for development of a COP. It is important not to become a club only comprised of leading reporters (**Kell**).
- Appreciation for the protection of SMEs in the COP approach was voiced (**Peñalosa**).
- Several comments were made on the issue of certification schemes. First, it was suggested that because legitimacy of reporting is vital in terms of reputation, the Global Compact might want to set a goal of independent validation/evaluation instead of relying on the public as a proxy (**Labelle**). Concerns were voiced about this suggestion – also as enunciated in Bullet #5 on page 22 of the Board Briefing Paper which recommends that the GC “explore stronger linkages with implementation, accountability and certification schemes” (**Peñalosa**). Finally, it was stated that the GC is not at a point to mandate certification, nor would it do so as a voluntary initiative. However, external verification is encouraged if companies wish to do so (**Moody-Stuart**).
- It was suggested that an effective method for communicating widely with stakeholders and inviting public opinion would be for all participants to place a link on the homepage of their website to both the GC’s ten principles and the company’s COP (**Grajew**).
- A question was raised about Bullet #3 on page 22 of the Board Briefing Paper which recommends that the GC “develop a COP model that differentiates leaders from beginners and thus distinguishes between different expectation levels with regard to

COPs”. Clarification was sought on whether this recommendation specifically addressed concerns raised about both SMEs and the need to better analyse COP content **(Johnson)**.

- Regarding inactive companies, the Board agreed that they should be delisted from the Global Compact and its website after being inactive for one year or more **(Moody-Stuart)**.
- Additionally, the Board provided support for the additional recommendations on page 22 of the Board Briefing paper intended to further strengthen the COP policy. The recommendations include: provide further support to Local Networks; develop a differentiated COP model; promote the use of COPs by societal actors to advance the social vetting concept; and position the Global Compact as a frame of reference for other initiatives and explore stronger linkages with implementation, accountability and certification schemes **(Kell)**.
- Regarding other aspects of the Integrity Measures, a question was raised about the how the GC is dealing with situations of fraud or abuse, for example in the case of a highly-publicized German company **(Labelle)**. The Board was reminded of the GC’s policy to include all companies willing to make changes and take steps to move forward and improve, which was the case in this specific instance. Additionally, it was noted that the “social vetting” aspect of the GC had placed additional pressure on the company to explain its actions **(Kell)**.
- A request was made to share recent information and statistics on complaints made to the Global Compact Office **(Moody-Stuart)**.

#### Summary of action points with respect to Integrity Measures:

- ❖ Based on the Board’s agreement, inactive companies will be delisted from the Global Compact and its website after more than one year of inactivity.
- ❖ With the support of the Board, the Global Compact Office will pursue the recommendations for strengthening COP development and quality, as found on page 22 of the Board Briefing Paper.
- ❖ The board should be informed from time to time between meetings on the state of the COP process and integrity measures, including a summary of any complaints made against signatories.

## VI. Agenda Item 3: Principles of Responsible Investment and Education

The Board meeting luncheon was hosted by the Deputy Secretary-General. Planned as a working lunch, Board members received updates on the Global Compact's ongoing work with the financial markets and the academic community. *See the Board Briefing Paper for details on these activities.*

### **Principles for Responsible Investment**

Gavin Power, Head of Financial Markets in the Global Compact Office, delivered a brief presentation on the current state of the initiative's financial market projects, including the Principles for Responsible Investment (PRI) launched in 2006. PRI now has 171 signatories from 27 countries, with over USD 8 trillion in assets under management.

In the ensuing discussion, several Board members suggested that additional segments of the financial markets are addressed. **Guillermo Carey** proposed looking more closely at responsible lending practices, while **Suzanne Nora Johnson** recommended placing additional focus on how private equity companies, which are typically immune to market pressures, could be brought into the fold. **Mary Robinson** added that the impact of the financial market initiatives would be limited without the involvement of private equity funds.

**Mary Robinson** then inquired about the reporting provision of the Principles for Responsible Investment and its implementation. According to Gavin Power, a framework is currently being developed by Mercer Consulting, with the vision of creating the world's largest database on public disclosure, converging around the Global Compact's COP requirement.

Responding to broader questions about the practical implementation of PRI, Gavin Power responded that more research and sector-by-sector analysis was needed to mainstream social and environmental issues in investment decision-making and to establish a stronger case for materiality. He also explained that PRI has established an electronic clearinghouse on engagement that is currently being used both by asset owners and managers.

**Sir Mark Moody-Stuart** added that PRI signatories have contributed to the Foundation for the Global Compact in order to support PRI operations.

### **Principles for Responsible Business Education**

Jonas Haertle of the Global Compact Office outlined the ongoing engagement of the academic community, specifically with regard to the planned launch of the Principles for Responsible Business Education (PRBE). A Task Force of approximately 50 key stakeholders, representatives of academic associations, deans of business schools from both the developed and the developing world, and recognized scholars is joining forces with the Global Compact to develop the PRBE as a framework for action in the academic community.

Following the presentation, **Talal Abu-Ghazaleh** offered to be a champion of the initiative's academic work, promising to bring the Arab education sector on board.

**Arun Maira** stressed that if the academic initiative is to achieve impact, the GC should encourage businesses to hire graduates that have received CSR training.



When asked how the PRBE will be implemented and integrated into business school curricula, Jonas Haertle explained that the working draft encourages schools to make reference to the Global Compact principles and to undertake efforts to implement PRBE. **Georg Kell** added that much of the impetus came from students, but that there was resistance at the administrative level. He explained that winning over a large accreditation body, such as the AACSB, was not easy.

**Huguette Labelle** noted that translating principles into school curricula is a significant task and suggested that the Board offer leadership to promote and mobilize implementation.

**ILO Observer Jose Manuel Salazar Xirinachs** signaled the interest of the ILO in supporting this process and developing training models. He offered to host the meeting of the PRBE Task Force in Geneva on 4 July.

GC Senior Advisor Herman Mulder proposed the establishment of an award for university students that develop solutions to global challenges related to the GC principles. This proposal was supported by **Mary Robinson**, who also mentioned that similar proposals had previously been dropped due to legal concerns.

Finally, **Talal Abu-Ghazaleh** suggested establishing a Global Compact youth organizations at schools around the world.

**Summary of action points with respect to Principles for  
Responsible Business Education:**

- ❖ Talal Abu-Ghazaleh offered to be a Board champion of the initiative's academic work, promising to bring the Arab education sector on board.
- ❖ The Global Compact Office will follow-up with Jose Manuel Salazar Xirinachs regarding his offers of support, specifically hosting the PRBE Task Force meeting in Geneva on 4 July.

## VII. Governance: Reappointment of Board Members

Following the luncheon, Board members reconvened in Conference Room 8 to address the appointment process of the Board. Current Board members were appointed in 2006 by former Secretary-General Kofi Annan. The Board Vice Chairmen proposed a system whereby inaugural Board members will serve terms of one to three years, depending on a random drawing of names.

Those serving one year will be asked to step down in 2007, following the Global Compact Leaders Summit, with the option of being reappointed by the Secretary-General. Board members selected to serve two years will be asked to resign in 2008, again with an option to be reappointed, while those selected for three years will be asked to resign in 2009. Ex-officio members Georg Kell (Global Compact Office) and Sir Mark Moody-Stuart (Chairman of the Global Compact Foundation) are subject to their continued service in those positions rather than these reappointment procedures.

Fred Higgs, the General Secretary of the International Federation of Chemical, Energy, Mine and General Workers' Unions, resigned from his position in December 2006. Mr. Higgs' successor, Manfred Warda, has not yet been appointed. Hiroyuki Uemura also resigned in 2006. Likewise, a replacement has not yet been named. All Board appointments are made by the Secretary-General.

Following a random drawing, the following terms were established for current Board members for approval by the Secretary General:

<b>Business</b>	<b>End Year of Current Term</b>	<b>International Labour and Business Organizations</b>	<b>End Year of Current Term</b>
Talal ABU-GHAZALEH	2008	Fred HIGGS (replacement)**	2008
José Sergio Gabrielli de AZEVEDO	2007	Antonio PEÑALOSA	2008
Guillermo CAREY	2009	Guy RYDER	2009
CHEN Ying	2008	Guy SEBBAN	2008
Suzanne Nora JOHNSON	2007		
Anne LAUVERGEON	2009	<b>Civil Society</b>	
Ntombifuthi MTOBA	2008	Habiba AL MARASHI	2007
B MUTHURAMAN	2007	Oded GRAJEW	2008
Mads ØVLISEN	2009	Huguette LABELLE	2009
Hiroyuki UEMURA	*	Mary ROBINSON	2009
<b>Ex-Officio</b>			
Mark MOODY-STUART	***		
Georg KELL	***		

Legend:

- \* Board members resigned from their official functions and will no longer serve on the Global Compact Board.
- \*\* Fred Higgs resigned from ICEM in 2006. His successor, Manfred Warda, has not yet been appointed.
- \*\*\* Ex-Officio members are subject to their continued service in those positions rather than these reappointment procedures.

## VIII. The Global Compact and the ISO Process (continued)

Following the earlier discussion of the Global Compact's relationship with ISO in the context of ISO 26000 (see page 6), several Board members expressed their desire to revisit the issue and develop a clear Board position.

**Mary Robinson** urged that Board members representing international labour organizations should be consulted before any decision is reached. She voiced her concerns that this could be a divisive issue if labour organizations are not included in the process. Addressing Mary Robinson's concerns, **Antonio Peñalosa** stressed that employers and unions speak the same language in their positions.

**Talal Abu-Ghazaleh** explained that the labour position would be considered. He emphasized that he is not representing unions, ILO or business interests, but emphasized his desire to ensure that the draft of the ISO 26000 guidance is consistent with the Global Compact principles. This notion was supported by **Mark Moody-Stuart**.

### Summary of action points with respect to ISO 26000:

- ❖ Referring to section 1.1 of the Memorandum of Understanding between the Global Compact and ISO, Board members agreed by consensus that if ISO 26000 guidance is developed, it should be consistent with and supportive of the Global Compact and its ten principles.

## IX. Agenda Item 4: Global Compact Working Groups

### Climate Change

Following an introduction by the Global Compact Office (Herman Mulder, Senior Advisor to the GC) on the development and planned activities of the Climate Change Working Group, most notably the potential development and distribution of a “Leadership Statement on Climate”, the Board shared various views on and suggestions for the Global Compact’s work in this area.

- One view was that the decision of the working group to focus on reduction of carbon emissions is a dangerous position for the Global Compact to take because it is too narrow and would be divisive. The principles ask companies to take a precautionary stance and diffuse technology, therefore the working group must address the issue more broadly. For example, Petrobras can show that it has been focused on renewables, biofuels, and other projects to minimize carbon in the atmosphere for past 20 years. But, the proposed leadership statement in carbon reduction is too specific and too strong for some companies to sign, particularly because there are North/South issues with equity that are complex (**Gabrielli**).
- As a response to this view, the co-chair of WBCSD shared experiences and difficulties in addressing this issue. The process of WBCSD was first to get companies to recognize existence of climate change and then to recognize the consequences of climate change on business, particularly in terms of CO2 emissions. It was recommended that the GC Board find the best consensus on the issue before the Summit, recognizing that this would take a great amount of effort for some members but pointing out that it was a matter of responsibility for the Board to address the issue together. A call was made to recognize the total situation, looking beyond specific situations (**Lauvergeon**).
- Recognition of the progress made by the working group was noted. And a suggestion was made to link the work with other longer-term thinkers, such as the Club of Madrid, an organization composed mainly of former heads of state or government. The club is focused on the climate change issue post-2012 and have been invited to provide input at the Gleneagles Dialogue on Climate Change which intends to deliver recommendations for reducing greenhouse gas emissions in time for the 2008 G8 Summit in Japan. It would be interesting for the Club of Madrid to link with the Global Compact and its business participants in this dialogue (**Robinson**).
- Adding to earlier remarks questioning the focus of the working group, it was noted that the Global Compact should try to move the climate change agenda forward with its large group of business participants, but not in a way that breaks apart groups that the GC is trying to bring together. The working group must also address issues such as energy conservation and efficiency, as well as geographic asymmetry in global emissions. Compensation from North to South is a critical issue, and while CDM is one method, the GC needs to take a broader view. Climate change is not only a political issue, it is also a moral, ethical and financial concern. The right to growth and development must be considered (**Gabrielli**).
- While sharing concerns about equity and other key issues voiced in the meeting, it was suggested that the GC Board should remove politics from the discussion and talk about how business could engage responsibly to address environmental issues. The Board was reminded that its mission, as a group of experts, was social responsibility and not government policy. A proposal was made for the Board to first agree that it is right to do something, then to take awareness creation steps, develop guidelines, and then business can adopt in time. The Board was urged to consider what it can do within its remit (**Abu-Ghazaleh**).

- Following on earlier comments about the narrow scope of the working group, it was argued that climate change is an issue within a larger set of systemic problems which need to be solved holistically. Climate cannot be separating, it must be solved when linked to human rights and poverty, for example. Otherwise any solutions will not solve the larger problems. The orientation must change. It is not just about conserving energy and reducing emissions, but also protecting the community in other critical ways **(Maira)**.
- Further support was given to the view that it is too political for the Global Compact to choose to address only limited aspects of the issue (e.g. carbon reduction), for example reduction of waste and consumption are also essential. The issue is dynamic and the current choice of the working group may upset many industries and countries. For example, in Brazil, people live off of the forest and wonder what options exist for development and survival if they are told not to do so. Or, if asked to reduce energy consumption of energy in the same way as the North, then what opportunities are there for development and job creation. It was suggested that the GC and the Board first recognize that it is an issue and look at solutions that will help develop societies in sustainable way – solutions which impact to all stakeholders from consumers, unions, business and government **(Grajew)**.
- A question was raised about the decision to focus on “climate change” versus “environmental challenges”, with a suggestion to amend the name **(Mtoba)**.
- A final view was provided that considered the various opinions delivered. It was suggested that while business needs to make specific pledges, the market will not accomplish necessary changes alone and therefore government frameworks are necessary. A call from the Secretary-General to business on this issue could be important. It was argued that all business – north and south – should be looking at energy consumption and emissions and building this into their framework. Regarding the proposed leadership statement, it would be important to begin with a basic statement that measurement of consumption and emissions are important, not necessarily a statement saying that will reduce. An appropriate equity statement must be included in the statement – through CDM, but also through other critical methods. Another important aspect is to get business to work with government to develop frameworks. Business must then fundamentally agree to support the outcome regardless of industry. With aforementioned adjustments, he then would consider signing the proposed statement on climate **(Moody-Stuart)**.
- Concerning the objective of the leadership statement on climate, the Global Compact Office did not expect that all CEOs attending the Summit would sign the statement, perhaps 60 percent of northern businesses and 40 percent of southern businesses. So, it was accepted from the outset that the proposed statement – should it come to fruition – would not be universal, which should not split the Global Compact **(Moody-Stuart)**.

#### **Summary of action points with respect to Climate Change Working Group:**

- ❖ Regarding the proposed leadership statement on climate change, the Board agreed that the issue was highly complex and potentially divisive, particularly along geographic and industry lines. However, desire to find an agreement among the Board that would help the GC take the climate change issue forward was expressed.

## **Human Rights**

An overview was provided by Mary Robinson, chair, following an earlier breakfast meeting of Board members serving on the working group (Mary Robinson, Mads Øvlisen, Antonio Peñalosa, Mark Moody-Stuart).

Regarding the status of the Human Rights Working Group (HRWG), it was officially launched in February with approximately 40 selected organizations from the business community, the UN system, labour and civil society receiving formal invitations and a detailed Terms of Reference from Georg Kell and Mary Robinson. The list of confirmed participants was shared, and it was agreed that efforts should be made to reach out to labour, the South and employer organizations to broaden the Working Group's perspective.

At the Board's breakfast meeting, a draft letter to the HRWG participants was shared, which outlines different ways forward for the HRWG as well as action points for participants. Opportunities for further meetings were also discussed. One idea is to have a breakfast meeting at the Leaders Summit among participant organizations. It is also hoped that the first general meeting for the Working Group can be held in September and that the HRWG can find a useful way to coordinate with Local Network meetings, including the upcoming meeting this October in Monterrey.

Additionally, the Board members of the HRWG discussed potential topics for the session on human rights to be held at the Summit. One suggestion was to develop strategic dilemma situations for the Summit session in the area of supply chain. Another suggestion was to further develop frameworks for corporate action around the 1<sup>st</sup> principle, particularly as the 60<sup>th</sup> anniversary of the UDHR is approaching which provides an excellent opportunity for participants to raise awareness of and support for the UDHR. It was suggested that this UDHR work could be a specific, actionable output of the Leaders Summit.

The group also discussed the potential use of COP reports. Antonio Peñalosa noted that the COPs may be useful to John Ruggie's work on business and human rights.

### **Summary of action points with respect to Human Rights Working Group:**

- ❖ Regarding composition of the HRWG: Mads Øvlisen will work with the Danish Institute, Antonio Peñalosa and Mary Robinson will work to ensure broader labour representation, and additional Southern companies will be sought.
- ❖ Develop strategy for potential role of private sector in UDHR 60<sup>th</sup> anniversary.
- ❖ Breakfast meeting scheduled for 6 July 2007, following Leaders Summit.
- ❖ GCO requested to keep HRWG informed of relevant Local Network and Learning Forum meetings.
- ❖ GCO requested to keep Board apprised of communications from companies regarding the human rights session at the Summit.

Brief overviews were provided by the Global Compact Office on the other Working Groups:

### **Anti-corruption**

The Working Group continues to focus on providing strategic input to the GC's work on anti-corruption. For example, members have contributed to the development of important tools, supported companies in the implementation of anti-corruption policies and identified and facilitated the development of useful case studies. Furthermore, the Working Group works closely with Local Networks, which are in the best position to report on local conditions and tools being developed on the ground. It was decided that the Board's Working Group on anti-corruption would work in conjunction with the broader GC Working Group and provide high level input on its activities.

### **SMEs**

In 2006, a Working Group on SMEs was launched, co-led by the Global Compact Office and UNIDO. The multistakeholder working group is working to develop an operational guide for engagement in the Global Compact by SMEs, as well as an SME engagement report. Several members of the Global Compact Board are engaged in this WG (Guillermo Carey, Huguette Labelle, Ntombifuthi Mtoba), with the aim to simplify the engagement process in order to make the Global Compact more accessible and useful to SMEs.

## X. Final Remarks

Sir Mark Moody-Stuart circulated letters to Georg Kell from Board member Guy Ryder, who was unable to attend the meeting. The letters were intended to clarify Mr. Ryder's comments on the report produced following the inaugural Board meeting in June 2006.

Regarding future meetings of the Board, it was decided to hold a short working lunch on 6 July 2007, in Geneva following the Leader Summit. Many Board members will also travel to the Annual Local Networks Forum in Monterrey, Mexico in October. Finally, the Board agreed to hold its next day-long meeting in November 2007, with a request for the Global Compact Office to begin finding an agreeable date.

The Board requested that the Global Compact Office send more frequent communications on Global Compact-related developments and progress made by working groups. It was agreed that the GCO will send a monthly update to Board members.

Finally, the Board agreed that it would be important to the initiative's development if, during the next session of the General Assembly, UN Member States lend further political legitimacy to the Global Compact as a unique, global public-private partnership.

### **Summary of action points:**

- ❖ The Board agreed to hold two additional meetings in 2007: working lunch on 6 July 2007, in Geneva following Leaders Summit and November 2007 (date and location to be confirmed).
- ❖ The Global Compact Office will send a monthly communication to Board members with an update on developments related to the initiative.
- ❖ The Board agreed that further political legitimacy from the UN Member States (in the form of a resolution by the General Assembly) is important to the development of the Global Compact.

**-- END --**



## Appendix A: Members of the Global Compact Board

<b>Business</b>	
Talal ABU-GHAZALEH	Chairman and CEO, Talal Abu-Ghazaleh Organization, Egypt
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
Suzanne Nora JOHNSON	Vice Chairman, Goldman Sachs Group, USA
Anne LAUVERGEON	Chair of the Executive Board, Areva, France
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
Hiroyuki UEMURA* (resigned)	Former President, Mitsui Sumitomo Insurance Co., Japan
<b>International Labour and Business Organizations</b>	
Fred HIGGS* (resigned)	General Secretary, International Federation of Chemical, Energy, Mine and General Workers' Unions
Antonio PEÑALOSA	Secretary-General, International Organization of Employers
Guy RYDER*	General Secretary, International Trade Union Confederation
Guy SEBBAN*	Secretary-General, International Chamber of Commerce
<b>Civil Society</b>	
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
<b>Ex-Officio</b>	
Mark MOODY-STUART	Chairman, Foundation for the Global Compact
Georg KELL	Executive Director, UN Global Compact Office

Board members marked with an \* asterisk were not able to attend the meeting.

## Appendix B: Secretary-General's Opening Remarks

*Secretary-General Ban Ki-moon*

*Opening Remarks: 2nd Meeting of the UN Global Compact Board*

- I welcome you to the United Nations for this second meeting of the Global Compact Board. I wish to thank you for the good work you have been doing over the past couple of months. I am especially grateful to those of you who have invested precious time to advance the Global Compact all over the world.
- I am very proud that the Global Compact is now the world's largest voluntary corporate citizenship initiative. It is firmly established in over 70 countries, with more than 4,000 participants.
- Your recent guidance on the introduction of the Global Compact's integrity measures, especially on the public disclosure of annual progress, has given the initiative a strong impetus.
- Your guidance has also been crucial to ensure that the new governance structure, combining the strengths of the United Nations with the reach of the private sector, is now firmly established.
- As champions and stewards of the initiative, you have broken new ground and pioneered innovation. Your work is helping all of us to advance our shared mission – peace, human rights and development.
- I am especially encouraged to see that the Global Compact has now started to seriously address the issue of climate change. It is my hope that by the time of the Global Compact Leaders Summit in July, the initiative will make an important contribution and show how business is an important part of the solution to the climate challenge.
- The Leaders Summit represents a unique opportunity for the United Nations, business and other stakeholders to collectively identify practical solutions to key challenges.
- This historic gathering in Geneva will be instrumental in bringing our joint vision for the future cooperation between business, the United Nations, governments, civil society and labour to full scale. It will also provide valuable inputs with respect to the future of the Global Compact. It is my hope that all of you will join me in Geneva and that in the interim you will be helping us in preparing for this important event.
- I strongly believe that the UN must now make greater efforts to engage other stakeholders. We need business to give practical meaning to the values and principles that connect cultures and people everywhere. And, we need business to grow markets and help us tackle global challenges that are a threat to everybody.
- But this is not a one-sided relationship. I also believe that business has much to gain. The Global Compact principles offer a sound ethical foundation for markets everywhere. Using the principles as a framework for action provides legitimacy and delivers greater societal benefits at the same time. And, a proactive engagement on these issues can help individual organizations to reduce risks and enhance opportunities.

- The Global Compact draws its strength from a unique set of characteristics: It is voluntary, yet accountable. It is global, because it is local everywhere. It is aspirational, but it seeks practical solutions. It is universal, but never arbitrary. These are the cornerstones of the Global Compact's success, and they are well worth supporting.
- In your deliberations, you may not always agree on everything. But I encourage you to ensure that the dynamic momentum of the Global Compact is not lost on the slippery slope of the lowest common denominator. I ask you to be true champions of the initiative.
- I believe you share my view that our challenge ahead now is to bring the Global Compact to its full scale. I am committed to do my best. And I count on you to continue to offer stewardship and guidance as we move forward.
- I would like to use this opportunity to announce the appointment of Sir Mark Moody-Stuart and Mr. Talal Abu-Ghazaleh as Vice Chairmen of the Global Compact Board. During my absence, they will be tasked with conducting the business of the Board. I kindly ask you to lend them all your support, and I am keen to hear back from you in due time about the progress you are making.
- Before I leave, I would like to invite all of you to share your perspectives on the current state of the initiative and on its future direction. Thank you very much.