



United Nations Global Compact

Meeting of the Global Compact Board

United Nations Headquarters

New York

21 June 2011

Prepared by the Global Compact Office

Executive Summary

The Global Compact Board met at United Nations Headquarters in New York on 21 June 2011. UN Secretary-General Ban Ki-moon, chairman of the Board, reaffirmed two goals for the Global Compact – to increase the number of participants to 20,000 by 2020 and to deepen the quality of their engagement. He stressed the important role of the private sector and corporate sustainability at the UN Conference on Sustainable Development – Rio+20 in 2012.

The meeting was chaired by Sir Mark Moody-Stuart, Vice-Chair of the Board and Chair of the Foundation for the Global Compact on behalf of the Secretary-General. Discussion focused on strategies for taking the initiative to scale, integrity measures and the role of subsidiary engagement.

Following the meeting, Board members joined Government representatives at lunch to discuss the contribution of business to UN priorities and events, notably at Rio+20. The Secretary-General called for a Private Sector Track at the conference and Government representatives subsequently conveyed their support. (See Appendix 2 for summary of discussion)

Outcomes and recommendations emerging from the Board meeting include:

- The Secretary-General called for a Private Sector Track at Rio+20 to bring the voice of business to the conference and invited the Global Compact to provide inputs towards the draft of the Rio+20 outcome document.
- The Board recognized Rio+20 as a critical opportunity to advance corporate sustainability. Board members also expressed support for the Global Compact's role in the Private Sector Track at the conference.
- The Board endorsed the Note on "Going to Scale" and proposals to reach 20,000 participants by 2020.
- Board members committed to reach out to new participants and support Local Networks in their efforts at the country level.
- Several members recommended that the GCO review engagement within the UN system as a means to achieve scale, particularly through procurement.
- Board members suggested that the GCO consider more creative ways to reward advanced performers with logo usage.
- Several members suggested that targeted outreach be undertaken for SMEs and that a graduated process for participation by SMEs be considered.
- Board members noted the "Progress Report on Integrity Measures", and emphasized the importance of expelling companies that do not engage in dialogue facilitation.
- Board members agreed to comment on a revised draft of the subsidiary policy to be circulated.
- The length of time that companies can remain in the Learner Platform may need to be revisited.
- The Chair of the Board of the Principles for Responsible Investment initiative will sit on the Board as an ex-officio member.
- The Board expressed appreciation to the GCO staff for their work. It acknowledged Global Compact LEAD and welcomed the launch of the *UN Global Compact Annual Review 2010*.
- The Board agreed that a longer meeting is necessary to ensure adequate time to discuss issues in depth and requested an issue briefing note in advance of Board meetings.

The next Board meeting will be held in November 2011.

Opening of the Meeting

The Board Meeting was opened by the Vice Chairman, **Sir Mark Moody-Stuart**, who welcomed new Board members **Jean-Guy Carrier, Monica De Greiff, Fu Chengyu, Björn Hägglund, Philip Jennings, Li Decheng, Julia Marton-Lefevre** and **Pierre Sane**. He also welcomed Principles for Responsible Investment (PRI) Chairman **Wolfgang Engshuber**, suggesting that the PRI chair sit on the Board as an ex-officio member.

Eric Deudal was introduced as a representative of the Government Donor Group from France. On behalf of the group, Mr. Deudal expressed his appreciation for the opportunity to attend the meeting and reaffirmed support for the Global Compact's mission. He also announced that France will host the next Donor Group meeting in Paris later this year.

Agenda Item 1: Global Compact Office Report to the Board

Georg Kell updated the Board on the latest developments and priorities of the Global Compact Office (GCO). He reiterated the commitment to advance the quality of Global Compact participation and to grow the initiative – with a goal of 20,000 participants by 2020 set by the Secretary-General. The GCO will utilize many avenues to advance these two goals: *Blueprint for Corporate Sustainability Leadership*; Global Compact LEAD; Global Compact issue working groups and platforms; Local Networks; investors and academia. Mr. Kell also pointed to the findings from the *2010 UN Global Compact Annual Review* which takes stock of where participants stand in terms of implementing the Global Compact principles.

GCO staff members summarized recent activities and planned work related to: Global Compact LEAD, Local Networks, Human Rights, Labour, Environment, Anti-Corruption, Business and Peace, and UN-Business Partnerships.

Mr. Kell thanked **Pierre Sane** and **Sir Mark Moody-Stuart** for assuming leadership of the Human Rights Working Group. He noted that Board members **Chad Holliday** and **Habiba Al Marashi** are active on the environment issue and encouraged additional Board members to become involved. The important role that organizations of Board members – Ethos Institute, the ICC and Transparency International – are playing in the Anti-Corruption work stream was mentioned. As well, **Antonio Peñalosa** was thanked for his involvement in the Labour Working Group meeting in Copenhagen.

Juan de la Mota welcomed the opportunities for companies to interact with each other and the GCO noting that Global Compact Week in Copenhagen was very successful in that regard. In particular, Local Networks must become aware of opportunities for collaboration.

Ntombifuthi Mtoba inquired about the Global Compact's involvement at the upcoming UN Conference on Climate Change (COP 17) in Durban, South Africa. The GCO responded that it is supporting a business event, the World Climate Summit with UNEP and other partners, and plans to bring the results of the Summit to the COP 17 negotiations.

Julia Marton-Lefevre raised the issue of biodiversity. The GCO responded that the environmental stewardship strategy currently does not have a significant focus on biodiversity or desertification, but that the GCO hopes to increase collaboration with the International Union for Conservation of Nature (IUCN) to develop these issues.

Recognizing the significant work of the GCO staff, several Board members, including **Antonio Peñalosa, Jamshed Irani** and **Julia Marton-Lefevre**, expressed that the time constraint led to briefings that were too short. It was proposed that issue managers submit a note to the Board in advance to allow more time for Board member discussion of the work streams. Mr. Irani proposed that Board Meetings take place over a full day or even two so that Board members can explore issues in depth including his interest in the Anti-Corruption Working Group. Ms. Marton-Lefevre proposed giving Board members time after the meetings to convene with their working groups.

Sir Mark Moody-Stuart reiterated that Board members are asked to be involved with the working groups in addition to their commitment to attend Board meetings. He proposed that the Board dinner on the night preceding the meeting begin an hour or two earlier in order to allocate time to discuss specific issues.

Oded Grajew and **Habiba Al Marashi** both inquired about the Global Compact Cities Programme and noted its particular importance for Rio+20. The GCO responded that the Cities Programme is a small initiative of 13 innovating cities as well as an additional 50 to 60 cities that support the Global Compact. The cities commit to a five-year project to tackle a special issue that they have been unable to solve previously by bringing government, business and civil society together. The GCO recognized the initiative's potential for Rio+20.

Oded Grajew raised the issue of implementing the Global Compact principles within the UN system, noting that if all companies that supply goods or services to the UN engage in the Global Compact, it would contribute greatly to reaching the target in terms of scale. The GCO responded that the Global Compact has made progress working with UN procurement, and to a lesser extent with the pension fund. The UN Ethics Director is planning to launch several initiatives that the Global Compact hopes to feed into.

Philip Jennings inquired about the Global Compact's activities in the wake of the Arab uprising. From his own experience working with labour, he has seen a need to rebuild both unions and collective bargaining. **Sir Mark Moody-Stuart** replied that the Global Compact is utilizing the Local Networks and its UN connection to interact with civil society organizations and business in the Middle East. For example, there are strong Global Compact networks in Syria and Egypt, though they face complex challenges. The Global Compact is looking to form a network in Iran. It is particularly important for the Global Compact to have networks in countries under stress and Board members are encouraged to be actively involved in Local Networks.

Björn Hägglund asked how the GCO can feel prepared to address such a wide variety of complex issues. **Georg Kell** and **Sir Mark Moody-Stuart** responded that the Global Compact is not an issue expert but is a convener that provides a framework and platform for experts to share knowledge and develop needed guidance to advance corporate practices on key issues.

Habiba Al Marashi emphasized the use of webinars as a tool for staying informed on Global Compact issues and platforms, suggesting that the GCO offer online sessions on more issues.

Outcomes and Recommendations: Global Compact Office Report to the Board

The Head of the Principles for Responsible Investment initiative will sit on the Board as an ex-officio member.

The Board agreed that a longer meeting is necessary to ensure adequate time to discuss the issue areas in depth and requested an issue briefing note in advance of Board meetings.

The Board expressed appreciation to the GCO staff for their work. Board members acknowledged Global Compact LEAD and welcomed the launch of the *UN Global Compact Annual Review 2010*.

Agenda Item 2: Welcome by the Secretary-General & Tour de Table

UN Secretary-General Ban Ki-moon joined the meeting, welcoming new Board members to the United Nations and thanking them for their commitment to the initiative. He expressed his regret for not being able to participate for the full duration of the meeting due to a special General Assembly meeting linked to his reappointment as Secretary-General.

In his remarks, the Secretary-General reaffirmed two objectives: increasing the number of participants and deepening the quality of their engagement. He highlighted the goal of reaching 20,000 participants by 2020, asserting that critical mass will be essential to mainstreaming sustainability in business strategies, and stressed that more companies must join the initiative if sufficient impacts are to be made. He challenged companies to move beyond the beginner and intermediate levels, address difficult issues such as energy, food and water, and work towards the criteria outlined in the *Blueprint for Corporate Sustainability Leadership*.

He called upon Board members to ensure that corporate sustainability has a profile at Rio+20 in 2012, where the Global Compact will mobilize a coordinated effort to bring the voice of business to the conference and provide viable solutions toward a green economy. He referenced the important role that a Private Sector Track could play at Rio+20. (See Appendix 3 for the Secretary-General's full remarks)

Following the Secretary-General's remarks, new Board members were invited to discuss engagement in the initiative.

Fu Chengyu expressed his commitment to the Global Compact and highlighted the importance of strong networks between Governments and businesses globally. He agreed to call on other business leaders in China to join the initiative and to build a strong Local Networks, as a contribution to reaching the goals of 20,000 participants. He indicated areas where his company is focusing efforts to shift toward a greener economy, including energy efficiency, clean and renewable energy and innovative technologies.

Pierre Sane presented a letter to the Secretary-General from Doshisha University in Kyoto, where he is a visiting professor. As a new co-chair of the Human Rights Working Group, he noted that the group has circulated new Terms of Reference for membership and other objectives. He affirmed his commitment to Rio+20, viewing it as an opportunity to integrate human rights into business strategies and operations.

Julia Marton-Lefevre indicated her desire to incorporate nature into the discussion at the United Nations. As Director General of the International Union for Conservation of Nature, she welcomed the integration of biodiversity into the Global Compact and pledged to help advance all of its principles.

Jean-Guy Carrier remarked that the International Chamber of Commerce has a long-standing partnership with the United Nations, most recently with the Global Compact during the Private Sector Track at the UN Conference on the Least Developed Countries. He informed the Secretary-General that the ICC is also engaged in the Rio+20 process, and that his organization will work closely with the Global Compact to achieve the goal of 20,000 participants by mobilizing its vast network of chambers and members.

Monica De Grief emphasized the role of strategic philanthropy by the private sector. She expressed her commitment to work towards the Secretary-General's goals of reaching 20,000 participants and enhancing the quality of their engagement.

Li Decheng presented a letter summarizing the work of CEC supporting the Global Compact and advancing corporate sustainability in China.

Björn Hägglund informed the Secretary-General of his interests in the realm of the green economy given his expertise in the forestry and paper business. He remarked that the systems and services put toward

replenishing the earth's resources must come from companies. He emphasized the need to make sustainability attractive for companies in the effort to increase participation in the Global Compact.

Philip Jennings highlighted his involvement with the Global Compact at the time of its launch in 2000 and expressed appreciation for his appointment to the Board. He shared a Korean saying – “after losing a cow you fix the barn” – to depict the need to address global paradigms that are challenging working people with complex issues following the financial crisis. Jennings will work to improve labour participation in the initiative over the next three years.

Wolfgang Engshuber discussed ways to better integrate PRI into the Global Compact, for example by linking investors with corporations through complementary work streams on gender diversity, anti-corruption, water sustainability, and high risk areas. He noted the strong state of the PRI, with a 95 percent retention rate following initiation of mandatory fees. The Global Compact was invited to attend the next PRI Annual Meeting in Paris to share expertise.

Huguette Labelle highlighted the importance of the Global Compact in setting the gold standard globally for corporate sustainability and the high relevance of the ten principles in connection to recent world events. She noted the need to create incentives for companies to become further engaged, and indicated that Local Networks and LEAD companies can serve as mentors to attract more companies.

Oded Grajew requested that the Secretary-General outline his expectations for the Rio+20 conference in 2012. The **Secretary-General** shared that the conference will be among the most important meetings for the UN, as little progress has been made for achieving sustainability since the original Rio summit in 1992. He asked business leaders to address issues such as water, food, climate, agricultural productivity, health and energy comprehensively, as they are all interconnected. He also urged the private sector to be ambitious in its goals for Rio, to work sector by sector, and to begin immediately finding solutions in anticipation of the conference. Finally, he invited the Global Compact to provide written input towards the draft of the Rio+20 outcome document.

Sir Mark Moody-Stuart concluded by presenting a sealed envelope with a letter of congratulations to the Secretary-General in anticipation of his reappointment.

Outcomes and Recommendations: Welcome by the Secretary General and Tour de Table for Board Members

The Secretary-General called for a Private Sector Track at Rio+20 to bring the voice of business to the conference.

The Secretary-General invited the Global Compact to provide input towards the draft of the Rio+20 outcome document.

The Board offered congratulations to the Secretary-General for his re-appointment.

Agenda Item 3: Taking the Global Compact to Scale

At the Global Compact Leaders Summit in June 2010, participants called for the Global Compact to increase the scale of the initiative and at the same time strengthening the quality of engagement. Based on a background note provided to the Board, discussion ensued on strategies and suggestions for achieving these goals.

Huguette Labelle supported the recommendations in the strategy note and provided several suggestions: reviewing branding opportunities; preparing a handbook/tool for champion companies to provide to supply chains and subsidiaries in order to encourage participation from within; developing personal and regular communication ties between senior Global Compact leadership and CEOs to keep them engaged; and to examine the one-year grace period as a reasonable request for COP submission.

Supply Chain & Procurement

Oded Grajew raised the opportunity of implementing the Global Compact principles across the UN system, as thousands of companies already work with the UN in various ways. He suggested the creation of a working group within the UN administration to set a new policy of performance, particularly on the topics of procurement and investing.

Antonio Peñalosa noted that the voluntary nature of the Global Compact could make it difficult to require companies working with the UN to join the Compact.

Monica De Grieff proposed a compromise regarding UN procurement, recommending that by 2015 companies could commit to purchasing a percentage (e.g., 50 percent) of goods from Global Compact participants without a mandated obligation.

Utilizing Local Networks & Existing Initiatives

Julia Marton-Lafevre noted the ambitious goal of reaching 20,000 participants by 2020, particularly when scores of companies are delisted each month. She urged fellow Board members to assist the Secretary-General by integrating the Global Compact principles into other movements taking place within society and expressed her personal commitment toward the effort.

Juan de la Mota suggested that the Global Compact be more ambitious by capitalizing on the work of Local Networks. He also noted, however, that the number of expulsions – expected to reach 3,000 by the end of 2011 – could seriously hamper the Global Compact's efforts. Targeted outreach should be delivered to delisted companies to assess why they were unable to maintain their commitment, and to provide necessary tools and resources for possible re-entry into the initiative.

Habiba Al Marashi highlighted the need to build the capacity of Local Networks, particularly by utilizing LEAD companies as ambassadors to recruit others.

Toshio Arima remarked that Local Networks, working groups and initiatives are the best ways to promote the Global Compact. He provided a warning based on the Japan Network, in which some companies have opted to participate in the Global Compact over the network, which may prevent organic growth through networks.

Ntombifuthi Mtoba endorsed the recommendations in the strategy note and reaffirmed the role that Local Networks must play in recruitment and assisting companies with completing their COPs. She stated that a value proposition of joining the Global Compact is not necessary in all regions. She provided the example of South Africa in which new companies are expected to establish an ethics committee to evaluate how the ten principles are addressed and cited that similar committees and other requirements could easily be adapted across the continent.

Chey Tae-won suggested that the Global Compact synchronize efforts to other initiatives, for example the G20 and the OECD. During the previous G20 meeting, he noted that companies not only highlighted their own initiatives, but also spoke with one voice on behalf of the private sector. **Sir Mark Moody-Stuart** endorsed the proposal and suggested creating short-term Board working groups toward a special event, such as Rio+20, which would align agendas and different organisations under one framework.

Huguette Labelle raised the possibility of working with Chambers of Commerce as a multiplier group, by linking Chambers with Local Networks or seeking their assistance in developing networks alongside the ICC.

Jean-Guy Carrier offered the ICC's assistance to mobilize SMEs through the Local Networks.

Business Participation: Incentives & Differentiated Requirements

Björn Hägglund recommended further developing the business case for involvement in the Global Compact. He advised utilizing marketing tools to showcase Global Compact participants to consumers, and to highlight participants that provide lower investor risk based on stock values and other criteria. He also recommended targeting a younger talent pool that values work at responsible companies.

Philip Jennings expressed the need to explain the benefits of participation and its added value, similar to how unions maintain their member bases. He remarked that the Global Compact should better understand why companies leave and assess whether the bar for entry is high enough. Further, he recommended that each organization represented by the Board survey their own members to better understand why they are or are not Global Compact participants.

Habiba Al Marashi endorsed an extension of the COP submission grace period beyond one year, especially in regions where companies have difficulty reporting. She recommended developing different requirements regionally versus initiative-wide.

Jean-Guy Carrier suggested that the Global Compact differentiate participation by large and small companies, and recommended implementing a graduated process toward inclusion in the initiative, from "apprenticeship" to full participation. He also raised branding opportunities as a way to identify Global Compact companies. **Georg Kell** announced that the Global Compact is undergoing a branding review and noted that there may be capacity for approving additional logos.

Wolfgang Engshuber expressed the need to clearly communicate the value proposition for joining the Global Compact and engaging others, which may differ according to sector and region. Marketing and networking materials may assist in this effort, so that all entities are speaking cohesively.

Outcomes and Recommendations: Taking the Global Compact to Scale

The Board endorsed the Note on "Going to Scale" and proposals to reach 20,000 participants by 2020.

Board members committed to reach out to new participants and support Local Networks in their efforts at the country level.

Several members recommended that GCO review engagement within the UN system as a means to achieve scale, particularly through procurement.

The Board agreed that additional branding guidelines and logo usage should be considered as an incentive for companies.

Several Board members suggested that targeted outreach be undertaken for SMEs and that a graduated process for participation by SMEs be considered.

Agenda Item 4: Review of Integrity Measures

The Global Compact Integrity Measures – comprised of the Communications on Progress policy, logo policy and dialogue facilitation process – were reviewed, the current status of these measures were discussed. Special attention was given to how matters are raised and handled through the dialogue facilitation process. As well the Differentiation Programme for progress and disclosure was reviewed. Board members were provided with a background document prior to the meeting.

Communication on Progress and Logo Policy

Jamshed Irani argued that the best way to encourage companies to join and remain committed to the Global Compact is to make the business case. He also noted that companies are evaluating how their participation in the Global Compact affects performance compared to competitors. Because it can take three to five years for a company to realize the impact, the one-year duration of the Learner Platform may be too short. While self-assessment is the correct way for the Global Compact to proceed, the GCO must provide companies with the tools, examples and guidance to implement the principles as well as the branding and recognition that will attract companies to join and continue their work with the initiative.

Sir Mark Moody-Stuart agreed that while companies may need a longer trajectory to reach minimum COP standards, it is important for companies to start making an effort from the beginning instead of waiting until the end of the grace period. He proposed building more time into the Learning Platform so that participants can have up to three years from when they commit to produce a COP meeting the GC Active standards.

Huguette Labelle recognized the tremendous work of the GCO staff on integrity measures. With regard to reporting, she highlighted that she and **Ntombifuthi Mtoba** are involved with the International Integrated Reporting Committee (IIRC), which seeks to make reporting more comprehensive by incorporating aspects beyond finance. She suggested that in the future, the Big Four accounting firms could independently audit companies using the Global Compact principles as criteria. She also proposed that the Global Compact create “CSR networks” to connect and facilitate knowledge sharing amongst Local Networks and LEAD companies.

The GCO highlighted the connection between **Huguette Labelle’s** comments and the work of the LEAD task force on reporting and welcomed the idea of collaboration with auditing firms and the IIRC.

Echoing **Jamshed Irani’s** sentiments on branding, **Huguette Labelle** also asked whether GC Advanced companies get the same public recognition as the learners, noting that differentiating the branding would give companies an incentive to improve. **Georg Kell** said the GCO will consider developing a special logo for advanced performers.

Habiba Al Marashi proposed establishing a network of Global Compact-certified companies that could audit fellow companies.

Georg Kell took the opportunity to reiterate that the Global Compact is a voluntary initiative and Governments have not given the initiative the authority to judge or certify companies from sovereign states. It is also important to note that the Global Compact uses a UN logo and thus cannot become commercial or be nationally focused. However, Local Networks are empowered to take country-specific actions.

Sir Mark Moody-Stuart agreed that if companies were to have COPs externally certified, that would be welcomed. However, it is important to note that no company will ever be certified by the Global Compact or Local Networks but rather by an outside organization using the Global Reporting Initiative (GRI) standards. The Global Compact also has an alliance with GRI, which has mechanisms for assisting in certifying organizations as they evaluate businesses.

Dialogue Facilitation

Manfred Warda raised a collective bargaining violation claim listed in the Special Supplement as a weakness in the dialogue facilitation process. Organizations, such as the union he leads, often receive information about labour violations and most can be resolved before making use of ILO, Global Compact or other international mechanisms. For them to take a complaint to the Global Compact, it must be especially egregious. In this case, the AFL-CIO sent a letter to the Global Compact on behalf of a union of food workers. **Manfred Warda** stated that in this case the Global Compact process of asking the company to send a response to the complaint is not enough.

Georg Kell explained that the Labour Working Group can look into the matter, however the ILO is caretaker of all labour issues within the UN. He asked **Antonio Peñalosa** whether the matter had been brought to the Labour Working Group. **Antonio Peñalosa** responded that it had received a copy of the letter but had not taken any action. He committed to look into the matter further.

Sir Mark Moody-Stuart observed that companies that do not engage in dialogue will be expelled. He noted that the objective is to have a report on all complaints so that the Board is informed and Board members have the opportunity to take action if they choose.

Philip Jennings welcomed the “Progress Report on Integrity Measures” but raised the question of when information given by companies is not accurate. He welcomed the Special Supplement and called for the Global Compact to continue keeping such records and sharing them with the Board. He and other Board members like **Manfred Warda** often do not get involved in these types of issues until a later stage, so dialogue facilitation at an earlier point is very helpful and should be strengthened. He committed to take a message back to his constituents that the Global Compact is taking the disclosure process very seriously.

Sir Mark Moody-Stuart reiterated that the Global Compact declines to facilitate cases with non-participants.

Subsidiary Engagement

The GCO presented the subsidiary engagement policy which is flexible and acknowledges the diverse structures of corporations. The GCO presented three suggestions to improve integrity around the participation of subsidiaries for Board consideration: (1) Make it more explicit that the Global Compact commitment applies throughout the organization and that subsidiaries are encouraged to be involved in working groups and Local Networks; (2) Require parent company COPs to include explicit references to each subsidiary’s activities and a statement of support by each subsidiary’s chief executive; and (3) Allow a subsidiary to be listed as “active” to indicate participation in working groups or Local Networks though their activities would still be reflected in the parent company COP.

Björn Hägglund supported the proposed policies with a word of caution. While it is in the interest of the Global Compact to enroll subsidiaries, the Global Compact must remember that parent companies have the final say over subsidiary action. Particularly in cases of mergers or takeovers, it is important to ensure that subsidiaries have the necessary approval from the parent company to join the Global Compact.

Habiba Al Marashi noted that there are many situations in which subsidiaries defer to the parent company, and suggested coming up with a strategy to encourage parent companies to ensure their subsidiaries engage with the Global Compact.

Sir Mark Moody-Stuart agreed that this is an area of ongoing confusion. Many companies choose for the parent company to be the signatory, and produce a global sustainability report. In some of these cases, the local subsidiaries also produce their own regional reports but are not Global Compact participants. There are also companies with multiple brand identities that prefer to sign on to the Global Compact as separate participants. He proposed strengthening the policy for companies that sign on as a parent company to ensure that they either cover subsidiaries in the main report with breakdown per subsidiary or that major subsidiaries produce their own report.

Ntombifuthi Mtoba suggested that recording local subsidiaries as “active” will drive their participation and also create incentives for parent companies to encourage subsidiary participation.

Huguette Labelle asked whether the Global Compact should expect subsidiary participants to be more transparent about their equity holders, particularly in light of money laundering concerns.

Georg Kell responded that there is a check of companies when they join the Global Compact, including a criminal background check. Companies are also vetted by the Local Networks although this is dependent on their capacity to do so.

Sir Mark Moody-Stuart concluded that a clear statement of subsidiary policy should be sent to participants. He will work on a draft to circulate and the Board agreed to comment on it.

Outcomes and Recommendations: Review of Integrity Measures and Subsidiary Engagement

Board members noted the “Progress Report on Integrity Measures” and emphasized the importance of expelling companies that do not engage in dialogue facilitation.

Board members agreed to comment on a revised draft of the subsidiary policy to be circulated.

Board members suggested that the GCO consider more creative ways to reward advanced performers with logo usage.

The length of time that companies can remain in the Learner Platform may need to be revisited.

Agenda Item 5: Report from the Foundation for the Global Compact

Sir Mark Moody-Stuart briefly reported on the activities of the Foundation for the Global Compact noting particularly that contributions in the first half of 2011 are on target. However, less than 20 percent of companies have donated. He noted that the Board had discussed and rejected mandatory contributions in the past for fear it would detract from the voluntary nature of the initiative, but he suggested that the topic may need to be revisited in the future.

Other Business and Closing

Noting the request for more time at the Board meeting, **Sir Mark Moody-Stuart** proposed that the next Board meeting begin at 16:00 or 17:00 to include an hour and a half of presentation time before dinner. He looks forward to hearing the Board members’ feedback on the suggestion. He also encouraged new Board members to decide which working groups they would like to join.

The next Board meeting will be held in November 2011, with an exact date to be determined based on the Secretary-General’s availability.

Appendix 1: Members of the Global Compact Board

Business

Toshio ARIMA	Director and Executive Advisor to the Board, Fuji Xerox, Japan
CHEY Tae-Won	President & Chairman, SK Group, Republic of Korea
Fernando CHICO PARDO*	President of Grupo Aeroportuario del Sureste (ASUR), Mexico
Monica DE GREIFF	Chief Executive Officer, Grupo Energia de Bogota, Colombia
FU Chengyu	Chairman of Board, China Petrochemical Corporation
Juan DE LA MOTA	President, Global Compact Spanish Network
José Sergio GABRIELLI DE AZEVEDO*	President and CEO, Petrobras, Brazil
Björn HÄGGLUND	Member of the Board, Alfa Laval AB, Sweden
Chad HOLLIDAY*	Chairman of the Board, DuPont, US
Jamshed IRANI	Director of the Board, Tata Steel, India
Anne LAUVERGEON*	Chair of the Executive Board, Areva, France
LI Decheng	Standing Vice President and Director General, China Enterprise Confederation/China Enterprise Directors Association
Ntombifuthi MTOBA	Chair of the Board, Deloitte, South Africa

International Labour and Business Organizations

Jean-Guy CARRIER	Acting Secretary General, International Chamber of Commerce
Philip JENNINGS	General Secretary, UNI Global Union
Antonio PEÑALOSA	Secretary-General, International Organisation of Employers
Manfred WARDA	General Secretary, International Federation of Chemical, Energy, Mine and General Workers' Unions

Civil Society

Habiba AL MARASHI	Chair, Emirates Environmental Group
Oded GRAJEV	Chair, Instituto Ethos de Empresas e Responsabilidade Social
Julia MARTON-LEFEVRE	Director-General, International Union for Conservation of Nature (IUCN)
Huguette LABELLE	Chair, Transparency International
Pierre SANE	President, Imagine Africa International

Ex-Officio

Wolfgang ENGSUBER	Chairman, Principles for Responsible Investment
Sir Mark MOODY-STUART	Chairman, Foundation for the Global Compact
Georg KELL	Executive Director, UN Global Compact Office

Substitute Board Members

Jose CARLOS VIDAL	Representative from Petrobras for Mr. GABRIELLI DE AZEVEDO
Jean-Pol PONCELET	Representative from Areva for Ms. LAUVERGEON

* Not present at 21 June 2011 Board meeting

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

Sir Mark Moody-Stuart, Vice Chair of the Global Compact Board, opened the luncheon meeting by welcoming the new Board members. He shared highlights from the Board's morning discussion and highlighted two major events held in May 2011: the Private Sector Track during the 4th UN Conference on the Least Developed Countries (LDCs) in Istanbul and Global Compact Week in Copenhagen. Noting the attendance of Principles for Responsible Investment (PRI) Chairman Wolfgang Engshuber at the Board Meeting, Sir Mark emphasized the commitment to use the power of investors to encourage corporate sustainability. He then reviewed other discussions from the Board meeting including the Global Compact's goal of going to scale and updates on integrity measures.

Monica de Greiff, Chief Executive Officer of Grupo Energia de Bogota, expressed enthusiasm to join the Global Compact Board on behalf of the new members. Conveying support for the Global Compact's goal of reaching 20,000 participants by 2020, she noted the importance of quality. She called upon Ambassadors to assist the Global Compact in achieving its objectives.

Kim Won-soo, Deputy Chef de Cabinet, delivered the remarks of **UN Secretary-General Ban Ki-moon**. He reiterated the Secretary-General's personal commitment to the initiative though he was unable to attend. The Secretary-General's remarks congratulated the Global Compact on a successful Private Sector Track in Istanbul – the first time that business was formally integrated into the program of a major UN conference. The Private Sector Track in Istanbul had significant results and was able to catalyze new partnerships, trigger business-to-business transactions and scale up collaboration. The Secretary-General called on the Global Compact to “carry this spirit of public-private collaboration forward” to a Private Sector Track in Rio and called for Governments to support a role for business at the conference.

H.E. Mr. Ertuğrul Apakan, Permanent Representative of Turkey to the United Nations, highlighted the value of the Private Sector Track at the LDC Conference in Istanbul. He thanked the Global Compact for its efforts and noted how the three elements of the Istanbul model – the Global Business Partnership Forum, the High-Level Meeting on Investment and Partnerships, and the Trade Fair – actively engaged the private sector and proved to be one of the most dynamic elements of the conference. Both conference outcome documents reference the important role of the private sector and the Ambassador expressed the need for follow up. Compared to the previous LDC conference in Brussels, the role of private sector was pivotal and highly beneficial in Istanbul – moving beyond aid for trade, to enhancing aid for increasing investment and productive capacity. As a result, he feels the private sector should play a more active role in future UN conferences.

H.E. Mr. Eduardo Ulibarri, Permanent Representative of Costa Rica to the United Nations, representing a small country relying on foreign investment and international trade to develop, asked specifically if there was a plan for the Global Compact to lead a Private Sector Track at Rio.

Georg Kell, Executive Director of the UN Global Compact Office, responded that the Global Compact and partners – the International Chamber of Commerce (ICC) and World Business Council for Sustainable Development (WBCSD) – have an alliance for Rio. The Global Compact seeks assurance from Governments that private sector solutions and contributions are welcome at Rio and requests input from Governments on which issue areas should be addressed. Acknowledging the support of the Turkish Government, he reiterated three elements of the Istanbul Model: the Global Business Partnership Forum, High-Level Meeting and Trade Fair.

Laurence Gumbiner, Deputy Assistant Secretary of State, U.S. State Department, expressed interest in engaging with the Global Compact as the U.S. outlines a policy for the Rio conference. He shared that the U.S. welcomes the Istanbul model and “aggressively and enthusiastically embraces a strong private sector role in Rio”. He also emphasized the integration of economic, social and environmental elements; dialogue between business and Government; and good governance, transparency and anti-corruption as key themes for Rio.

Maria Teresa Pessoa, Counsellor, Permanent Mission of Brazil to the United Nations, indicated that Brazil welcomes the private sector and the Global Compact in facilitating the Rio+20 process. Because sustainability cannot be implemented without the private sector, public-private and private-private partnerships are essential. Representatives from Brazil observed the Private Sector Track in Istanbul and feel the model is in demand.

H.E. Mr. Philip Parham, Deputy Permanent Representative of the United Kingdom to the United Nations, expressed support for the Private Sector Track and underlined on behalf of the UK the critical importance of forming partnerships with the private sector at Rio+20. As the UK is still formulating policy, this is a timely moment for the private sector to provide its input to the Government preparations. The UK stated its hope that the Global Compact will have a role in channeling public-private discussion in advance of Rio as well as through a Private Sector Track at the conference.

Brice Lalonde, Executive Coordinator for Rio+20, found the Global Compact to be dynamic based upon previous interactions and expressed that he is looking forward to working closely with the initiative. Recognizing that businesses are undertaking many activities, he called upon the private sector to increase efforts. In addition, the private sector should make recommendations to Governments about policies to enhance business action. He also urged businesses to build coalitions with one another as well as with local Governments and demonstrate their innovative practices to Governments. Finally, he called for reporting guidelines and capturing information in a meaningful way to allow for universal communication and benchmarking.

Oded Grajew, Chair of the Board of Instituto Ethos de Empresas e Responsabilidade Social, also encouraged business to make recommendations to Governments. He suggested that Governments come to Rio+20 prepared to make specific and numeric commitments at the individual level. They can then be responsible for their own targets on environmental, social and governance issues and sustainable development regardless of whether an overall consensus is reached.

Kok Li Peng, Deputy Permanent Representative of Singapore to the United Nations, also welcomed synergy between business and Governments in Rio. She recommended that Rio+20 focus on: a realistic outcome, access to financing, and incentives for delegations to come up with innovative processes and solutions. In addition, though climate change and sustainable development are interconnected, she urged that they be kept as separate issues and their parameters better defined. Finally, she challenged the Global Compact to rethink business and Government collaboration and how it can be improved.

Sir Mark Mark Moody-Stuart concluded the lunch, sharing his encouragement that Member States welcome private sector participation at Rio+20 and that the Global Compact and partners can play a significant role following the successful model in Istanbul. He underscored the Global Compact's engagement with the ICC and WBCSD. As well, he emphasized that the Global Compact can bring about extensive engagement, particularly through PRI, on key themes such as reporting, investment and the capacity to invest because companies and CEOs listen to shareholders.

Government Representatives attending lunch with Board members:

H.E. Mr. John W. Ashe	Permanent Representative of Antigua and Barbuda
H.E. Mr. Octavio Errázuriz	Permanent Representative of Chile
H.E. Mr. Claude Heller	Permanent Representative of Mexico
H.E. Mr. Tsuneo Nishida	Permanent Representative of Japan
H.E. Mr. Néstor Osorio	Permanent Representative of Colombia
H.E. Mr. Eduardo Ulibarri	Permanent Representative of Costa Rica
H.E. Mr. Jarmo Viinanen	Permanent Representative of Finland
Mr. Lawrence J. Gumbiner	Deputy Assistant Secretary of State of the United States of America
H.E. Mr. Antonio Bernardini	DPR of Italy
H.E. Mr. Philip Parham	DPR of the United Kingdom
H.E. Mr. Wang Min	DPR of the People's Republic of China
Mr. Eric Laursen	DPR of Denmark
Ms. Kok Li Peng	DPR of Singapore
Mrs. Claire Thaudet	First Secretary, Permanent Mission of France
Mr. Wang Qun	First Secretary, Permanent Mission of the People's Republic of China
Mrs. Stephanie Kage	Counsellor, Permanent Mission of Germany to the United Nations
Mr. Eduardo Martin Menes	Counsellor, Permanent Mission of the Republic of the Philippines to the United Nations
H.E. Mr. Pedro Serrano	Acting Head of the Delegation of the European Union
Ms. Lynne Gadkowski	Adviser, Sustainable Development and Environmental issues, United States of America

Appendix 3: Secretary-General's Remarks to United Nations Global Compact Board

Distinguished Global Compact Board Members,

Good morning, and welcome to this year's first board meeting.

Let me begin by extending a warm welcome to our new members: Mr. Carrier, Ms. De Greiff, Mr. Fu Chengyu, Mr. Hägglund, Mr. Jennings, Mr. Li Decheng, Ms. Marton-Lefèvre and Mr. Sane.

I greatly appreciate your commitment.

One year ago at the Global Compact Leaders Summit, more than 1,000 chief executives and civil society leaders convened to set the future direction of the Global Compact. They reached consensus that the Compact must work towards two goals: increasing the number of participants and deepening the quality of their engagement.

Achieving these goals will require the support and guidance of this Board.

First, on the issue of growing the Compact's membership. It is important that the principles of the Global Compact are accepted by more businesses around the world. I have set a goal of reaching 20,000 companies by 2020. Today, we have 6,000 companies in 135 countries. But this is just a fraction of the estimated 70,000 multinationals and millions of small businesses. Reaching a critical mass will be essential if we are to help retool markets and economies towards sustainability. Developing the right strategy for the Global Compact to grow will not be easy, and I am pleased that today the Board will begin discussions on this important matter. There are important sectors and geographical areas where more engagement is needed.

Second: on the quality of that engagement. While it is important for more businesses to join the initiative, the Compact can only make a real contribution if these companies embrace and advocate its principles. To date, we have removed more than 2,400 companies from the Compact for failing to report to their stakeholders on progress they have made. Of those that are active, we know that most are still at the beginner to intermediate level. Our challenge is to get the entire membership to do better. We need to bring more companies from the lower rungs of sustainability to more advanced practices. This will not be easy. Today's issues are highly complex and interconnected – specifically in areas such as energy, food and water.

This can be a difficult landscape for business to navigate. That is why we have developed the Global Compact Blueprint for Corporate Sustainability Leadership. Now we need to bring the Blueprint to life and to create more specialized guidance for smaller and less advanced companies. This Board will play a critical role in the quest to balance quantity and quality, integrity and growth.

Looking ahead, we must ensure that corporate sustainability has a [high] profile at the Rio+20 UN Conference on Sustainable Development in June next year. The Global Compact will undertake major initiatives at Rio, including through a Private Sector Track to bring the voice of business to the intergovernmental debate. I will look to you to help mobilize a coordinated and powerful contribution by business, in particular in delivering viable solutions that can help alleviate poverty, create jobs and accelerate the transition to a green economy.

Now I would like to hear from you on the work you have under way or are planning. Thank you again for your commitment. The floor is open.

Appendix 4: Secretary-General's message to lunch with Ambassadors and the United Nations Global Compact Board

[delivered by Mr. Kim Wonsoo, Assistant-Secretary-General and Deputy Chef de Cabinet]

The Global Compact has brought additional resources, good will and global reach to our work for development, human rights and good governance.

Last month at the UN Conference on the Least Developed Countries in Istanbul, the Compact coordinated a successful Private Sector Track. This was the first time that business was formally integrated into the programme of a major UN Conference. And that step brought significant results, including a mentoring system for LDC stock exchanges, projects to engage local businesses and women in sustainable tourism, and a programme to enhance agricultural productivity through new technologies. By including a Private Sector Track in the LDC Conference, we were able to catalyze new partnerships, trigger business-to-business transactions, and lay the groundwork for scaling up economic development in the LDCs.

We must carry this spirit of public-private collaboration forward to next year's Rio+20 UN Conference on Sustainable Development. Sustainability is a challenge for governments, businesses and all sectors. We must cut greenhouse gas emissions to avoid large-scale climate disaster. We must find ways to bring the poor into market systems. And we must ensure food, nutrition, energy and water security.

Business has an important role to play in finding solutions to all these issues. The Global Compact is already working with committed business leaders on a range of matters that are directly relevant to the Rio+20 agenda. Initiatives on food and water, good governance, sustainable finance and investment, management education and sustainable cities are under way and hold promise.

Clean, accessible and affordable energy, in particular, is essential to sustainable development. Access to energy can help lift societies from poverty by creating wealth and opportunity. And low-carbon energy production is our best hope to combat climate change. I am encouraged to see that the Global Compact has started serious work on this critical issue and I expect these efforts to make an important contribution to the UN agenda on energy.

In the eleven years since its launch, the Compact has sought to make the private sector a critical actor in advancing sustainability. With your support, we can do even more to ensure that the skills, leadership, resources and innovation of business contribute to our efforts to build a more sustainable global economy and achieve truly sustainable development.