

MEETING SUMMARY

The UN Global Compact Board held an extraordinary board meeting via conference call on 7 October 2016. This meeting served as a follow-up to the in-person session held on 22 June 2016 and focused exclusively on updating Board Members on progress made related to the UNGC 2020 Global Strategy. Sir Mark Moody-Stuart, Vice-Chair of the Board and Chair of the Foundation for the Global Compact, chaired the meeting.

The next meeting of the UN Global Compact Board will take place on 28-29 November, 2016 in New York.

1 OUTCOMES OF STRATEGY CONSULTATION PROCESS

Executive Director Lise Kingo provided an overview of the UNGC 2020 Strategy consultation process, which has engaged more than 1,500 stakeholders across the entire UN Global Compact ecosystem – including the Executive Management Team, UN partners, Group of Friends, Governments Group, Local Networks, LEAD companies, and employees within the New York office. This stakeholder engagement process serves as the most comprehensive one to date for the UN Global Compact and included sharing the draft strategy document with all consulted stakeholders for their review and comment during August – September 2016.

In general, stakeholder feedback was very positive regarding the newly articulated vision and priorities for the UN Global Compact. Several stakeholders did seek further details on the following topics, which will subsequently be addressed in new sections of the strategy document:

- Clarifying the UNGC's role in facilitating partnerships between the UN and business
- Specifying how the UNGC intends to revamp its governance structure and integrity measures
- Identifying the UNGC's future thematic and issue-specific focus areas

However, the primary area of concern was put forward by Local Networks relating to the future business model, as well as its impact on overall business participant numbers.

2 BUSINESS MODEL OPTIONS

Chief Financial Officer Alex Stein presented an overview of the key drivers necessitating a change of the global business model. The fact that globally only 20% of participants contribute financially means that the current business model is neither fair nor sustainable and certainly does not allow for the investments needed to achieve a new and ambitious UN 2030 Agenda. While Government contributions will also continue to play a crucial role for the UN Global Compact, both financially and as a showing of political commitment, the initiative must focus on enhancing its capture of business participant contributions. Thus, the UN Global Compact must introduce the following key elements: a mandatory fee, new participant tiers, and new fee collection and distribution models.

In direct response to specific Local Network concerns regarding a new business model as mentioned above, the latest strategy document incorporates three new and key features:

- Future mandatory fee levels will not be higher than current suggested voluntary contribution levels
- New Signatory level with lower fees to engage and retain participants with varying engagement levels
- New Global / Local model that provides Local Networks with options based on their market conditions

Recognizing the scale of change, and the varying stages of maturity across Local Networks, the following implementation approach will also be incorporated into the final strategy document:

- Mandatory fees will be introduced on 1 January 2017, but with a one-year grace period for payment
- LN implementation will be phased and will include direct support by UNGC NY and new Regional Liaisons to assess local conditions and determine appropriate fee collection & distribution option

ACTION ITEM: Develop new high-level implementation plan section in strategy to address points above

3 BOARD MEMBER DISCUSSION

Vice-Chair Sir Mark Moody-Stuart solicited comments from each Board Member in alphabetical order. The following high-level themes were captured as part of the discussion:

- **OVERALL STRATEGY:**
 - A very well structured and comprehensive, yet reader friendly, strategy that sets the right ambition for the UNGC
 - The Must-Win Battles that have been identified are the right areas for focus as part of 2020 Strategy
 - There is agreement on why change is needed and now, as well as on what needs to be changed. The most challenging element going forward will be the how and the required openness to change during implementation
 - The UNGC is a strong brand and has tremendous value for companies across the world that should be leveraged in engaging both SMEs and MNCs with as many tools and resources as possible
 - **KEY POINT:** Many Board Members are willing to informally meet with the new SG to relay the importance of the UNGC's work and to highlight the key elements of the 2020 Strategy

- **BUSINESS MODEL:**
 - Generally, mandatory fees are a necessity and are overdue in being implemented at the UNGC
 - The two proposed fee collection & distribution models are bold and truly fit for purpose although having two concurrent models will add administrative burden
 - Both fee collection & distribution models could work especially as the smallest companies are not required to pay a mandatory fee
 - Support for not de-listing participants in 2017 due to non-payment of the new mandatory fee
 - It will take time to assess and implement business model transitions within the various Local Networks
 - The global and local value propositions will need to be further refined in order to justify mandatory fees
 - Local Networks should be classified by their maturity level and used as part of the phased approach
 - LEAD tier should also target young and agile companies with innovative and disruptive ways of thinking
 - The LN Development Fund will be an excellent resource in supporting new and emerging networks
 - Expanded Government funding will also be an important priority for the future

- **OTHER TOPICS:**
 - Governance, Partnerships, and Integrity sections need to be expanded with greater detail

4 CONCLUSION & NEXT STEPS

Executive Director Lise Kingo thanked the Board Members for their strong endorsement of the UNGC 2020 Strategy, confirming that we now have a well-defined 2020 plan. The next step will be the actual implementation of the strategy that will be further elaborated on during the Dubai meeting with the LNs in mid-October. Finally, the 2020 strategy will be presented to the incoming Secretary-General, Mr. Antonio Guterres, during the coming months for his final approval.

MEETING ATTENDANCE

Attendees:

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| 1. Bob Collymore | 11. John Cox (Government Observer – UK) |
| 2. Cobus de Swardt | 12. Jorge Abrahão |
| 3. Francesco Starace | 13. Kurt Bock |
| 4. Frederic Sicre (on behalf of Arif Naqvi) | 14. Linda Kromjong |
| 5. Fu Chengyu | 15. Lise Kingo |
| 6. Gustavo Perez Berlanga | 16. Sir Mark Moody-Stuart |
| 7. Henrik Madsen | 17. Monica de Greiff |
| 8. Inger Andersen | 18. Phillip Jennings |
| 9. Isabel Garro | 19. Toshio Arima |
| 10. Jeff Seabright (on behalf of Paul Polman) | |

Regrets:

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| 1. Bola Adesola | 7. Mads Ovlisen |
| 2. Dinesh Sarraf | 8. Martin Skancke |
| 3. Güler Sabanci | 9. Pierre Sané |
| 4. John Danilovich | 10. Sam di Piazza |
| 5. Jyrki Raina | 11. Y.W. Junardy |
| 6. Li Decheng | |