

MEETING SUMMARY

The UN Global Compact Board held its third scheduled meeting of 2021 as a videoconference. The meeting focused on updating Board members on the progress made against the 2021 Annual Plan where new developments and strategies will be launched in the upcoming quarter. UN Secretary-General António Guterres, the Chair of the Board, joined the session for 45-minutes where he provided high-level remarks on climate and sustainable finance, followed by an engaging discussion highlighting successes Board Members achieved leveraging UN Global Compact tools, as well as expectations for the upcoming COP26. Two Board Members then shared their engagements with the UN Global Compact based on their tailored Board Engagement Plans. The Executive Management Team provided an overview of our climate and sustainable finance initiatives, as well as updates on our Government Relations portfolio where feedback and engagement from the Board was welcomed. Closing the segment, Board Members held a private session where Ms. Sanda Ojiambo, CEO & Executive Director of the UN Global Compact, provided an organizational update and Mr. Paul Polman, Co-Vice Chair of the UN Global Compact Board, facilitated the discussion of shifting the January Board Meeting to March at a flexible location.

With agreement from the Board, the next Board Meeting will be held in March 2022. The date, location and format of the meeting will be determined in the coming months.

1 WELCOME REMARKS & INTRODUCTIONS

UN Global Compact Board Co-Vice Chair, Mr. Paul Polman, opened the meeting by welcoming Ms. Solange Ribeiro, Deputy CEO of Neoen, as the newly appointed Co-Vice Chair. Mr. Polman invited Ms. Ribeiro to provide introductory remarks and Ms. Ribeiro highlighted her commitment to the delivery of the SDG and the UN Global Compact agenda, as well as shared her enthusiasm for the role. Then, Mr. Polman noted that Mr. Roberto Marques, Executive Chairman & Group CEO of Natura & Co. and himself were renewed by the UN Secretary-General to serve on the Board for a second term.

Mr. Polman bid farewell to two Board Members: Ms. Fiona Reynolds, CEO of Principles for Responsible Investment (PRI), who will step down from her role as CEO of PRI at the end of the year. He also noted that Ms. Charlotte Laursen, the Ambassador of Denmark and the Government Group representative. The Chair of the Government Group will rotate in January 2022 to another member and therefore the Global Compact would have a new Government Group representative on the Board in the upcoming year. He thanked both for their support and participation on the Board.

2 BUSINESS SINCE LAST: UPDATE

BACKGROUND

Ms. Sanda Ojiambo, CEO & Executive Director of the UN Global Compact, began the segment by thanking the work of the Global Compact staff and the Executive Management Team for advancing the strategy. Ms. Ojiambo then provided an update on the Compact's progress in the following areas:

- **Leaders Summit:** When the Board last convened, the UN Global Compact was preparing to host the virtual Leaders Summit in June. Ms. Ojiambo highlighted initiatives launched at the event including the results of the SDG Ambition Accelerator, the launch of the Anti-Corruption Collective Action Playbook and the Framework for Businesses on SDG 16, as well as the announcement of the 2021 SDG Pioneers. The strategy operationalization plans were delivered and communicated at the event where over 20,000 stakeholders were present.
- **Growth:** During the first half of the year, the Global Compact had an outstanding growth of 25% compared to the first six months in 2020. The Compact has grown across all the regions with the strongest growth in priority geographies: Asia Pacific, US and China. The USA had the highest number



of companies joining in the revenue brackets over USD 50M and over 1B USD during the six-month period.

- **Recruitment:** It has been the strongest six-month period on record for recruitment. The UN Global Compact recruited 1,955 new companies. Recruitment rates increased in all regions with Western Europe and Asia Pacific showing the largest increase compared to the same period in 2020. The strong recruitment was credited to the new strategy, enhanced value proposition, strong marketing and communication, lead generation, and advocacy admittedly led by many members of the Board.
- **Communication on Progress:** The new mandatory reporting system discloses how companies are performing against the UN Global Compact's Ten Principles and will help demonstrate progress made over time through a publicly accessible database, as well as provide a common reporting framework for all Compact initiatives. All new participants will use the new framework in 2022 which will have an initial 51 questions with sector specific questions and a digital prototype of the CoP platform. Over the coming years, the releases will include optional questions and other dimensions to help the Global Compact assess, evaluate, differentiate and recognize participants for the progress
- **New Business Model:** The optimized business model will be phased in over the next two to three years and is widely supported by Local Networks (LNs). A few changes were highlighted: 1. The Signatory and Participant level will be combined into one participant tier now allowing all participants to access full programmatic portfolios and 2. Net-positive participant growth is expected over the course of the implementation phase. Although most companies will not see an increase in their required financial contribution, there is some retention risk related to companies with an annual revenue over USD 1B. The retention risk is manageable as the Compact will gradually transition to the New Business Model and the changes will be communicated in September 2021 when new participants will pay the new fees starting 2022 and existing participants will begin paying new fees in 2023.
- **SME Strategy:** The Small-to-Medium-Sized Enterprise (SME) strategy was one of the key priorities for the UN Global Compact. Through this new strategy, the UN Global Compact is well-positioned to provide tools and guidance to SMEs to incorporate practical sustainability practices, grow our footprint and be a key differentiator in this space. The aim is to provide support through pilot programs at the sectoral level and one at the multinational company level, encourage SMEs to engage in policies and regulations on the Ten Principles and broadly on sustainable practices. Ms. Ojiambo stated that fundraising began in September 2021 and the first materials on operationalizing the Ten Principles are expected to be delivered in Q4 of this year. The first pilot programs are anticipated to begin in early 2022.
- **Africa Strategy:** This strategy applies the UN Global Compact strategy to the needs of the African continent, focusing on three strategic objectives: 1. Focus on engaging and recruiting Africa's top 100 companies and growth through robust LNs in anchor economies of South Africa, Nigeria, Kenya and Morocco, 2. Engage companies broadly across Africa, no matter the sector, geography or company size to increase impact on the sustainability journey of the business sector on the continent and 3. Advance broader range of company's global corporate responsibility by engaging major financial institutions, multinational/pan-African corporations and key business associations. To implement this ambitious strategy, the Global Compact aims to develop programs focused on the unique needs of the LNs and businesses, enhance opportunities for businesses to uphold the Ten Principles and engage a greater number of business on the continent to expand pan-Africa wide. The strategy will be launched during the Private Sector Forum on 20 September, followed by regional launch events in key African countries.
- **China Strategy:** The China strategy is a new area of development. The strategy aims to leverage and build on the significant business opportunities that exist there. General and sectoral participant growth opportunities and key programming priorities for Chinese businesses both in country and externally. In October, the UN Global Compact plans to launch the strategy globally and in China in October.
- **Monitoring and Evaluation Framework:** The UN Global Compact developed its first organizational Monitoring and Evaluation (M&E) Framework to better track and measure progress. There are five areas of key performance indicators (KPIs): Build, Reach, Engage, Progress and Achieve. "Build" focuses on internal capabilities such as strengthening LNs, the Board, UN relations



and teams. "Reach" examines participant engagement, communication and events. "Engage" looks at the Global Compact's programmatic delivery channels, assessing how many companies are participating and receiving the content, and if companies are learning from the content. Both "Progress" and "Achieve" data will be assembled based on what companies actually report to the UN Global Compact annually through the CoP tool and annual surveys. Ms. Ojiambo shared that the new dashboard will be shared with the Board in advance of the next Board Meeting.

- **2022 Priorities:** The Executive Management Team (EMT) met in July to determine an initial set of priority initiatives and then mapped out against the M&E Framework. The Compact's success is strongly supported by partnerships and Ms. Ojiambo expressed her appreciation for the on-going discussions that are being had with Mr. Roberto Suarez-Santos, Secretary-General of the International Organisation for Employers (IOE), and Mr. John Denton, Secretary General of the International Chamber of Commerce (ICC), to refresh the relationship with the UN Global Compact and concrete areas to collaborate that are mutually beneficial. Ms. Ojiambo also emphasized the importance of participating in high-level advocacy and policy engagements to the Global Compact as well.
- **UN General Assembly:** Looking forward, the UN Global Compact will be hosting Uniting Business LIVE on 20-22 September during the UN General Assembly week. This event connects the high-level multi-stakeholder dialogues of the Private Sector Forum (20 September), the grounded local knowledge sharing and implementation strategies in the Global Impact Forum (21 September) and partnership and leadership examples of the SDG Business Forum (22 September), into one inclusive, impactful and innovative all access global event.

Mr. Alex Stein, the Managing Director of the Foundation for the Global Compact, then presented the Compact's financial results through June 2021. The Global Compact is on track to meet its revenue target for this year. The Actions Platforms outperformed the Participant Fees and Government Funding but Mr. Stein is confident in meeting those individual targets as well.

Mr. Stein noted that the Global Compact invested in personnel based on the needs of the strategy. From the first half of the year, Mr. Stein stated that the COVID Relief 2020 PPP Small Business Association loan was forgiven as the Compact met the requirements such as keeping staff on payroll and provided financial security entering Q3. He anticipates that the revenue and expense will be increasing but will be close to the expected targets. Lastly, Mr. Stein explained that due to controlled spending during the pandemic in 2020, the Global Compact had a surplus as the revenue did not decrease as expected. Therefore, additional investments could be made with the excess funds if needed.

3 REMARKS FROM THE UN SECRETARY-GENERAL

Mr. Polman welcomed UN Secretary-General Mr. António Guterres and briefed him on the Compact's progress against the strategy before inviting him to give his remarks.

The Secretary-General began by welcoming Ms. Ribeiro to the UN Global Compact Board and commending her experience and commitment to the Sustainable Development Goals. He also praised Ms. Ojiambo for advancing the new strategy to scale up action on the 2030 Agenda and the Paris Agreement, which has never been more critical. The COVID-19 pandemic has stressed our societies and economies while the climate crisis has increased. The public and private sectors must come together to drive a sustainable recovery leading up to COP26.

He highlighted the need for a just transition to a net-zero carbon world and stressed the essential role businesses play in this transition. The Secretary-General was encouraged to see that companies are increasingly taking responsibility by setting ambitious goals inspired by the SDGs, working to ensure inclusive supply chains and paying a livable wage. The UN Global Compact is well-positioned to support and push companies through this transformation.

The Secretary-General urged Board Members to join the Business Ambition for 1.5 C campaign and align their business plans with the net-zero framework of the SBTi. He was pleased that the campaign has grown from 87 companies in 2019 to more than 700 today. The Secretary-General called upon the Board to push their



companies and networks to make sustainable investments to advance the 2030 agenda. Chief Financial Officers (CFOs) worldwide oversee over \$14 trillion USD in annual investments, which can be a driving force to achieve the SDGs and a net-zero future. Considering the benefits, investing sustainably can lead to economic gains of \$26 trillion USD through 2030, the creation of 6 million jobs over the same timeframe and the reduction methane gas emissions by as much as 45% by 2030.

In his concluding remarks, the Secretary-General reaffirmed the world is at the breakdown or breakthrough moment and invited the board to share their ideas on how we can make greater progress.

4 BOARD ENGAGEMENT DEBRIEF

Mr. Polman introduced this segment by acknowledging that all Board Members have developed their tailored Board Engagement Plans, allowing the UN Global Compact to further engage the Board on specific areas. Two Board Members shared their engagement experience with the Global Compact:

Dr. Musimbi Kanyoro, Chair of United World Colleges, presented first and began by noting her additional role as a Senior Advisor for the Target Gender Equality (TGE) initiative. TGE aims to support companies set ambitious targets and take holistic action to support women leadership. At the global level, Dr. Kanyoro shared that many male CEOs are involved in the TGE initiative, over 900 companies are engaged in the initiative and over 5,000 CEOs have committed to the Women's Empowerment Principles. These commitments are being implemented at the local level where the narrative is adapted and expanded to the issues present there such as race issues in Brazil, transgender inclusivity in Pakistan and increasing women in leadership across sectors in Portugal. Dr. Kanyoro was motivated to see that over 80% of companies are drafting new or updating existing gender equality targets and creating action plans to establish new oversight and accountability structures. At the individual level, TGE has successfully engaged over 2,500 people through trainings which will help amplify female voices and drive male allyship. Dr. Kanyoro shared that companies are eager to enhance women entrepreneurship, inclusive procurement, equal pay and addressing sexual harassment/gender-based violence in the workplace. Others expressed interest in engaging males and identifying how climate change is impacting gender equality. Dr. Kanyoro concluded by encouraging Board Members to become advocates for TGE and include the gender narrative when attending external events such as COP26.

Then, Mr. Roberto Marques, Executive Chairman & Group CEO of Natura & Co., shared his engagements. He began by noting that Natura & Co is a sponsor of both TGE and the Climate Ambition Accelerator. On 16 September, with the help of their subsidiary, Avon, Natura recommitted to gender equality. Mr. Marques stated the company aimed to reduce gender pay gap, increase women representation at the executive level, provide a livable wage, and embrace underrepresented populations in the workplace. Natura & Co has been able to leverage tools provided by the UN Global Compact to meet and advance many of these areas. Mr. Marques convened all of their suppliers to share Natura & Co's goals and required the suppliers to align their strategies with theirs. Lastly, during the summer of 2021, Mr. Marques shared that his company issued Latin America's first USD 1B sustainability link bond with specific targets to reduce of greenhouse gases and achieve goals of post-consumption recycled plastic. Natura & Co is taking accountability for their environmental and social impact and showing their commitment to the SDGs.

5 UPDATES FROM EXECUTIVE MANAGEMENT

Ms. Lila Karbassi, Chief of Programmes for the UN Global Compact, presented first on the Global Compact's climate and sustainable finance initiatives. Ms. Karabbsi noted that the Global Compact directly supports the UN Secretary-General's on mitigation, adaptation, and finance. The SBTi is UN Global Compact's flagship coalition on climate, which now covers 20% of global market capitalization and engaged over 1700 companies. Ms. Karabassi shared the Business Ambition for 1.5C reached over 700 companies that are aligned with the campaign, with the majority headquartered in the US. As a result, SBTi now only validates targets at 1.5C, which is credited to the work of the UN Global Compact's climate team. She informed the Board that 25 LNs



are involved in the Climate Ambition Accelerator, creating a pipeline of new companies to set targets in emerging countries.

Running up to COP26, the Global Compact will be announcing a net-zero standard. In regards to policy efforts, Ms. Karbassi shared that the UN Global Compact will be publishing a letter for the G20 in collaboration with the We Mean Business Coalition. Together with the Secretary-General's Climate team, the B team, and the International Labour Organisation, Ms. Karbassi announced a new workstream on the Just Transition to engage different sectors and create new content to explore green job potentials. The Global Compact will be increasing its engagement with emerging markets, balancing decarbonization efforts with adaptation efforts, and connecting it to inequalities, resilience and health, which are covered by the Academy.

In 2019, the CFO Taskforce was launched and currently has 60 members. The taskforce aims to engage CFOs at the global scale, integrate SDGs into finance strategies, investor relations and create a broad and sustainable finance market. Following the week of the Board Meeting, the CFOs will be announcing their commitment of \$500 billion towards the SDGs in the next three years and link close to 50% of all corporate financing to sustainability performance. The goal is to reach 1,000 members for the CFO taskforce by 2023.

Ms. Melissa Powell, Chief of Staff for the UN Global Compact, presented next to provide an update on the Government Relations portfolio. She stressed the importance of securing broad-based political support through the UN General Assembly every two years. It is the responsibility of the UN Global Compact to prepare the Secretary-General's report for the General Assembly and provide support to Member States in their negotiations that ultimately result in a General Assembly resolution. This year, the Compact is prioritizing the positioning and mandate of the Global Compact, as well as ensuring broad support from both the Global North and South.

The UN Global Compact will aim to increase multi-year core funding support, which will help plan programmatically for the years ahead. Ms. Powell observed that there is untapped potential for greater financial support as the Global Compact works with the private sector as a critical part of recovery efforts. In-kind contributions from governments are also taken into account, such as staff secondments and office space.

Ms. Powell underscored the need to continue deepening relationships with governments in the Global South through the UN Global Compact Government Group, Group of Friends and UN offices. The Government Group consists of 17 members, which is currently chaired by Denmark. The Global Compact aims to expand and diversify its members. The goal is to ultimately have all the governments from LN countries to join.

Lastly, the refreshed programmatic activities will allow for more opportunities for collaboration, especially at the country-level. This will include policy, advocacy and dialogue on the Ten Principles.

Mr. Polman concluded the meeting by thanking the Board Members, confirming the next Board Meeting will be in March 2022 and welcoming Ms. Ribeiro again to the Board of Directors.

MEETING ATTENDANCE

BOARD MEMBERS:

1. **H.E. Mr. António Guterres** | Secretary-General, United Nations
2. **Ms. Clara Arpa Azofra** | CEO, ARPA Equipos Móviles de Campaña
3. **Ms. Sharan Burrow** | General Secretary, International Trade Union Confederation
4. **Mr. Patrick Chalhoub** | CEO, Chalhoub Group
5. **Mr. Stephen Cotton** | General Secretary, International Transport Workers Federation
6. **Dr. Delia Ferreira Rubio** | Chair, Transparency International
7. **Dr. Musimbi Kanyoro** | Chair, United World Colleges
8. **Mr. Steve Kenzie** | Co-Chair Global Network Council; Executive Director, GCN UK
9. **Mr. Marco Lambertini** | Director General, WWF International
10. **Ms. Charlotte Laursen** | Ambassador of Denmark, Danish Ministry of Foreign Affairs
11. **Mr. Anand Mahindra** | Chairman, Mahindra Group
12. **Mr. Roberto Marques** | Executive Chairman and Group CEO, Natura & Co.
13. **Sir Mark Moody-Stuart** | Chairman, Foundation for the Global Compact
14. **Ms. Flora Mutahi** | CEO, Melvin Marsh International
15. **Ms. Sanda Ojiambo** | CEO & Executive Director, UN Global Compact
16. **Mr. Paul Polman** | Co-Vice Chair of the Board, UN Global Compact
17. **Mr. Guy Ryder** | Director General, International Labour Organization
18. **Mr. Roberto Suarez-Santos** | Secretary General, Int'l Organisation of Employers
19. **Mr. Jean-Pascal Tricoire** | CEO, Schneider Electric
20. **Ms. Sandra Wu, Wen-Hsiu** | Chairperson and CEO, Kokusai Kogyo Co. Limited

NEW BOARD MEMBERS:

21. **Ms. Solange Ribeiro** | Co-Vice Chair of the Board, UN Global Compact

OBSERVERS:

22. **Ms. Sue Allchurch** | Chief of Outreach and Engagement, UN Global Compact
23. **Mr. Ole Lund Hansen** | Chief of Global Operations, UN Global Compact
24. **Ms. Lila Karbassi** | Chief of Programmes, UN Global Compact
25. **Ms. Olajobi Makinwa** | Chief of Intergov'tl Relations and Africa, UN Global Compact
26. **Ms. Melissa Powell** | Chief of Staff, UN Global Compact
27. **Mr. Alex Stein** | Managing Director, Foundation for the Global Compact
28. **Mr. Dan Thomas** | Chief of Communications, UN Global Compact