



United Nations Global Compact

Meeting of the Global Compact Board

Marriott Marquis Hotel

New York

25 June 2010

Prepared by the Global Compact Office

Executive Summary

Upon the conclusion of the United Nations Global Compact Leaders Summit 2010, the Global Compact Board gathered in the Marriott Marquis Hotel in New York's Times Square. In the absence of UN Secretary-General Ban Ki-moon, the meeting was chaired by Sir Mark Moody-Stuart, Vice-Chair of the Board. Discussion focused on the outcomes of the Leaders Summit and the status of the Communication on Progress (COP) policy.

Outcomes and recommendations emerging from the Board meeting include:

The Global Compact Office will take into consideration the Board's recommendations for future events and Summits.

The Global Compact Office should explore and develop the process of differentiation based on company size. Differentiation could allow SMEs and beginners to utilize a basic programme, while setting a higher standard for more experienced and larger participants, a standard that will be aligned with the Blueprint for Corporate Sustainability Leadership.

The Global Compact Office will research how to proceed with the translation of the Global Compact Self-Assessment Tool and other similar tools — including the online tool by the Global Compact Network Spain — so that they can have the greatest reach and impact.

The Global Compact Office should determine COP training needs and where training would be best implemented.

The Global Compact Office should develop a priority list in terms of Local Network outreach and development.

Opening of the Meeting

In the absence of the Board Chair, Secretary-General of the United Nations Mr. Ban Ki-moon, the meeting was opened by the Vice-Chair, Sir Mark Moody-Stuart.

Agenda Item 1: Tour de Table for Board Members to share their reflections on the UN Global Compact Leaders Summit 2010

Sir Mark Moody Stuart began the meeting by instituting a tour-de-table to elicit Board Members' reactions to the UN Global Compact Leaders Summit 2010. Each Board Member was asked to provide not only an opinion on the outcome of the event, but also to suggest areas of improvement regarding future events.

The Board Members agreed that the Leaders Summit overall was very successful. Several Board Members praised the professionalism and courtesy of the Summit's staff as well as the event's security. The Board was particularly impressed by the Summit's high-level of preparation, which was explicitly connected to the event's success. The Board agreed that it was a testament to the Global Compact Office's logistical planning that the Summit programme ran seamlessly. Multiple Board Members deemed the event more successful than the Summit in 2007.

Chad Holliday specifically called attention to the large number of important deliverables that were launched during the event, and **José Carlos Vidal** noted that Petrobras would seek to implement some of this new guidance into its operations. **Mads Øvlison** noted that some of

the publications, like the Supply Chain Sustainability guide, were indicative of the growing strength of the Global Compact, particularly in the developing world. The Global Compact Office noted that the success of the event was due, in no small part, to the Board itself, as several of the key deliverables were the result of the working groups that are led by Board Members.

The Board also addressed the following action points for future Global Compact events:

Diversity of Speakers: While noting the efforts of the Global Compact Office in this area, several Members of the Board noted that greater diversity of speakers in terms of geography and gender should remain a priority for Global Compact events. A need for a stronger Latin American presence was specifically mentioned — especially in light of the high quality of reporting and Local Network development in that region. A similar call was made for a stronger Arab world presence. Board Members who raised these points included **Antonio Peñalosa**, **Oded Grajew**, **Habiba Al Marashi** and **Juan de la Mota**.

Improved/Increased Networking Opportunities: The Board agreed that future Summits should have more extensive opportunities to network. The Board specifically suggested providing participants with more exposure to the list of registered participants and increasing the amount of physical space devoted to bilateral meetings and impromptu networking. The Board also suggested that communication avenues between the participants should be explored — with an emphasis on social networking. Board Members raising these issues included: **Sir Mark Moody-Stuart**, **Jamshed Irani**, **José Sergio Gabrieli de Azevedo** and **Antonio Peñalosa**.

Structure of the Summit: Several Board Members expressed that future Summits should increasingly place a greater emphasis on quality as well as quantity. One point raised was that 3 minutes was often not enough time to provide meaningful content by the speakers. Board Members who suggested these points included **Mads Øvlison**, **Young-chan Nam**, and **Juan de la Mota**

The Board also raised points regarding the plenary–roundtable balance. **Huguette Labelle** suggested that opening up the report back opportunity helped to get participants involved, but may not have been conducive to producing more substantive content. This was reiterated by **Oded Grajew**, who also suggested that the next Summit should aim to establish more concrete commitments. **José Sergio Gabrieli de Azevedo** suggested that a less rigid format for the roundtables may better engage participants.

Several Board Members noted that for future Summits and events the Global Compact should work more closely with Global Compact Local Networks and other UN Agencies, Funds & Programmes. **Habiba Al Marashi** suggested that Local Network or region-specific side events could be held in conjunction with the Summit, or that participants from key regions could be seated together during the Plenary sessions. **Chen Ying** also suggested that greater integration of Network activities was needed, for example, between the Annual Local Networks Forum and the Plenary sessions. In a similar vein, **Oded Grajew** noted that UN agencies could become more involved by exploring in detail what the private sector can do for both corporate responsibility and development.

Greening of the Event: **Toshio Arima** noted that with the large number of deliverables came an unfortunate increase in the amount of paper used. He suggested that for future events, publications be made primarily online or via other electronic means.

Moving forward, the Board agreed that the Global Compact Office needed to capitalize upon the momentum of the Leaders Summit, particularly in the lead-up to the MDG Summit and the 3rd UN Private Sector Forum (22 September 2010, New York). **Louise Kantrow** noted that the Leaders Summit helped send the message that the private sector is ready to engage in dialogue on advancing the development agenda. **Mads Øvlison** warned, however, that while the Summit and its deliverables highlighted important progress in corporate sustainability, much work remains to be done, and participants should avoid a sense of complacency. **Chey Tae-won** also noted that the Summit was an important catalyst to improve solution implementation, particularly in terms of monitoring effectiveness of sustainability programmes. This information could then be used to inform future events.

Agenda Item 2: Review of Progress on Integrity Measures with a special focus on Communications on Progress

Following discussion of the Leaders Summit, the Board reviewed the progress on the implementation measures — specifically, the Communication on Progress (COP) policy. The Global Compact Office reiterated to the Board the concerns that were previously raised to the Board: that small- and medium-sized enterprises (SMEs) have a much lower rate of COP submission than other participants, creating a risk of de-listing a large percentage of these smaller companies, particularly in non-OECD countries. As a result, Global Compact growth and reach could be significantly weakened, especially in less developed markets. At the previous Board Meeting, a one-year moratorium was instituted to prevent the immediate delisting of many of these companies.

In response to the request of the Board (March 2010), two mutually non-exclusive long-term solutions were presented: **differentiation** — or applying different standards to different types of Global Compact participants — and **capacity building** on the ground.

Differentiation: The Board agreed that the Global Compact Office should explore solutions of differentiation based on company-size. It was noted that precedents for this already exist, as some European governments (e.g., Denmark) have set different reporting standards depending on the size of the company. However, the Board firmly rejected the idea of differentiation based on the country of a company's headquarters. The Board suggested that such a system of differentiation would be unwieldy or unusable. For example, the level of development of a country — besides being an overly-vague rubric — does not always correspond to COP submission issues. Several Board Members also suggested that differentiation based on the level of home country development may have a discriminatory effect that will be biased against certain regions.

The Board also considered approaches toward implementing a differentiation scheme based on company size. The Board agreed that differentiation should result in a two level distinction between a basic COP reporting requirement for SMEs and beginners and a more advanced programme for larger and/or more sophisticated companies. The basic programme would still require annual submission of a COP; and transparency and accountability would remain keystones of the COP process. The Board agreed that a basic programme could also be further streamlined via an online submission process. The advanced programme would set an aspirational standard of reporting and would align with the recently launched Global Compact Blueprint for Corporate Sustainability Leadership. The Board asked the Global Compact Office to develop a proposal for both programmes to be presented at the next meeting.

Capacity Building: The Board considered the idea of capacity building as a means of helping SMEs and other lagging companies meet the requirements of the COP policy. The Global Compact Office presented several approaches in this area including Local Network development, collaboration with the Global Reporting Initiative (GRI) and

International Chamber of Commerce (ICC), and the development of COP assessment tools.

The Board noted that web-based training tools were essential for capacity building, as they have the ability to reach the broadest audience at a relatively low cost; Board Members highlighted the recently-launched Global Compact Self-Assessment Tool as an example of such a tool. Similarly, the Board discussed the online COP submission tool developed by the Global Compact Network Spain. It was noted that this tool had encouraged reporting among Spanish SMEs, with many participants noting the tool's ease of use. For such tools to be effective on a global scale, however, the Global Compact Office must translate them into additional languages. The Board recognized that SMEs and other participants would additionally need to be trained on the use of such tools. The Board asked the Global Compact Office to conduct a determination as to a) which languages the tools should be made available in to have the broadest and most immediate impact, and b) how training should be conducted once the translations are complete (e.g. should the training be direct or via intermediaries).

The Board agreed that the key to capacity building and training efforts will be through the continued development and funding of the Global Compact Local Networks. The Board asked the Global Compact Office to prioritize which Local Networks should be the focus of this development. It was noted that some leading Networks were already in a position to support the Global Compact Office in the training of COP submission process. For countries without Local Networks, the Board suggested that the Global Compact Office approach local business associations.

The Board noted that no formal decisions were to be made at this point. The Board requested a more developed proposal for long-term solutions — adopting their input — to be presented at the next Board meeting. Before moving onto the next agenda item, the Board also took note without discussion of the supplement on dialogue facilitation of the Global Compact.

Outcomes and recommendations emerging from the Board meeting include:

The Global Compact Office should explore and develop the process of differentiation based on company size. Differentiation should allow SMEs and beginners to utilize a basic programme, while setting a higher standard for more experienced and larger participants, a standard that will be aligned with the Blueprint for Corporate Sustainability Leadership.

The Global Compact Office will research how to proceed with the translation of the Global Compact Self-Assessment Tool and other similar tools — including the online COP tool by the Global Compact Network Spain — so that they can have the greatest reach and impact.

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The Global Compact Office should develop a priority list in terms of Local Network outreach and development.

Agenda Item 3: Update on the Foundation for the Global Compact

Sir Mark Moody-Stuart briefly updated the Board on the activities of the Foundation for the Global Compact, focusing on the state of fundraising. The Foundation has already collected approximately USD 1.7 million, which nearly equals the amount collected in all of 2009. Further, as a result of fundraising efforts, it was noted that the Summit will deliver a small surplus.

Appendix: Members of the Global Compact Board

Business

Toshio ARIMA	Director and Executive Advisor to the Board, Fuji Xerox, Japan
Guillermo CAREY	Senior Partner, Carey & Allende Abogados, Chile
CHEN Ying	Director, Beijing Rong Zhi Institute of Corporate Social Responsibility, China
CHEY Tae-Won	Chairman & CEO, SK, Republic of Korea
Fernando CHICO PARDO*	President of Grupo Aeroportuario del Sureste (ASUR), Mexico
José Sergio GABRIELLI DE AZEVEDO	President and CEO, Petrobras, Brazil
Chad HOLLIDAY	Chairman of the Board, Bank of America, United States
Jamshed IRANI	Director of the Board, Tata Steel, India
Anne LAUVERGEON*	Chair of the Executive Board, Areva, France
Juan de la MOTA	President, Global Compact Spanish Network
Ntombifuthi MTOBA	Chair of the Board, Deloitte, South Africa
Mads ØVLISEN	Chairman, Danish Council on Corporate Social Responsibility, Denmark

International Labour and Business Organizations

Antonio PEÑALOSA	Secretary-General, International Organisation of Employers
Jean ROZWADOWSKI*	Secretary General, International Chamber of Commerce
Guy RYDER*	General Secretary, International Trade Union Confederation
Manfred WARDA*	General Secretary, International Federation of Chemical, Energy, Mine and General Workers' Unions

Civil Society

Habiba AL MARASHI	Chair, Emirates Environmental Group
Oded GRAJEW	Chair, Instituto Ethos de Empresas e Responsabilidade Social
Huguette LABELLE	Chair, Transparency International
Mary ROBINSON*	President, Realizing Rights: The Ethical Globalization Initiative

Ex-Officio

Sir Mark MOODY-STUART	Chairman, Foundation for the Global Compact
Georg KELL	Executive Director, UN Global Compact Office

Also Present

Louise KANTROW	Representative from ICC for Jean Razadowski
NAM Young-chan	Representative from SK Group
José Carlos VIDAL	Representative from Petrobras

* Not present at 25 June 2010 Board meeting