

## MEETING SUMMARY

The UN Global Compact Board held its first meeting of 2020 on 20 January in Geneva, Switzerland. The meeting was preceded by a dinner on the evening of 19 January with senior UN officials and special guests, which included a keynote speech by Sturla Henriksen, Senior Advisor to the UN Global Compact on the topic of the ocean. Mr. Henriksen's remarks focused on sustainable business for ocean-based industries and the urgency of taking action to protect Earth's global ocean.

The Board meeting on 20 January, held at the InterContinental Genève, focused on updating Board Members on the Compact's efforts during 2019, and on its plans for 2020. An update on business since the last meeting included an overview of the Compact's new 20<sup>th</sup> anniversary campaign, which will run throughout 2020 and be highlighted at the UN Global Compact Leaders Summit on 15-16 June in New York. In addition to the regular updates, the agenda included two strategic deep dives. The first was on the road ahead post-2020, and focused on the cornerstones that the Compact will use to build out its next multi-year strategy. The second was on updates to the Compact's integrity procedures and to the Communication on Progress (CoP), the organization's main reporting requirement. Board Members also listened to an inspirational update on the Compact's Action Platform on Sustainable Ocean Business, which served as an action-oriented follow-up to the previous night's dinner programme.

The next meeting of the UN Global Compact Board will take place in New York during UN General Assembly Week in September.

## 1 WELCOMING REMARKS & BOARD MEMBER EFFORTS

UN Global Compact Board Vice-Chair, Paul Polman, opened the meeting by providing an update on climate and the efforts being made by the private sector to keep global temperature increase below 1.5°C above pre-industrial levels. He emphasized that the ambition is there among companies, and that even the late-movers are now on board. He also noted that some companies have gone so far as to commit not just to being carbon-neutral, but to offsetting all of their past emissions. It's clear that within the private sector, both the ceiling and the floor have been raised on climate action. However, Mr. Polman noted, some Governments are still pushing back against that ambition, making it difficult for the private sector, and for other Governments, to achieve those goals. He recommended that the Compact help its participating companies and the private sector as a whole to push Governments on climate ambition.

Mr. Polman then invited Board Members to present on their efforts in support of the Compact and its mission since the last meeting. Flora Mutahi, Founder and CEO of Melvin Marsh International, shared what she has done in the last few months, and included a deep-dive on the progress of Global Compact Network Kenya. Other Board Members shared their efforts as well. Mr. Polman encouraged Board Members to find more opportunities to engage with Global Compact Networks.

Mr. Polman closed the segment by emphasizing that after five years, the message of the SDGs is resonating around the world, even in the spaces that seemed hard to reach and slow to move. But, that does not make the Compact's job any easier or less critical. Many organizations now see helping companies enhance their contribution to the SDGs as a business opportunity, and the Compact must position itself to lead on this front and become the "platform of platforms."



## 2 UPDATE ON BUSINESS SINCE LAST MEETING

### 2019 Progress & 2020 Priorities

UN Global Compact CEO & Executive Director, Lise Kingo, gave an update on business since the last meeting, beginning with the Compact’s progress on its 2019 goals. Ms. Kingo presented the organization’s balanced scorecard, which was highly favorable across most metrics. The scorecard showed the continued success of the engagement model in terms of participant growth and financials, and there were only a few places where the Compact fell just shy of its ambitious targets. Ms. Kingo then presented the 2020 annual goals, which are designed to deliver on the last remaining elements of the Compact’s 2020 Global Strategy, as well as to prepare the Compact to transition to a new multi-year strategy under new leadership. Particular focus is given to growth of the Compact’s participant base among underrepresented markets, with goals on overall growth and — recognizing that becoming a UN Global Compact participant can be a multi-year process — on lead generation for prospective joiners. The top-line goals for 2020 are shown below:

GROWTH	ORGANIZATION	BRAND
<ul style="list-style-type: none"> <li>▪ Accelerate Lead Generation &amp; Participant Growth</li> <li>▪ Diversify &amp; Engage the UNGC Government Group</li> <li>▪ Expand Fundraising Capacity &amp; Income Streams</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cement ‘One Global Compact’ Globally</li> <li>▪ Prepare UNGC for Transition to a Post-2020 Strategy</li> <li>▪ Anchor UNGC’s New Role Across the UN System</li> </ul>	<ul style="list-style-type: none"> <li>▪ Drive Scale &amp; Impact Across Theory of Change</li> <li>▪ Enhance Participant Accountability &amp; Transparency</li> <li>▪ Sharpen UNGC Brand via 20<sup>th</sup> Anniversary Campaign</li> </ul>

### 2020 Global Strategy

The 2020 Global Strategy, which runs from 2017 through 2020, is designed to transform the Compact into a professional global organization with UNGC NY and the Global Compact Networks supporting each other as “One Global Compact,” and sharing in the sustainable growth created by the strategy. At the outset of developing the strategy, the Compact identified the below high-level goals as a way to measure whether the initiative had successfully delivered on its ambitions. With a few remaining elements to be addressed in annual goals for the coming year, the Compact is well positioned to fully deliver on its transformational 2020 Strategy by year-end.

GROWTH	ORGANIZATION	BRAND
<ul style="list-style-type: none"> <li>▪ New fee structure and sharing revenue model across the UNGC in place</li> <li>▪ Sustainable participant and financial growth across the initiative</li> <li>▪ Strong, clear value proposition adopted across the UNGC</li> </ul>	<ul style="list-style-type: none"> <li>▪ “One Global Compact” in place, backed by annual engagement surveys</li> <li>▪ Lean, efficient, supportive, engaged GCO with the required competencies</li> <li>▪ Good quality, efficient, engaged LNs across the world</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strong, sharp, clear and bold brand anchored in UN values and principles</li> <li>▪ Supporting, inspiring and engaging companies globally</li> <li>▪ Driving the scale and impact of the companies’ efforts</li> </ul>

## 2019 & 2020 Financials

Ms. Kingo then invited Alex Stein, Managing Director of the Foundation for the Global Compact, to present on the Compact's financial results for 2019 and projections for 2020. Mr. Stein highlighted that 2019, the second full year of implementation of the engagement model, was very successful from a financial perspective. Revenue from general contributions was above target, and even greater than the projected year-on-year growth of 26%. This continued growth year-on-year without any fee increases proves the sustainability of the engagement model.

Mr. Stein also presented the financial projections for 2020, which show that revenue from general contributions will continue to increase steadily, and that expenses will also increase as the Compact makes strategic investments for the future.

## Key Campaigns and Initiatives

Ms. Kingo was then joined by Ole Lund Hansen, Chief of Global Operations, Lila Karbassi, Chief of Programmes, and Dan Thomas, Chief of Communications, for the presentation on the Compact's key campaigns and initiatives for 2020, including the Global Impact Initiatives (GIIs), and the 20<sup>th</sup> anniversary campaign.

Ms. Kingo and Mr. Hansen provided updates on the GII on SDG Ambition and the accompanying Integration Model, which is a model for companies to fully integrate the Compact's Ten Principles and the SDGs into their business across the areas of strategy & governance, operations, and stakeholder engagement. Ms. Kingo and Mr. Hansen also provided updates on the GII on gender equality, which will focus on increasing women's representation on corporate boards and in executive management positions during 2020, before expanding to a broader focus on supporting women's representation and leadership in business. Both GIIs aim to engage a minimum of 1,000 UN Global Compact participants in order to achieve impact at scale.

Ms. Karbassi updated the Board on the status of the "Business Ambition for 1.5°— Our Only Future" campaign. Since the last meeting, participation in the campaign has doubled to 187 companies, and the Compact expects interest to accelerate even further in the coming months.

Mr. Thomas then presented on the Compact's 20<sup>th</sup> anniversary campaign and the many ways that Board Members can support the campaign throughout the year. Ms. Kingo emphasized that the primary way for Board Members to engage will be by attending the Leaders Summit on 15-16 June. As champions of the UN Global Compact, all Board Members should have a role in the Summit.

The Board congratulated Ms. Kingo and the Compact on all of the progress achieved so far on the 2020 Global Strategy — especially on the impressive results of the engagement model. Feedback from the Board was very positive, and focused on the ways in which the compact can continue to grow, including: using new-joiner data to identify underrepresented sectors; working with the Principles for Responsible Investment (PRI) to mobilize investors; and encouraging large companies to ask their subsidiaries in developing countries to join their local Global Compact Networks.

## 3 THE ROAD AHEAD: POST-2020 STRATEGY CORNERSTONES

With the Compact's current multi-year strategy running only through the end of 2020, and with a leadership transition happening mid-year, the Compact has worked to develop potential cornerstones for a post-2020 strategy. These cornerstones, developed in collaboration with Accenture Strategy, are designed to allow the Compact to fully put its Theory of Change into practice, and can serve as the foundation for a comprehensive strategy to be developed by the Compact's new Executive Director.

- **RAISE THE BAR:** Mandate baseline expectations on the SDGs from participant companies relative to their size, impact in the market and geographical location
- **RAISE THE FLOOR:** Raise participant accountability through enhanced reporting standards using a digital tool to track and measure participant impact



- **LEVERAGE TECHNOLOGY/DIGITAL:** Take advantage of technology-driven transformations underway within participant companies & industries to ensure action on the Global Goals is prioritized and embedded

Mr. Polman invited the Board to comment on the overall direction of the cornerstones, and reiterated that the specifics of the strategy would be developed at a later date.

Board Members were supportive of the cornerstones, and expressed interest in continuing to be part of the process moving forward. There was consensus that the eventual strategy should have a clear goal for ambition, and that the Compact should plan to achieve that goal in collaboration with companies, Governments, and other stakeholders.

## 4 INSPIRATIONAL UPDATE: OCEAN ACTION PLATFORM

Sturla Henriksen, Senior Advisor on the topic of the ocean, and Erik Geircksky, Head of Sustainable Ocean Business, joined for this segment of the Board Meeting and provided an inspirational update on the Ocean Action Platform.

They spoke about how the ocean is intrinsically tied to the topic of climate change, both in its potential to provide solutions, and in its potential to exacerbate the worst effects of climate change. This means that mobilizing ocean-based industries to be part of the solution is critical to the 2030 Agenda.

The facts related to the ocean are compelling. Using only current technologies, offshore wind turbines could produce 18 times the amount of electricity that the world needs. Food production in the ocean predictably uses significantly less fresh water than food production on land. Transportation of goods by sea results in far lower emissions than transportation by either land or air. The potential is clearly there for ocean business to be a climate change mitigator. But, the ocean is also a risk-factor for climate change. Melting glaciers and ice caps will cause substantial sea-level rise if temperature increase cannot be allayed. That will have an extreme effect on many vulnerable people, displacing coastal communities and causing a global refugee crisis. At the same time, overfishing threatens the economy of those same communities, exacerbating the risk.

The Compact created the Action Platform on Sustainable Ocean Business with the goal of mobilizing ocean industries to create solutions and mitigate harm. The Action Platform began with 40 companies as core participants, and now engages 300 companies, including the biggest shipping companies and seafood producers. The Platform has worked with those companies to map ocean governance and regulations, as well as ocean opportunities, and most recently to create a set of Sustainable Ocean Principles. By convening the largest ocean companies with the banks and insurers that provide services to those companies, the Platform helps the sector self-regulate. In an industry like fishing where regulations are often sidestepped, the Action Platform provides support for business to discipline business.

The Action Platform is still growing, and at the 2020 UN Ocean Conference in Lisbon on 2-6 June, the Compact will organize five high-level meetings, providing a space for large and small companies to come together in support of sustainable ocean business.

There was a lot of enthusiasm for the achievements of the Ocean Action Platform among the Board, and Board Members encouraged the Compact to continue to enhance its ocean portfolio and to mobilize the private sector on the topic of the ocean, much like it did for climate with the "1.5°C — Our Only Future" campaign.

## 5 ENHANCED INTEGRITY MEASURES & NEW COP POLICY

Melissa Powell, Chief of Staff, presented on the Compact's current integrity measures, and on the targeted recommendations to enhance those measures going forward. She reinforced that the Compact is not in a position to be a judge or jury when it comes to allegations against participants, but that the Compact does have a role in facilitating a dialogue with those companies. The Compact has developed three recommended



updates to the integrity measures, designed to help the Compact support companies on their sustainability journey, while also safeguarding the integrity of the organization. Those recommended updates are:

- **Conduct a basic due diligence review on companies who wish to join Action Platforms:**  
Given the additional fee required, coupled with the enhanced profile provided to these companies, a minimum due diligence review will be conducted to avoid significant integrity issues.
- **Enhance collaboration with other organizations on the Dialogue Facilitation Process:**  
The UN Global Compact will collaborate and coordinate more with the OECD and ILO to further support the resolution of claims that UN Global Compact participants are egregiously and/or systematically violating the Ten Principles.
- **Develop tailored engagement and support to help companies address integrity issues:**  
When integrity issues emerge, the UN Global Compact should provide the company with resources related to the Ten Principles as part of its engagement processes. Additionally, companies should be encouraged to set goals and targets to address the issues identified and to report on their progress.

Another way in which the Compact will safeguard its integrity is through enhancements to the annual Communication on Progress (CoP), the Compact's primary reporting requirement and its main accountability and transparency framework. Lila Karbassi, Chief of Programmes, presented on the Compact's review of the CoP and recommended changes. She highlighted that the goals of the review are to strengthen the integrity and credibility of the Compact, and to deliver a simplified CoP that adds value for participants. Companies bring a high degree of rigor to their financial reporting, and they should bring the same level of rigor to their CoP reporting. Putting the emphasis on progress, and giving recognition to companies that are demonstrating progress, will enhance the value proposition of the CoP and incentivize participants to view the reporting requirement as an opportunity that merits increased rigor.

A primary consideration in the review of the CoP is the need to avoid increasing the burden on SMEs. The majority of the companies that are delisted from the Compact each year are SMEs, and the primary reason for their delisting is the failure to submit a CoP. The current CoP framework requires that SMEs answer only three questions, so while it will be important not to make the CoP significantly more difficult for SMEs to complete, it's clear that the reason for those delistings is not the difficulty of filling out the CoP. Instead, the focus will be on showing SMEs the value of reporting, and on ensuring that Global Compact Networks are in a position to support SMEs to submit their CoPs.

Board Members had minimal comments on the enhanced integrity measures, and were very supportive overall, especially of the stronger collaboration with ILO. Feedback focused on the dialogue facilitation process, and how it could be enhanced even further to encourage a stronger resolution to cases that are taken up using that process, and on the need for companies to have better policies on human rights due diligence. They were also supportive of the CoP review and the need for increased accountability. Feedback to the CoP review focused on balancing guiding principles like encouraging progress and having minimum standards, as well as adding required questions that will create value for participants and avoiding creating an undue burden for SMEs.

## MEETING ATTENDANCE

### BOARD MEMBERS:

1. **Ms. Clara Arpa Azofra** | CEO, ARPA Equipos Móviles de Campaña
2. **Ms. Sharan Burrow** | General Secretary, International Trade Union Confederation
3. **Mr. Patrick Chalhoub** | CEO, Chalhoub Group
4. **Mr. Emanuel Chirico** | Chairman and CEO, PVH Corp.
5. **Mr. John W.H. Denton** | Secretary General, International Chamber of Commerce
6. **Ms. Natasha Fröjd** | Chair, UNGC Government Group; Program Manager, SDC
7. **Mr. Philip Jennings** | Former General Secretary, UNI Global Union
8. **Dr. Musimbi Kanyoro** | Former President & CEO, Global Fund for Women
9. **Ms. Lise Kingo** | CEO & Executive Director, UN Global Compact
10. **Sir Mark Moody-Stuart** | Chairman, Foundation for the Global Compact
11. **Ms. Flora Mutahi** | Founder & CEO, Melvin Marsh International
12. **Mr. Carlo Pereira** | Co-Chair, Global Network Council; Executive Secretary, GCN Brazil
13. **Mr. Paul Polman** | Vice-Chair of the Board, UN Global Compact; Former CEO, Unilever
14. **Mr. Jean-Pascal Tricoire** | Chairman & CEO, Schneider Electric
15. **Ms. Sandra Wu, Wen-Hsiu** | Chairperson & CEO, Kokusai Kogyo Co. Limited