UN GLOBAL COMPACT
2017 ANNUAL MANAGEMENT REPORT

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ABOUT THE UN GLOBAL COMPACT
The United Nations Global Compact is a call to companies everywhere to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues embodied in the Sustainable Development Goals. The UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible corporate policies and practices. Launched in 2000, it is the largest corporate sustainability initiative in the world, with over 9,000 companies and 3,000 non-business signatories based in more than 160 countries.

ABOUT THIS REPORT
This annual management report is intended to provide the public with an overview of the organization’s progress across key strategic and operational focus areas, as well as to highlight key activities undertaken, and resources created, to promote business action on UN issues and priorities. It is available on the UN Global Compact and Foundation for the Global Compact websites.
The World is at a difficult moment in time, challenged by a multitude of interconnected issues and dilemmas. Those challenges are captured in the 17 Sustainable Development Goals (SDGs), developed by the United Nations and adopted by all 193 member states in 2015, as part of the 2030 Agenda for Sustainable Development. Two years after their introduction, the UN Global Compact took stock of progress on those goals. Based on the 169 underlying KPIs, and reports from the United Nations Department of Economic and Social Affairs, the Sustainable Development Solutions Network Alliance and others, the Compact concluded that two major themes stand out as key global challenges to sustainable development: the increasing pressure of climate change, and growing inequality.

In a period of unprecedented wealth and productivity, inequality has risen. That is because growth, to a large extent, has failed to reach many people, especially those struggling to fight their way out of poverty. Roughly half the world’s population still lives below the poverty line of $3.20 USD a day, and many of those people have jobs. Women have an especially difficult time, as women at all income levels continue to face significant economic, social and legal barriers to equality. SDG 5 (Gender Equality) is the one goal on which the world is actually regressing. Young people are also often left behind. 22% of youth are not in employment, training or education, and women and girls make up over three quarters of that group. 40% of young persons of working age are either unemployed or under employed, making it difficult for young people to escape poverty.

The effects of inequality are exacerbated by climate change. Planetary warming continues unabated, contributing to the acidification of the ocean and increased frequency of extreme weather events, droughts and flooding. Almost half the soil used for agriculture is considered “degraded” or worse, and the marine ecosystem is under increasing pressures from acidification and waste build-up. The growing pressures on our natural systems make life on land and under water increasingly fragile, and those among us who are already vulnerable bear the brunt of the risk.

The magnitude of these challenges requires all hands on deck, and business has a clear role to play. Along with the progress already being made by companies all over the world, the private sector must ramp up action to:

- Secure decent work in global supply chains and promote peaceful societies
- Close the $28 trillion USD gender gap in the global economy
- Create new and adequate jobs for the growing number of young people entering the workforce
- Decarbonize the world economy and mitigate climate change

The UN Global Compact is poised to help business achieve these goals by mobilizing a global movement of sustainable companies and stakeholders to create the world we want. The Compact is activating its network of over 9,000 business participants, more than 3,000 civil society representatives and local networks on the ground in 75 countries according to its transformational 2020 Global Strategy and the ambitious 2030 Agenda. This is the moment to scale up and show impact.

2020 GLOBAL STRATEGY

The UN Global Compact’s 2020 Global Strategy is built on four important pillars, designed to drive real change and to utilize the unique role of the Compact:
United Nations Global Compact
2017 Annual Management Report

- **Global Advocate for Responsible Business & Leadership Practices:** The Global Compact will amplify its unique role given by the UN General Assembly as a promoter of responsible business practices and UN values to the global business community and UN system on complex business and social issues (e.g., price on carbon, living wage, etc.)
- **SDGs as the Lighthouse:** With the Ten Principles at the foundation, the Global Compact will serve as the definitive voice for the private sector on the 2030 Agenda and enabler of ambitious business action on the SDGs
- **Global Platform & Connector:** The Global Compact can leverage its UN connection, neutrality and tremendous global-local reach to become the “Platform of Platforms.” Bringing together such a large and diverse group of like-minded and committed partners will allow the initiative to truly deliver on its mission of mobilizing a global movement
- **Impact & Performance:** The initiative can leverage its position as the largest and most inclusive network of companies to become the trusted authority on communicating the impact of, and progress on, responsible business

A substantive transformation is required across the global organization to deliver against each of these four focus areas. As part of this multi-year journey, the UN Global Compact plans develop across three distinct phases:

1. **Baseline:** securing the foundational people, processes and technology needed to deliver on future ambitions — getting the basics right
2. **Retention & Growth:** implementing a new business model to set the stage for sustained participant & financial growth
3. **Impact & Value at Scale:** expanding global-local capacities, capabilities and offerings to deliver game-changing impact

Aligned with its 2020 Global Strategy, the UN Global Compact has focused its activities on delivering against three crucial “Must-Win Battles”:

1. **Creating Sustainable GROWTH**
2. **Optimizing the Global ORGANIZATION**
3. **Clarifying and Strengthening the BRAND**

As the UN Global Compact looks toward the achievement of its 2020 Global Strategy, the following targets have been set for 2020:

**UNGC 2017 ANNUAL MANAGEMENT REPORT**
2020 Mid-Term Targets

**GROWTH**
- New fee structure and sharing revenue model across the UNGC in place
- Sustainable participant and financial growth across the initiative
- Strong, clear value proposition adopted across the UNGC

**ORGANIZATION**
- “One Global Compact” in place, backed by annual engagement surveys
- Lean, efficient, supportive, engaged GCO with the required competencies
- Good quality, efficient, engaged LNs across the world

**BRAND**
- Strong, sharp, clear and bold brand anchored in UN values and principles
- Supporting, inspiring and engaging companies globally
- Driving the scale and impact of the companies’ efforts

Additional specific annual targets under the same three key areas are illustrated later in this report.
ONE GLOBAL COMPACT

Core to the 2020 Global Strategy is the sense that the entire global organization must work as “One Global Compact.” Being one team with the same mindset and ambition is a prerequisite for implementing the strategy, and this requires new ways of behaving, making decisions, and working together. In 2017, the Compact sought to transform its culture from the inside, through the One Global Compact Culture Initiative. The One Global Compact values were established through an intentional, co-created journey between UNGC NY and the Local Networks, resulting in a shared values and behaviors model. The vision, values, and actions in this model are the foundation for how all internal stakeholders of the Compact should make decisions, hold each other accountable, and work together. This Values Based Management approach has brought immediate results, enhancing trust and respect across the organization, and creating a sense of unity, where all components of the Compact are equally important.

The “UN Global Compact Way” starts with the Compact’s mission and builds on the three values of the United Nations: integrity, respect for diversity, and professionalism. In order to specify how these values are put into action across the Compact globally, UNGC NY and Local Networks came together and defined nine behaviors illustrated in the model below. The aim is that all UN Global Compact employees must live these values and behaviors in their daily work, and that the Compact will take stock on this progress through an employee engagement survey each year. The UN Global Compact is its people, and to deliver on the ambitious 2020 Global Strategy, all of those people must be fully engaged in the Compact’s mission.
1. Overview

The purpose of this report is to provide United Nations Global Compact stakeholders with an overview of the organization’s progress in key strategic and operational focus areas during 2017, as well as to highlight recent activities undertaken to promote business action on UN issues and priorities. Aligned with its 2020 Global Strategy, the UN Global Compact has focused its activities on delivering against three crucial “Must-Win Battles”:

1. Creating Sustainable Growth
2. Optimizing the Global Organization
3. Clarifying and Strengthening the Brand

These Must-Win Battles served as the basis for the below scorecard that identifies key related organizational goals and reflects progress through the end of the 2017 calendar year:

**UNGC 2017 Annual Management Report**

**2017 Balanced Scorecard**

**Growth**

**Objective:** Create Sustainable Growth

**Description:** Implement new business model across Local Networks and strengthen global-local value proposition

<table>
<thead>
<tr>
<th>Goal</th>
<th>Target</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support LNs in finalizing mandatory contribution models</td>
<td>Q4 2017</td>
<td>Complete</td>
</tr>
<tr>
<td>Design content &amp; engagement opps. for participant tiers</td>
<td>Q4 2017</td>
<td>Complete</td>
</tr>
<tr>
<td>Collaborate with and support LNs in developing programmatic content and initiatives</td>
<td>20 LNs</td>
<td>15 LNs</td>
</tr>
</tbody>
</table>

**Brand**

**Objective:** Clarify and Strengthen the UNGC Brand

**Description:** Launch new Action Platforms, convene flagship events, and publish inaugural IMPACT Report

<table>
<thead>
<tr>
<th>Goal</th>
<th>Target</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruit &amp; engage participants LNs in Action Platforms</td>
<td>70 Partic. 10 LNs</td>
<td>75 Partic. 24 LNs</td>
</tr>
<tr>
<td>Develop flagship SDO Blueprint &amp; SDO Briefs series</td>
<td>Q4 2017</td>
<td>Complete</td>
</tr>
<tr>
<td>Convene successful M3GLB-India &amp; PSF/LS events</td>
<td>600 (total participants)</td>
<td>753</td>
</tr>
</tbody>
</table>

**Financials**

**Objective:** Generate Sustainable Finances

**Description:** Implement UNGC NY business model and secure funding from contributions, action platforms, and gov’ts

<table>
<thead>
<tr>
<th>Goal</th>
<th>Target</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secure general contributions income target</td>
<td>$ 6.3m</td>
<td>5.9m</td>
</tr>
<tr>
<td>Achieve new Action Platforms income target</td>
<td>$ 2.8m</td>
<td>2.95m</td>
</tr>
<tr>
<td>Maintain current government funding level</td>
<td>$ 3.1m</td>
<td>2.7m</td>
</tr>
<tr>
<td>Attract new income from grant/trust applications</td>
<td>$ 200k</td>
<td>0</td>
</tr>
</tbody>
</table>

**Organization**

**Objective:** Optimize the Global Organization

**Description:** Drive the One Global Compact culture & values initiative, and address HR, digital, comms. needs

<table>
<thead>
<tr>
<th>Goal</th>
<th>Target</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Embed new values framework within key HR processes</td>
<td>2 processes</td>
<td>Complete</td>
</tr>
<tr>
<td>Develop &amp; kick-off new digital capabilities roadmap</td>
<td>Q3 2017</td>
<td>Complete</td>
</tr>
<tr>
<td>Conduct UNGC Governance &amp; Integrity reviews</td>
<td>Q4 2017</td>
<td>Complete</td>
</tr>
<tr>
<td>Implement new media strategy to enhance value prop</td>
<td>Q4 2017</td>
<td>Complete</td>
</tr>
</tbody>
</table>

During the first full year under the guidance of its 2020 Strategy, the UN Global Compact registered strong results across the areas of Growth, Brand and Organization. A significant achievement was made in partnering with Local Networks to solidify the new engagement (business) model and enhanced value proposition in anticipation of required contributions in 2018. There was greater than expected support for, and participation in, the UN Global Compact’s new Action Platforms signaling strong market demand for this new approach to the initiative’s thematic work. Flagship events also garnered larger audiences than expected, further showcasing and enhancing the UN Global Compact brand. Lastly, the successful completion of Governance and Integrity Reviews, as well as the One Global Compact culture initiative, were key milestones in strengthening the foundation of the organization both globally and locally.

Continued global economic headwinds negatively impacted both general contributions and Government funding in 2017 although income from Action Platforms was greater than expected. The initiative expects the introduction of required contributions in 2018 and multi-year funding commitments from Governments to bring more predictability to these income streams. Finally, a plan for targeting new grant/trust income has been developed with full implementation deferred until 2018 when appropriate subject matter expertise is on-boarded within UNGC NY.
2017 STRATEGIC PRIORITIES

At the start of 2017, the UN Global Compact identified a broader series of strategic priorities within the three Must-Win Battles. Progress on those priorities was tracked over the course of the year and a status summary is captured below.

Creating Sustainable GROWTH

During the past year, considerable efforts were directed towards preparing the New York office and over 70 Local Networks for the introduction of a new required contribution model. This new engagement model will be underpinned by an enhanced global-local value proposition that will also be used to more substantively engage with a larger number of governments and foundations/institutional donors. However, the focus on ensuring a successful launch of the new model (and retention of existing participants), led to the deferment of wide-scale proactive recruitment drives.

Optimizing the Global ORGANIZATION

The UN Global Compact successfully completed several strategic cross-office initiatives, including a Governance Review, Integrity Measures Review, Digital Strategy Review, and finalization of the One Global Compact culture work. With these foundational enhancements now in place, expanding the capacities and capabilities in these areas, and more broadly in the office, will continue to be an area of focus in 2018. Ensuring close collaboration with the office of the UN Secretary-General during this transitional period was also a priority and will continue into 2018 as the Global Compact will weigh in on proposed UN reform efforts and maintain its role as the entry point for business within the UN system.

Clarifying and Strengthening the BRAND

The revamped programmatic and events portfolio of the UN Global Compact attracted record numbers of participants during the past year. Enhanced collaboration with Local Networks in the development of programmatic content and hosting of the Making Global Goals Local Business series of events is planned for in 2018. Also priorities for next year will be to leverage the initiative’s new Digital Roadmap to better position the initiative as the “platform of platforms” and to expand the organization’s reporting to better reflect the impact of business on the 10 Principles and SDGs.
UN GLOBAL COMPACT SIGNATORIES OVERVIEW

The UN Global Compact experienced steady growth in 2017 and now has a participant base comprised of:

- **Business Participants:** 9,692
- **Non-Business Participants:** 3,167
- **Total Participants:** 12,859

BUSINESS PARTICIPANTS

**UNGC 2017 ANNUAL MANAGEMENT REPORT**

**Cumulative Business Participant Growth**

Growth: During 2017, **1,427 new businesses** joined the UN Global Compact, bringing the cumulative net number of businesses to 9,692. This represents **77%** of the UNGC’s annual goal of attracting 1,854 new business participants by the end of 2017. Participant growth was lower than expected, primarily due to prioritization of implementation of the 2018 business model over recruitment, both by the client engagement team and local network offices. Of these new participants, small and medium-sized enterprises (SMEs) make up **70%** with the largest proportion of new joiners coming from Europe (47%), followed by the Americas (27%), Asia/Oceania (14%), MENA (8%), and Africa (5%). In line with previous years, over **50%** of UN Global Compact participants are headquartered in developing countries.

De-listings: **1,070 business participants were de-listed** from the Global Compact in 2017, with **83%** of them being expelled due to a failure to communicate on progress – the primary requirement for continued participation in the initiative. Of the remaining **17%** of de-listings, many of them were due to strengthened integrity measures in 2017. De-listing rates were somewhat greater than anticipated, with about **300 de-listings** from Spain and France alone and another **100** from Myanmar. Spain and France have proportionally higher numbers of SME participants and the majority of de-listings were from SMEs in these countries. Myanmar has seen an unusually high number of de-listings, due to a transition in the Local Network. Overall, the regional distribution of de-listings closely resembles that of new joiners, with the largest proportion of de-listings occurring in Europe (45%), followed by the Americas (26%), Asia/Oceania (20%), MENA (4%), and Africa (5%). These proportions are also similar to past years.

NON-BUSINESS PARTICIPANTS

Growth: During 2017, **389 new non-business participants joined** the initiative, bringing the total to 3,167 non-business participants.

De-listings: A relatively small **234 non-business participants** were de-listed from the initiative for failure to submit a biennial Communication on Engagement (COE).
Since its launch in 2000, the United Nations Global Compact has been instrumental in mainstreaming corporate sustainability across the globe. Over 9,600 companies are signed up to the Ten Principles, taking actions and reporting progress and many more companies have started to make significant commitments to sustainable development themselves or in partnership with other organizations. In fact, 57% of companies participating in the Compact believe that it has been a significant influence in spreading the practice of corporate sustainability worldwide.

Now, through the introduction of the Sustainable Development Goals in 2015, the world has a definitive articulation of the challenge ahead. It is abundantly clear that the Compact needs to step up its efforts by:

- speeding up progress through engaging more companies and securing more impact
- ensuring companies take a holistic principles-based approach to sustainable development

Through this effort, the Compact will help the private sector make the necessary contributions to the 2030 Agenda.

To drive this acceleration, the Compact is gearing up its efforts to enable more companies to make more progress. This requires a sustainable funding model to replace the current inefficient reliance on voluntary contributions. Currently, 35% of large companies — and <20% of companies overall — contribute financially to the initiative. (Note: the UN Global Compact is an extra-budgetary office of the United Nations and is thus required to self-fund). In order to create a sustainable funding stream, the Compact has developed a new system requiring modest fees from companies with annual revenue over 50 million USD. The details of this Engagement Model and the accompanying Value Proposition are presented below. During implementation, the Compact will seek ongoing feedback and insight from companies to further develop the Value Proposition.

### ENGAGEMENT MODEL

The new engagement model, to be rolled out in 2018, offers two different types of engagement, each with tiered contribution levels based on a company’s annual revenue. Participants engage at the global and local levels, and have greater access to training, programmes and events through the UN Global Compact office in New York. Signatories engage primarily at the local level through their Local Networks. All income stemming from these annual contributions will be shared between UNGC NY and the Local Networks, with a small percentage set aside for the Local Network Development Fund — a mechanism created to help new and developing Networks.

### UNGC 2017 ANNUAL MANAGEMENT REPORT

<table>
<thead>
<tr>
<th>COMPANY REVENUE TIERS BY ANNUAL REVENUE (USD)</th>
<th>PARTICIPANT</th>
<th>SIGNATORY</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;$5B</td>
<td>$20,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>$1B - $5B</td>
<td>$15,000</td>
<td>$7,500</td>
</tr>
<tr>
<td>$250M - $1B</td>
<td>$10,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>$50M - $250M</td>
<td>$5,000</td>
<td>$2,500</td>
</tr>
<tr>
<td>$25M - $50M</td>
<td>$2,500</td>
<td>None</td>
</tr>
<tr>
<td>&lt;$25M</td>
<td>$1,250</td>
<td>None</td>
</tr>
</tbody>
</table>

Note: (Local Network fee may apply)

### VALUE PROPOSITION

The UN Global Compact provides support and enables business in three main areas:

- A uniquely principles-based holistic approach to corporate sustainability (anchored in the United Nations) — providing a platform upon which companies can show their commitments and progress
Easy access to expertise, knowledge and practical tools — making it easier for companies to progress on their sustainability journey
- Global reach and connection to a multi-stakeholder community — giving business a place at the table to shape the sustainability agenda nationally and globally.

Those three areas form the basis of the value proposition (detailed below) which will be communicated through all channels and enable companies to take up the relevant opportunities.

1. **A platform upon which companies can show their commitments and progress:** As an initiative of the United Nations, based on the Ten Principles, the UN Global Compact provides a principles-based approach that ensures a rigorous, holistic plan to meet the SDGs
   
   By signing up to this approach companies can be sure they will develop a thorough and complete sustainability plan, fully reflecting the interconnectivity of the SDGs. They benefit from the opportunity to publically communicate their commitments and progress to peers, employees, suppliers, stakeholders, and investors. The UN Global Compact enables this communication with practical tools such as:
   - A new enhanced participant profile on the UN Global Compact website
   - Recognition for outstanding progress (e.g., becoming an SDG Pioneer or being recognized as LEAD)
   - Visibility and recognition for commitments and progress at UN Global Compact events (e.g., opportunities for speaking/exhibiting, signing ceremonies for new joiners and media coverage)
   - Ability to use the Endorser/’We Support’ logo on corporate communications, with guidance from a new media toolkit
   - Increased visibility and recognition via the Compact’s digital, social and media activity
   - New and improved Communication on Progress (COP) framework and improved digital interface for more effective reporting (to be rolled-out in 2019)

2. **Easy access to expertise, knowledge and practical tools to help companies progress**
   
   The UN Global Compact is the world’s largest corporate sustainability initiative, connecting companies with a global network of leaders, practitioners and experts and a comprehensive library of over 600 resources. Companies will have easy access to those tools via:
   - Access to the UN Global Compact digital library of tools and resources
   - Helpdesk and support to guide companies to relevant content
   - The Navigator: a new digital platform for companies to self-assess their sustainability status and benchmark against peers; the results of that assessment will be used to tailor content to help facilitate progress
   - The UN Global Compact Academy: a new global learning program, providing expert guidance for participants

3. **Global reach, and connections with multi-stakeholder groups, enabling business to help shape the corporate sustainability agenda**
   
   The UN Global Compact has an unrivalled ability to connect companies with leaders and influencers from across the UN, Government, civil society and the private sector.

   Example opportunities include:
   - Global and local multi-stakeholder meetings/events
   - UN-business partnerships
   - Action Platforms
   - Advisory ‘Expert Group’

These working groups/sessions provide business with the opportunity to shape the agenda, expectations, norms, and regulations that accompany sustainable development.
The table below represents the UN Global Compact’s Value Proposition for Participants and Signatories.

<table>
<thead>
<tr>
<th>UNGC 2017 ANNUAL MANAGEMENT REPORT</th>
<th>PARTICIPANT</th>
<th>SIGNATORY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value Proposition</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>LOCAL ENGAGEMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LOCAL NETWORKS</td>
<td>Access to Global Compact Networks in 70+ countries</td>
<td>X</td>
</tr>
<tr>
<td><strong>OPPORTUNITY TO COMMUNICATE COMMITMENTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DIGITAL PROFILE</td>
<td>Basic company profile on UN Global Compact website, including annual CoP (Communication on Progress)</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Enhanced company profile on UN Global Compact website</td>
<td>X</td>
</tr>
<tr>
<td>VISIBILITY &amp; RECOGNITION</td>
<td>Country-specific opportunities at events and conferences; digital and social media; eligibility for SDG Pioneer campaign</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Global opportunities at events and conferences; traditional, digital and social media; eligibility for SDG Pioneer campaign and Global Compact LEAD</td>
<td>X</td>
</tr>
<tr>
<td>LOGO &amp; MEDIA TOOLKIT</td>
<td>Tools to communicate engagement in the Compact</td>
<td>Logo + Toolkit</td>
</tr>
<tr>
<td><strong>EASY ACCESS TO TOOLS &amp; RESOURCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SUPPORT</td>
<td>Access to the UN Global Compact helpdesk, including guidance and support</td>
<td>X</td>
</tr>
<tr>
<td>SUSTAINABILITY CONTENT &amp; LEARNING</td>
<td>Access to the UN Global Compact digital library of world-class sustainability content and materials</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Access to the UN Global Compact Academy guided learning and coaching</td>
<td>X</td>
</tr>
<tr>
<td>UN GLOBAL COMPACT NAVIGATOR</td>
<td>Self-assessment and benchmarking</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Tailored roadmaps and content curation</td>
<td>X</td>
</tr>
<tr>
<td><strong>GLOBAL REACH &amp; CONNECTIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PARTNERSHIPS</td>
<td>Access to UN-business partnership support and advisory services</td>
<td>X</td>
</tr>
<tr>
<td>GLOBAL EVENTS &amp; CONVENINGS</td>
<td>Invitations to UN Global Compact flagship events, global programmatic convenings and UN side-events, including the UN Global Compact Leaders Summit and MGGLB regional convening</td>
<td>X</td>
</tr>
<tr>
<td>GLOBAL LEADERSHIP PROGRAMMES</td>
<td>Ability to join UN Global Compact Action Platforms (requires an additional financial commitment)</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Eligibility for Global Compact LEAD recognition (available to companies participating in two or more APs)</td>
<td>X</td>
</tr>
</tbody>
</table>
4 PROGRAMMATIC OVERVIEW

UN Global Compact programmes are rooted in the Ten Principles and focus on advancing corporate sustainability globally in support of broader societal goals. In 2017, the UN Global Compact revamped its approach to engaging participants by retooling its programmatic offerings and engagements with a special focus on delivering the 2030 Agenda on Sustainable Development. The programme portfolio covers wide ranging topics that cut across the environment, society and economy – from human rights, gender, decent work, climate and water, peace, governance, finance and innovation – with a view to mainstreaming and cultivating continuous corporate sustainability leadership.

UN Global Compact programmes are multi-stakeholder in nature to ensure collective action among business and finance, civil society, Global Compact Local Networks, UN, and Governments to maximize their reach and impact.

PROGRAMMATIC OFFERINGS

In 2017, the Programmes Team of the UN Global Compact was created to bring the Environment, Social & Governance, and LEAD units of the organization under one umbrella, offering added coherence and consistency to the development and delivery of issue-related content. In parallel, the UN Global Compact revised its organization-wide business model, launching a set of new programmatic delivery mechanisms that are easy to understand, demonstrate clear value to participants, and better position companies – from beginners to leaders – on a path toward advancing sustainability performance. Key delivery mechanisms include the UN Global Compact Academy, the Navigator, and Action Platforms – which are led by the Programmes Team – as well as Flagship Events and Local Network Playbooks.

RESPECTING AND SUPPORTING THE TEN PRINCIPLES

The 2017 UN Global Compact Progress Report provides a comprehensive overview of how our participants are faring to the Ten Principles. In 2017, the UN Global Compact made considerable efforts to anchor its refreshed programme portfolio across the Ten Principles – from design, outreach and engagement, tool development to building a country strategy with Local Networks. Below is a snapshot of activities and events across the Ten Principles and interlinked themes:

- At the UN Forum on Business and Human Rights, the Global Compact announced its support for the 70th Anniversary Campaign for the Universal Declaration of Human Rights. The “Guide for Business on the Rights of Persons with Disabilities” was published to help business respect and support human rights.

- The UN Global Compact co-hosted the Annual Women’s Empowerment event with UN Women on 14-15 March 2017. In partnership with UN Women and the Inter-American Development Bank, the Compact launched a WEPs Gender Gap Analysis Tool to further assist companies in analysing their gender equality performance. The Compact also introduced a “Gender Equality and Women’s Empowerment Playbook” for Local Networks.

- The UN Global Compact is working with Local Networks to develop a set of Playbooks on a number of themes with a first series on the topic of labour covering decent work and the global supply chain.

- The Compact engaged in key environment tracks to support the Secretary-General’s priority areas in 2017, including the organization of business engagement at the UN Ocean Conference – which brought 100+ private sector commitments – and mobilizing 50+ chief executives for his consultative dialogues on climate change to inform the 2019 Climate Summit.
The Global Compact rolled out the **anti-corruption** collective action stream under the Siemens integrity initiative. The first project track in Egypt led to the launch of an Integrity Network Initiative focused on mobilizing local business to build capacity, performance, and evaluation on anti-corruption issues. The second project track focused on building capacity for Global Compact Local Networks in Brazil, Japan, Kenya, and Nigeria together with the Basel Institute. This collaboration yielded new programmes to be developed such as a principles-based initiative in Japan and risk self-assessment tools for SMEs in Kenya, Nigeria and for the construction sector in Brazil.

Co-organized by the Global Compact Network Colombia, the UN Peacebuilding Support Office and hosted by the Bogota Chamber of Commerce, the Business for Peace Annual Event convened in November 2017 brought together over 300 representatives from business, civil society, finance, Government, and the UN to explore innovative approaches to, and opportunities for, collaboration in peacebuilding and sustaining **peace**.

**ROLL-OUT OF THE ACTION PLATFORMS**

Building on the legacy of activities in Global Compact LEAD, as well as the UN Global Compact’s various initiatives and working groups, Action Platforms seek to engage leading companies in cutting-edge, innovative work that will “raise the bar” on Principles-based sustainability performance and drive action at the local level. Designed for a group of 20 to 40 participants, the platforms run for 1-3 years to develop action-oriented outcomes. Rooted in the UN Global Compact’s Ten Principles, each Action Platform convenes companies, Global Compact Local Networks, leading experts, civil society, Governments and UN partners to solve complex and interconnected issues, define leadership practices, and identify innovative solutions to address the SDGs.

In addition to representing a natural evolution of previous issue work, the 10 themes currently covered by the platforms are intended to align with current UN Secretary-General’s priorities, to promote the Ten Principles, and to satisfy stakeholder needs and market demands. They cover cross-cutting issues including breakthrough innovation, financing for development and reporting as well as important themes such as climate change, health, decent work, and humanitarian action.

**UNGC 2017 ANNUAL MANAGEMENT REPORT**

**Action Platforms**

- Breakthrough Innovation for the SDGs
- Reporting on the SDGs
- Pathways to Low-Carbon & Resilient Development
- Financial Innovation for the SDGs
- Health is Everyone’s Business
- Decent Work in Global Supply Chains
- Business for Humanitarian Action
- Sustainable Ocean Business
- Water Security through Stewardship
- Peace, Justice & Strong Institutions

Unique to engaging in a UN Global Compact Action Platform is the opportunity to connect with, gain insight from and explore potential partnerships with the United Nations and Global Compact Local Networks in over 70 countries. By
engaging and harnessing the unique expertise of the UN both globally and locally, the platforms build on our unique positioning as a UN initiative to help companies develop tangible projects that will make measurable impact on meeting the Global Goals. Furthermore, a critical element of the platforms is the intention to disseminate outcomes and deliverables at the local level through Local Network Playbooks, as well as to the broader base of UN Global Compact Participants by providing content for the new UNGC Academy to be launched in 2018.

Currently, the UN Global Compact is examining interconnections between the various issues covered in the Action Platforms. In particular, the Global Compact is exploring how the programmatic priorities for 2018 (Human Rights, Finance and Climate) can be integrated throughout each platform in order to strengthen narratives and strategies around the different themes, identify new and innovative ways to address challenges, and scale up the impact of work undertaken. Further, the UN Global Compact is developing a new Government Engagement Strategy to increase and deepen government input to the platforms, for example by partnering at the local level, advocating our causes at the UN, and strengthening synergies between the work of the platforms and SDG National Action Plans.

2017 FLAGSHIP PROJECT: BLUEPRINT FOR BUSINESS LEADERSHIP ON THE SDGS

The Blueprint for Business Leadership on the SDGs was launched as a key deliverable for the 2017 Leaders Summit in September. Developed by a multi-stakeholder Task Team comprised of UN agencies, civil society, and Global Compact LEAD companies, the Blueprint offers a framework that aims to inspire businesses of all size, sector and geography to become leaders for the SDGs.

In practice, the Blueprint illustrates the potential for SDG leadership for each Goal, and prompts businesses, no matter their operating context, to apply five leadership qualities to their strategy, business model products, supply chain, and partnerships to advance the 2030 Development Agenda. These five qualities are: intentionality, ambition, consistency, collaboration, and accountability. Critically, the Blueprint’s 17 SDG briefs highlight the deep interconnection between the 2030 Agenda, and helps users take account for how action on one Goal can impact another using an approach that is rooted in the Ten Principles of the Global Compact.

The next steps for the Blueprint are a focus on dissemination, localization and uptake. First, an online, interactive version of the Blueprint will be launched in April. This will increase the readability and accessibility of the content. Most importantly, a Local Network Playbook on the “Principles-based Approach to the SDGs” is planned for the Making Global Goals Local Business – Argentina event in April of 2018. This Playbook aims to support Local Networks in leveraging the Blueprint and other SDG tools and resources to advance ambitious action on the SDGs.

UN GLOBAL COMPACT ACADEMY

In 2017, the UN Global Compact developed and refined a new concept for programme engagement – the UNGC Academy – with a view to significantly increase the mainstreaming and impact of our work by offering Participants with professionally delivered learning opportunities across a range of issues covered by the Ten Principles and the Global Goals.

As a cornerstone of the new engagement model, the UN Global Compact Academy will serve as a learning community designed to significantly increase the mainstreaming of sustainability practices in line with the Ten Principles, the Guiding Principles on Business and Human Rights, and the SDGs. By offering well-designed and professionally delivered learning sessions (both online and in-person) featuring world-class experts and influential leaders from business and the United Nations, the Academy will give companies at the “Participant” tier the knowledge and skills needed to meet their sustainability objectives.

Over time, the Academy will cover a wide range of sustainability topics, including key themes across Human Rights, Labour, Environment and Anti-Corruption. The learning portfolio will be developed on an annual basis with input from the Expert Network, results from the UN Global Compact Progress Report, and Participant suggestions and feedback. The Academy values the expertise of strategic partners and stakeholders and offers partners the opportunity to leverage the platform to host or co-develop sessions. The Academy will also support further capacity building across Local Networks and the wider base of signatories through a carefully designed dissemination strategy for key content and teaching assets.

Building on the concept and programme development undertaken through consultations in 2017, a dedicated UN Global Compact Academy website will be available in 2018. The inaugural session of the Academy is scheduled to take
place on 12 March 2018, featuring a dialogue with Lise Kingo and John Ruggie on the need for a principles-based approach to the Global Goals — an approach that puts respect for human rights at the center of business action.

NAVIGATOR

In 2017, the UN Global Compact consulted with various partners to offer a web-based tool that can help participants navigate an array of tools and resources on sustainability. The Navigator (to be developed throughout 2018) is a digital platform that will allow companies to easily access the most appropriate tools and resources to help improve their performance on the Ten Principles and the SDGs. Overtime, the Navigator will be built on the existing UN Global Compact Self Assessment (co-developed with the Danish Institute for Human Rights). The Self Assessment will help companies to assess their performance across the Ten Principles and the SDGs, and then guide them to a ‘smart library’ of curated tools and engagement opportunities to help them improve. 

The smart library will be powered by MIT technology. With the ambition to become a one-stop-shop for the best sustainability tools and resources, it will feature both UN Global Compact and partner content. The initial product to be launched in Spring 2018 will deploy an algorithm to enhance search results, allowing the Global Compact to better serve the particular needs of its participants.

EXPERT NETWORK

In 2017, the UN Global Compact decided to bring together its various issue-related working groups and steering committees under one umbrella, to establish the Expert Network. The Expert Network, to be launched in 2018, will be a new programmatic advisory group brought together under the auspices of the UN Global Compact, and co-chaired by the four Guardians of the Ten Principles (OHCHR — Human Rights, ILO — Labour, UNEP — Environment, and UNODC — Anti-Corruption). The Expert Network will comprise corporate sustainability experts from all of the Compact’s key stakeholder groups — business, civil society, academia, the UN, Government and Global Compact Local Networks. The Expert Network will provide strategic advice and input to the prioritization and implementation of the Compact’s programmatic activities and will share perspectives on emerging trends and challenges with respect to business contribution in advancing the Ten Principles and the SDGs.

PARTNERING TO ADVANCE THE TEN PRINCIPLES

- **Partnership with PRI**: Through its longstanding relationship with the Principles for Responsible Investment, the UN Global Compact is able to secure direct input from institutional investors into many areas of its work, including reporting on and financing the SDGs. The Reporting on the SDGs Action Platform, co-lead by the Compact and by GRI, explores how business can report on the SDGs. As part of this platform, the Compact and PRI will release a guidance resource on investor-relevant corporate reporting on the SDGs. To complement the reporting work, The Action Platform on Financial Innovation for the SDGs will help channel investments from institutional investors toward the SDGs. Helping investors align their listed equity portfolios with the SDGs is a crucial step toward helping secure the trillions needed to address the SDGs globally. This work is done in partnership with both PRI and UNEP FI, and explores ways to innovate financial products to ensure that capital flows toward the SDGs. Both Action Platforms complement the longstanding work of the UN Sustainable Stock Exchanges initiative, which the Compact organizes in partnership with UNCTAD, PRI and UNEP FI. Through these three areas, the UN Global Compact is working to ensure that capital markets support the achievement of the SDGs globally.

- **SDG Business Forum** [18 July – New York]: As part of the UN High-level Political Forum for Sustainable Development (HLPF) — the annual platform for reviewing progress and guiding global efforts on the achievement of the SDGs — the UN Global Compact convened the SDG Business Forum in partnership with ICC and UN DESA. The forum served as a platform for business to interact in dialogue with other stakeholders (especially Governments) and to showcase private sector efforts carried out in support of the 2030 Agenda and the SDGs. The UN Secretary-General, António Guterres, spoke at the SDG Business Forum High-level Luncheon, highlighting the important role the private sector can play in providing financial solutions to help achieve the SDGs, ensuring that labour markets are prepared to adapt to future technologies, advancing the green economy, fighting corruption and building conditions for the cohesion of society.
**PRME Global Forum and 10th Anniversary** [17-19 July — New York]: The Principles for Responsible Management Education hosted the 2017 Global Forum for Responsible Management Education, celebrating 10 years of the PRME initiative. The theme of the forum was Making Global Goals Local Business: Bringing the SDGs to Every Classroom. It gathered over 300 attendees from academia, business and civil society, and drew input from high-level United Nations officials. The event was a chance to reaffirm the PRME community’s mission to transform business and management education to help achieve the SDGs, by orienting all PRME work streams, participants and networks to critically engage with the SDGs through teaching, research and thought leadership.

**EVENTS & RESOURCES**

In 2016, the UN Global Compact partnered with numerous corporations, NGOs and UN agencies to convene events and publish resources that promoted our Ten Principles in the areas of Human Rights, Environment, Labour and Anti-Corruption. Below are some notable examples:

**KEY RESOURCES**

- **2017 UN Global Compact Progress Report**: Introduced at the UNGC CEO Roundtable, the 2017 United Nations Global Compact Progress Report: Business Solutions to Sustainable Development takes stock of the contribution of UNGC business participants toward sustainable development. The report assesses progress in terms of how companies are taking action on the Ten Principles and the SDGs, and features ten interviews with disruptive business leaders. It also highlights ten focus areas for the future where further business engagement is needed.

- **2017 Making Global Goals Local Business Brochure**: The key MGGLB campaign deliverable, *Making Global Goals Local Business – A New Era for Responsible Business*, provides an introduction to the multi-year campaign, featuring tools and resources for action, and an overview of progress so far, including success stories from companies and from individuals.

- **Business Reporting on the SDGs: An Analysis of the Goals and Targets**: This report is a first step toward a uniform mechanism for business to report on their contribution to and impact on the SDGs in an effective and comparable way. It contains a list of existing and established disclosures that businesses can use to report, and identifies relevant gaps, where disclosures are not available. It also lists illustrative actions that businesses can take to make progress toward the SDG targets.

- **Guide to Unlocking Prosperity: Finance, Investment and Sustainable Development**: This guide, launched at the UN Private Sector Forum and created in partnership with PRI, UNEP FI, UNCTAD, UN DESA, UNF and ICC, provides a roadmap to scale up private sector finance and investment in sustainable development. Along with detailing steps that can be taken by private actors, the guide outlines specific actions for 5 different groups: institutional investors, banks and other financial institutions, Governments and the United Nations, companies, and foundations.

- **2017 Global Opportunity Report**: Now in its third iteration, this publication, developed in partnership with DNV GL and Monday Morning Global Institute, identifies and ranks 15 sustainability opportunities according to public and private sector interest and potential impact on societies and business. This 2017 version stems from a survey of 5,499 business, governmental and social leaders across five continents, and, like the previous two, aims to demonstrate how global sustainability challenges and risks can be seen as opportunities.
UN GLOBAL COMPACT FLAGSHIP EVENTS

- **Making Global Goals Local Business – India** [26-27 Apr – New Delhi]: MGGLB-India, the UN Global Compact’s first flagship event of 2017, brought together over 300 leaders from business, finance, civil society, Government and the UN to mobilize responsible business actions, drive breakthrough innovation and create new market opportunities to achieve the SDGs. The forum included the launch of the UN Global Compact’s 2017 SDG Pioneers campaign and the unveiling of the new Global Opportunity Explorer – a digital platform that provides the global business community with direct access to the most innovative business solutions around the SDGs. Findings from the Better Business, Better World India country report were also released by the Business & Sustainable Development Commission at the event, which highlighted the important role India will play in determining the success of the Sustainable Development Goals.

- **UN Private Sector Forum** [18 Sept – New York]: Adopting a new principle-based approach to global finance that mobilizes massive new investments to achieve the SDGs was the topic of discussion at the 9th annual United Nations Private Sector Forum. Convening more than 300 Chief Executives, Heads of State and Government, UN and civil society leaders, the Forum focused on the theme of Financing the 2030 Agenda: Unlocking Prosperity, with a programme that identified a broad range of actions that all sectors must take to drive capital toward achieving the SDGs. Speaking at the event, UN Secretary-General António Guterres reiterated the critical role private finance and investment must play in delivering the SDGs, referencing the USD 3-5 trillion annual investment needed to finance the 2030 Agenda. The Secretary-General also announced plans to host a multi-stakeholder Finance Summit in New York in September 2018.

- **CEO Roundtable** [18 Sept – New York]: In the morning before the UN Private Sector Forum, the UN Global Compact kicked off UNGA week by hosting its first ever CEO Roundtable, convening 24 decision makers from some of its most engaged business participants to take stock on joint progress toward the SDGs. Deputy Secretary-General Amina Mohammed joined the discussion to share her expectations and aspirations for business leadership for the SDGs. The CEO Roundtable asked participants to consider a big question: How do we make growth inclusive, without mortgaging the future of people and planet?
UN Global Compact Leaders Summit [21 Sept – New York]: Nearly 800 business leaders from over 70 countries joined leaders from civil society, Government and the United Nations at the UN Global Compact Leaders Summit 2017. UN Deputy Secretary-General Amina Mohammed kicked off the Summit with a special video message saying:

“To achieve our goals, we need leaders from all of society, including and especially business, to show the courage that helps chart a new course for humankind.”

Amina Mohammed

With a view to guide participants in rejecting the status quo and the business-as-usual mindset, the Summit featured conversations with leaders from diverse sectors on the challenges and opportunities of pursuing the Global Goals. Speaking in the Opening Plenary, Phumzile Mlambo-Ngcuka, Executive Director of UN Women, highlighted the role of technology in advancing Goal 5: Gender Equality.

“Of the next 1 billion who are going to be connected to the internet, 75% of them must be women and girls. Because right now, the gap between men and women who are connecting is widening. We have to change the trend... Women lost out in the industrial revolution, we should not lose out in the digital revolution.”

Phumzile Mlambo-Ngcuka

In that same session, Paul Polman, CEO of Unilever, outlined the role of business as a force for good, saying:

“Business cannot be a bystander in a system that created it in the first place... In implementing the SDGs, as in any change process, there will be bottlenecks, setbacks, cynics, skeptics. It takes courageous leadership. That’s where the breakthrough comes from: from people who understand that putting the interests of others ahead of their own is actually in their own self-interest.”

Paul Polman

Speakers also explored the role of non-state actors and cities to protect our planet through supporting the Paris Agreement. Speaking from the perspective of his own city, the Honorable Bill Peduto, Mayor of Pittsburgh, focused on how cities can contribute to advancing the Global Goals, saying:

“There were some really smart people who started thinking about: what if our future was different than our past? And instead of offering a false hope and a false narrative, they offered a long-term plan of how a city — a city that had its economic heart ripped out, a city that everyone had said had lived its time and had died — could come back.”

Bill Peduto

Lise Kingo closed out the event, summarizing the theme of the day as “change and innovation, in a big way.” She concluded:

“The future is business unusual, and it’s amazing to see how many companies are... driving their businesses according to the Ten Principles, with vision and a direction, toward the SDGs. We should all feel encouraged that we have a strong wave to continue to drive the entire agenda.”

Lise Kingo
5 LOCAL ACTION: GLOBAL COMPACT NETWORKS

Global Compact Local Networks play a critical role in convening important regional events to build sustainability awareness, translating the SDGs for business in their region, and helping to facilitate the development of national plans in their respective countries to deliver the 2030 Agenda.

GLOBAL COMPACT LOCAL NETWORK QUALITY STANDARDS

January 2018 marks the official roll-out of the Global Compact Local Network Quality Standards after a series of consultations were held with Local Networks over the course of 2017. The purpose of developing and implementing a uniform set of Quality Standards (QS) across all Global Compact Local Networks (GCLNs) is to provide more clarity around the expectations that exist for all GCLNs and to further align around a common minimum set of standards for governance, management, strategic planning, reporting, and integrity in the spirit of a “One Global Compact” outlined in the 2020 Global Compact strategy. Memorandum of Understanding (MOU) renewal for 2018 and beyond with Local Networks is contingent on achieving the Quality Standards by January 2018 or within an agreed timeline.

STRENGTHENING COLLABORATION WITH UN COUNTRY TEAMS

- **China**: On 26 September, the Global Compact Network China organized a multi-stakeholder roundtable entitled “The Role of the Private Sector in Achieving the SDGs”, in partnership with the UN Resident Coordinator’s Office. The event was attended by 15 UN Agency Heads and senior representatives, 15 of the most engaged GC-participating companies in the region and 3 NGOs and think-tank representatives. GCO staff presented recent updates from the UN Global Compact, including the tools and resources launched during the 2017 Leaders Summit. As an outcome of the meeting, GCN China and the UN Resident Coordinator’s Office will join forces to support mobilizing and tracking the private sector’s contributions to the SDGs.

- **Angola**: On 14 December 2017, the Associação Cristã dos Gestores e Dirigentes de Angola (ACGD), in partnership with the UN System in Angola, hosted a conference on “The Promotion of the Ten Principles of the Global Compact and the Launch of the Port of Luanda Sustainability Plan” in Luanda, Angola. The event was further supported by the Ministries of Foreign Affairs and Transport of Angola and attended by the Global Compact Network Portugal. The event brought together over 50 companies and additional attendees from Government, the UN, and civil society. Speaking at the event, the UN Resident Coordinator of Angola, encouraged more Angolan companies to align with the Ten Principles and join the UN Global Compact, highlighting the need for public-private partnerships to advance the SDGs and address issues of poverty and corruption. Following the opening, the Port of Luanda — the largest transport and trade hub in the country — unveiled its sustainability strategy, aligned with the Ten Principles.

CEO ROUNDTABLE EVENTS

- **Japan and Republic of Korea** [August – Tokyo]: On the sidelines of the Asia-Oceania LN Regional Meeting, Global Compact Network Japan hosted a CEO Roundtable on 21 August 2017 with CEOs from some of their most engaged companies, giving them a platform to share their efforts in supporting the SDGs. On 25 August, following the regional meeting, GCN Korea hosted its own CEO Roundtable in Seoul, with 30 C-suite executives. Lise Kingo participated in both roundtables, encouraging CEOs to engage with the SDGs on a global scale.

- **Kenya** [November – Nairobi]: On 9 November, Global Compact Network Kenya hosted a CEO dialogue, bringing together 12 of their most engaged companies for an intimate conversation to discuss how they are contributing to the SDGs and the specific challenges business faces in Kenya. Common themes were growing youth unemployment and underemployment, and supply chain sustainability. Many companies spoke about focusing their sustainability efforts not only on their internal practices but also throughout their supply chain, addressing issues of corporate governance and education. The UN Resident Coordinator of Kenya participated, providing closing remarks highlighting the potential in Africa in the key areas of healthcare and agriculture, and citing the need for business to grab hold of these opportunities for Africa’s sustainable development.
GLOBAL AND REGIONAL MEETINGS

The Annual Local Network Forum and the five Regional Meetings are the only UN Global Compact convenings solely for the Local Networks. Regional Meetings around the world provided a good opportunity for UN Global Compact NY and the Local Networks to discuss various important themes such as UN Global Compact NY’s strategic reviews, the Engagement Model, the Local Network Quality Standards, and general participant relations. Leveraging the regional audience, the hosting Local Networks organized high-level business fora on the sidelines of each Regional Meeting.

- **XV Annual Local Network Forum** [April – India]: The XV Annual Local Network Forum, which took place between 26 and 28 April, alongside MGGLB–India, saw participation from 67 representatives and contact persons from 55 out of 73 Local Networks. A key focus of the forum was on the “One Global Compact” initiative, which created a constructive environment for discussing upcoming UN Global Compact activities and opportunities, as well as the new Engagement Model.

- **Asia & Oceania** [August – Tokyo]: On 22 August, the 9th China-Japan-Korea Roundtable — attended by over 150 businesses — demonstrated how three Local Networks can work together to advance the SDGs in tangible ways. Its Youth Session challenged and inspired businesses in attendance through an engaging debate on gender equality. The Asia & Oceania Local Networks Regional Meeting was organized on 23 and 24 August, attended by 14 Local Networks.

- **MENA** [October – Beirut]: On 9 October, the Global Compact Network Lebanon hosted the 7th regional PRME Chapter MENA Forum at the American University of Beirut. With 40 representatives from business and management schools, the event helped to galvanize action on responsible management education in support of the SDGs. On 10 October, the Network convened a Multi-Stakeholder SDG Forum, attended by over 300 people representing businesses, civil society, and Government, to discuss SDG implementation and share good practices. High-level panels were organized across four main themes addressing the SDGs, including: climate action, partnerships across sectors, gender equality and women’s empowerment, and people and the SDGs. The UN Resident Coordinator in Lebanon delivered the keynote address. The MENA Local Networks Regional Meeting took place 12 and 13 October, and was attended by 5 Local Networks in the region.

- **Europe** [October – Rome]: On 25 October 2017, the Global Compact Network Italy, in collaboration with the Ministry of Foreign Affairs and International Cooperation (MAECI), organized a Conference called “The Sustainable Development Goals: Experiences and Progresses on Their Implementation in Europe” in Rome. The main objective of the event was to hold a debate on the policies and trends registered so far in support of the 2030 Agenda in various sectors and at various levels, as well as on future opportunities in terms of launching new multi-stakeholder partnerships for the Global Goals. More than 20 representatives of Global Compact European Local Networks attending the Regional Meeting the next day were also present.

- **Africa** [November – Arusha]: On 6 November 2017, the Global Compact Network Tanzania held a Responsible Business Forum in Arusha with the subtitle, Making Global Goals Local Business Tanzania. The forum brought together more than 70 participants from UN, Government, civil society and business to discuss the Tanzanian private sector’s progress in advancing the SDGs. Key themes included collaboration through collective action and multi-stakeholder partnerships, innovative finance, and empowering young people in the region. The Africa Local Networks Regional Meeting was held on 7 and 8 November with 9 Local Networks from the region, and included discussions around the UN Global Compact Africa Strategy and the large role set for Local Networks in its formation.

- **Americas** [November – Quito]: On 21 November 2017, the Global Compact Network Ecuador hosted a Regional MGGLB Event in Quito to discuss the role of business in supporting the SDGs in Latin America. The event had over 300 attendees, 70% business. There was a diverse line-up of speakers, including High-Level Government Representatives and UN officials. The discussion covered the role of Governments, the UN system, business, civil society and 4th sector organizations to collaborate in jointly advancing the 2030 Agenda. An SDG Awards Ceremony recognized Ecuadorian companies that have established best practices to advance SDGs in the region. The Americas Local Networks Regional Meeting was held on 21 and 22 November, attended by 13 Local Networks.
GOVERNMENT ENGAGEMENT OVERVIEW

Throughout 2017, the UN Global Compact engaged with Governments in various ways and at different levels, including by supporting the delivery of national SDG plans of action by driving business contribution to the SDGs through Global Compact Local Networks and the mobilization of responsible business worldwide, by engaging governments in Action Platforms and the rest of the Compact’s programmatic portfolio, and by securing Governments’ input and advice on key strategic matters through the UN Global Compact Government Group and Group of Friends.

LOCAL ENGAGEMENT

Global Compact Local Networks around the world have started to work hand in hand with national SDG commissions and other stakeholders — including UN Country Teams — in raising awareness among companies in their region around the SDGs and the Ten Principles, building capacities for business to align their strategies with the SDGs in support of Government priorities, participating in public-private policy dialogues and partnerships, and finding ways to mobilize financial resources for the SDGs. Throughout the year, Local Networks held various events, meetings, workshops and policy dialogues to engage with Governments and, in some concrete cases, to contribute to the preparation of Voluntary National Reviews. As a result, numerous examples of these Global Compact Local Network and Government partnerships were presented in July at the United Nations High-level Political Forum (HLPF), as well as at the Forum for Sustainable Development for Latin America & the Caribbean, organized by the UN’s Economic Commission for Latin America & the Caribbean (ECLAC) in April, in the lead up to HLPF. As a demonstration of these strong local partnerships, eleven Global Compact Local Networks attended HLPF as part of their country’s official delegation.

PROGRAMMATIC ENGAGEMENT

At a global level, the UN Global Compact engages with Governments on its programmatic work, with an aim to advance business contribution on key areas relevant to the SDGs. Through the Compact’s Action Platforms, a number of Governments started to engage more substantively in 2017 — providing advice on and supporting implementation of specific Platforms. Denmark, for example, has engaged in the work of the Action Platform on Pathways to Low-Carbon & Resilient Development, while the United Kingdom and Sweden have provided support to the Decent Work in Global Supply Chains Platform. Looking forward to 2018, the UN Global Compact hopes to systematically continue deepening the substantive engagement of Governments in this portfolio, utilizing their wealth of knowledge and expertise, and leveraging Governments’ potential to expand the global responsible business movement in their respective local contexts, by working even more closely with the private sector in their countries.

EVENTS ENGAGEMENT

As a multi-stakeholder initiative that regularly convenes business with Governments, the United Nations, and other important stakeholders, the UN Global Compact held numerous meetings and events in 2017 — at global, regional and local levels — and engaged with Governments at many of them. There was strong Government attendance at all three of the Compact’s flagship global events: Making Global Goals Local Business — India, the UN Private Sector Forum, and The UN Global Compact Leaders Summit, all of which featured Government speakers who highlighted the role of the private sector and public-private partnerships in advancing national priorities around sustainable development. MGGLB — India stands out for Government engagement as it was also the venue for the semi-annual meeting of the UN Global Compact Government Group.

GOVERNMENT GROUP & GROUP OF FRIENDS

Governments also play a key role in the initiative by providing advice and strategic direction to the Compact through two main groups, the Government Group and the Group of Friends. The Government Group is a strategic and funding...
body composed of Governments that contribute un-earmarked funds — or regular and significant in-kind contributions — to the UN Global Compact Trust Fund. It convenes semi-annually to review progress, while providing advice on a regular basis on policy and strategy in fulfilling the Compact’s mandate. In 2017, the Government Group was a key contributor to the Integrity and Governance Reviews, the Compact’s primary strategic operational initiatives for the year. The Government Group is led by a Chair that rotates on a yearly basis. The Chair for 2017 was the United Kingdom, and the Chair for 2018 will be France.

The Group of Friends consists of a group of representatives from Missions to the UN in New York. The Group of Friends convenes quarterly, where members are briefed on the progress of the UN Global Compact in fulfilling its mandate as a United Nations initiative, and where they provide strategic advice for doing so. Both groups are essential as fora for Government engagement in the Compact.

2017 was also an important year with regard to the General Assembly Resolution, “Towards Global Partnerships,” which outlines ways of cooperation between the UN and all relevant partners — including the private sector — while acknowledging the role of local networks in supporting global partnerships locally. Through this biennial resolution, Member States reinforce the mandate of the UN Global Compact and play an important agenda-setting role to help define the Compact’s priorities and activities. The resolution was to be adopted in 2017, but given the parallel timing of the Secretary-General’s UN reform preparations, Member States decided to defer the discussion on an exceptional basis to be included as an agenda item in the provisional agenda of the 73rd General Assembly for 2018. The UN Global Compact will be in charge of updating for 2018 a report on UN Partnerships that was produced for 2017.
7 MEDIA & BRAND OVERVIEW

The visibility of the UN Global Compact brand continued to grow during the course of 2017, particularly through outreach efforts related to the new Engagement Model, new tools & resources (Action Platform outcomes) and flagship events such as Making Global Goals Local Business – India, the UN Global Compact Leaders Summit and the UN Private Sector Forum.

SOCIAL MEDIA

UN Global Compact social media performance improved by 15.3% in impressions compared with the previous year. The total impressions in 2017 reached almost 12.1 million, up from 10.5 million in 2016. This modest increase is more impressive given the fact that two of the UN Global Compact’s biggest events took place during the same week in 2017 (the Leaders Summit and the UN Private Sector Forum). In 2016, those events took place months apart, garnering their own separate social media impressions.

**2017 Highlights**

In an effort to increase brand recognition and give a human face to the organization, the UN Global Compact launched a Twitter account for Lise Kingo in 2017. The account has since been the key communication channel for Lise to the general public, sharing news from the UN Global Compact and Executive Updates, connecting to and interacting with UN leaders, Local Networks and more, and offering personal reflections on key moments in the world. The account consistently receives higher engagement than a post on the same topic from the official UN Global Compact account, demonstrating the value social media users place in connecting with actual person, rather than an organization.

- **Key moments from @Lise_Kingo**

![Image of a Twitter conversation and a post sharing updates on a specific event and expressing gratitude to individuals for their contributions.](image-url)
Launch of UN Global Compact Instagram

To broaden UN Global Compact social reach, an Instagram account (@globalcompact) was launched in December 2017. It focuses on a visual exploration into the work of the UN Global Compact, with a view to propagate the Ten Principles.

Launch of UDHR 70 Campaign

The Universal Declaration of Human Rights empowers us all.

At the UN @globalcompact, we are working with businesses everywhere to #StandUp4HumanRights! @UNHumanRights

WEBSITE

In September 2017, the UN Global Compact launched its interactive website — a new way to explore companies’ progress in advancing the SDGs. Real-time data from companies’ Communications on Progress (COP) are now available based on global, region and by country breakdown. This interactive page is the first step toward building greater data visualization capabilities on the UN Global Compact website. In 2018, the UN Global Compact plans to introduce new ways for participants and stakeholders to interact with the organization via the website, particularly through initiatives such as the Academy and the Navigator, and through enhanced participant profiles.
**FINANCIAL OVERVIEW**

Note: The UN Global Compact Office in New York combines resources with the Foundation for the Global Compact to deliver against the goals of the UNGC. All financial information presented reflects the consolidated financial realities of the two organizations.

**UNGC 2017 ANNUAL MANAGEMENT REPORT**

**2017 Financial Results [Un-Audited]**

<table>
<thead>
<tr>
<th></th>
<th>Consolidated Budget FY 2017 (Re-forecast) USD</th>
<th>Consolidated Actuals FY 2017 (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Contributions</td>
<td>6,300,000</td>
<td>5,908,978</td>
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<tr>
<td>Donor Government Contributions</td>
<td>3,148,032</td>
<td>2,695,459</td>
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<tr>
<td>Action Platforms</td>
<td>2,800,000</td>
<td>2,951,274</td>
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<td>Issue Special Projects</td>
<td>1,111,384</td>
<td>1,140,190</td>
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<tr>
<td>Grants</td>
<td>1,897,089</td>
<td>1,832,241</td>
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<tr>
<td>Event Sponsorship &amp; Registration</td>
<td>1,725,214</td>
<td>1,089,909</td>
</tr>
<tr>
<td>Other Income*</td>
<td>372,159</td>
<td>377,265</td>
</tr>
<tr>
<td>Allocation from UN Trust Fund for Strategic Investments</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>17,853,858</strong></td>
<td><strong>17,095,316</strong></td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>8,707,945</td>
<td>8,423,230</td>
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<td>Consultants &amp; Experts</td>
<td>3,639,090</td>
<td>3,835,244</td>
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<td>Event &amp; Conference Services</td>
<td>1,316,370</td>
<td>1,093,275</td>
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<td>Travel</td>
<td>835,340</td>
<td>798,037</td>
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<td>Occupancy &amp; Office Expenses</td>
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<td>Telecommunications &amp; IT</td>
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<td>Communications &amp; Outreach</td>
<td>336,803</td>
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<td>Other Expenses**</td>
<td>467,366</td>
<td>400,914</td>
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<td><strong>Total Expenses</strong></td>
<td><strong>17,700,851</strong></td>
<td><strong>17,037,570</strong></td>
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<tr>
<td><strong>Net Operating Surplus/(Deficit)</strong></td>
<td><strong>153,007</strong></td>
<td><strong>57,748</strong></td>
</tr>
</tbody>
</table>

*Other Income includes interest, cost sharing and administrative fees for grant facilitation and board room rental.

**Other Expenses for the Foundation includes professional development and training, hospitality, dues and subscriptions. For the Trust fund, this includes the programme support costs. These costs amount to 7% of total direct expenditure and correspond to outgoing services provided by the UN Administration.

**INCOME**

Overall income for 2017 was approximately $17.1 million, or about 96% of the annual goal of $17.8 million. Approximately 84% of the income raised came from the private sector while contributions from Governments totaled $2.7 million (or approximately 86% of the total annual goal of $3.1 million). Action Platform income was above target, with close to $3 million raised, exceeding the originally expected total of $2.8 million.

The $1 million allocation from the UN Trust Fund is part of an effort to reduce cash balances in this account to comply with Governments’ requirements to cover not more than 100% of next year’s expenditure. This allocation is in support of significant financial investments that were necessary in 2017, as the UN Global Compact moved to implement its 2020 Strategy and prepared for the 2018 launch of the new Global Compact business model. Specific areas for investment included: Development of Digital Platform; Building Communications Capacities and Seed Funding for Action Platforms.

**EXPENSES**

In 2017 the Global Compact budget projected $17.8 million total expenses for the year. As of 31 December 2017, the Global Compact spent approximately $17.0 million. Although the Global Compact received 4% less than expected revenue through December 2017, operating expenses were controlled and reduced proportionately during mid-year re-forecasting.
INTEGRITY MEASURES OVERVIEW

OVERVIEW
This portion of the report provides a brief overview of the implementation of the UN Global Compact’s integrity measures\(^2\) in 2017. This section is organized around the following main components:

- Update on the enhanced integrity measures
- Communication on Progress/Engagement (reporting)
- Engaging participants on allegations of abuse of the Ten Principles
- Logo use by UN Global Compact participants
- De-listing participants under the UN Global Compact Integrity Measures

Key Highlights:
- Integrity review: Over the course of 2017, the UN Global Compact conducted a comprehensive integrity review to identify areas where it could enhance its integrity measures. As a result of the review, the UN Global Compact identified eight key areas in which it could strengthen its policies and practices.
- Reporting: The majority of companies (84%) report at the GC Active level, which is the minimum baseline for content submission. COE submissions decreased compared to 2016, which could be an outcome of the significant decrease in non-business participants in 2016 as a result of the enforcement of the COE policy.
- Logo misuse: The instances of logo misuse have increased by 60% compared to previous year, which could be a result of increased capacity to review logo use and identify instances of misuse.

INTEGRITY MEASURES IN THE 2020 STRATEGY

In 2017, the UN Global Compact conducted a comprehensive integrity review to ensure its integrity measures continue to safeguard the brand and reputation of the initiative and the UN, while simultaneously promoting and recognizing responsible business action. As a result of an extensive consultation process, eight key recommendations were approved by the UN Global Compact Board in July 2017 and acknowledged by the Secretary General in September 2017. The recommendations seek to enhance the initiative’s policies and procedures in three areas: entry of new participants, engagement with existing participants, and exit/re-entry of participants that do not uphold the initiative’s integrity measures.

ENTRY
1. No automatic acceptance of companies and final decision on admission rests with UNGC NY office
2. Increase scrutiny of “high-risk” companies and introduce a “pre-joining phase”
3. Align exclusionary criteria with the UN System (tobacco and controversial weapons)
4. Enhance required criteria for non-business participants

ENGAGEMENT
5. Enhance screening of speakers, sponsors, partners, and any leadership recognition
6. Introduce an automated review process of all COPs and manually review for “high-risk” companies
7. Adjust COPs to include SDG-related goals and targets

EXIT
8. Develop a de-listing and re-joining policy

As a key recommendation, the UN Global Compact recognized the need to align its exclusionary criteria with the majority of the UN system. In September, the Compact announced it will no longer be accepting companies that produce or manufacture tobacco.

\(^2\) http://www.unglobalcompact.org/AboutTheGC/IntegrityMeasures/index.html
REPORTING

The UN Global Compact’s reporting requirement is the main accountability mechanism for the initiative. Participants of the UN Global Compact are required to submit a report on their efforts toward implementation of the Ten Principles on an annual (business) or biennial (non-business) basis. This publicly available report provides an opportunity for a company’s stakeholders to ensure participants are upholding their commitment to the UN Global Compact. Organizations that fail to submit a report on progress are listed as non-communicating for one year and subsequently expelled from the initiative. Given that the UN Global Compact is not a monitoring or compliance based initiative, there is no substantive review of these submissions. However, during the integrity review the Compact identified the need to revise its reporting requirements. In 2018, the UN Global Compact will develop a strategy for this to be implemented in 2019.

Communications on Progress (COP):

The COP is the annual reporting requirement of business participants. In 2017, the differentiation levels and quantity of reports remained consistent with 2016 reporting levels. Analysis shows that 84% of COPs submitted met the criteria of GC Active level, while 8% reported at both the GC Advanced and GC Learner levels. During the year, 891 grace letters requesting a deadline adjustment were submitted by business participants and a total of 887 businesses were de-listed for failure to submit a COP, an increase of 160 companies from 2016.

Express COP:

In 2016, the UN Global Compact introduced the Express COP to offer a simplified mechanism for SMEs to report on their progress. While the UN Global Compact continues to encourage SME participants to openly disclose their impact through the full COP submission, this mechanism seeks to recognize the reporting challenges of some SMEs. In 2017, 910 SMEs submitted an Express COP. As a result of the integrity recommendations, the Express COP will also be reviewed in 2018 to determine ways to further support and strengthen the reporting of SMEs.

Communication on Engagement (COE):

The COE is the biennial reporting requirement expected of non-business participants. The policy requires non-business participants to submit their COE through the UN Global Compact website every two years, disclosing their activities and outcomes in support of the initiative. In 2017, non-business participants submitted a total of 905 COEs. There was a decrease in submissions from last year due to the expulsion of 2,983 non-business organizations. These organizations were primarily de-listed as a result of the COE policy going into enforcement and the failure to report. Some were organizations that ceased to exist or were never engaged in the initiative. This year, only 208 non-business participants were de-listed for failure to submit a COE.

ENGAGING PARTICIPANTS ON ALLEGATIONS OF ABUSE OF THE TEN PRINCIPLES

The UN Global Compact offers a platform for dialogue and continuous improvement around integrity issues. While the initiative does not monitor or judge its participants, it offers opportunities for learning and further alignment with the Ten Principles through its dialogue facilitation process and proactive engagement. The dialogue facilitation process offers a mechanism for third parties to raise concerns about UN Global Compact participants who may be violating the Ten Principles.

In addition, if there has been a finding by a court of law or admission of guilt by an authorized representative that relates to egregious or systematic abuse of the Ten Principles, the UN Global Compact can take the decision to proactively engage in dialogue with the participant.

The number of matters raised under the Integrity Measures has been relatively constant for the past four years, with 17 matters raised in 2017. Of those 17 matters, 4 were accepted under the scope of the dialogue facilitation process (one of which ended due to a breach in confidentiality), 2 were under the terms of proactive engagement (as there was...
a finding of guilt by a court of law or admission of guilt by an authorized representative), 9 were declined for being beyond the scope of the UN Global Compact’s Integrity Measures, and 2 are pending for additional information to determine whether they fall within scope of the process. This past year, the majority of matters related to human rights, including children’s rights and negative impacts on indigenous communities. Out of the 17 matters raised, almost half involved two or more issue areas.

Other Matters: In addition to the matters formally raised under the Integrity Measures, 25 matters have been brought to the attention of the UN Global Compact through other means. Such matters do not fall within the scope of dialogue facilitation, as they do not involve a third party with whom the participant could engage, or meet the criteria for proactive engagement. Rather, these matters refer to emerging concerns on which the UN Global Compact may want to gather further information. In the majority of the 25 cases, the UN Global Compact reached out to the respective Local Network to help assess the concern in the national context as well as to engage with the participant to seek additional input.

LOGO USE BY UN GLOBAL COMPACT PARTICIPANTS

In accordance with the Logo Policy, permission of the UN Global Compact Endorser Logo (We Support logo) must be sought in advance and in writing. To receive permission to use the We Support logo, participants must have an active COP or COE status and business participants must have demonstrated support for the UN Global Compact by ensuring their annual contribution to the Foundation for the Global Compact is up to date. Participants commonly request to use the logos in the context of a COP, in annual or sustainability reports, on web pages (internal or external), in training materials, and in announcements that a participant has joined the initiative.

The number of logo requests slightly decreased compared to 2016. The 2017 approval rate of 52% is 7 percentage points lower than that of the previous year.

Logo Misuse: During the course of 2017, 55 instances of logo or name misuse were reported, 25 of which involved organizations who are not participants of the UN Global Compact. This increase from 2016 (in which only 34 were reported) could be a result of an increased capacity to review logo requests and identify misuse. Instances of misuse are addressed promptly with a cease and desist communication, which is typically effective. Serious instances may result in a participant being delisted and/or referred to the United Nations Office of Legal Affairs. In 2017, the UN Global Compact de-listed one participant for egregious misuse of the UN Global Compact logo.

DE-LISTING BUSINESS PARTICIPANTS UNDER THE INTEGRITY MEASURES:

While the UN Global Compact is a voluntary initiative for companies that commit to align with the Ten Principles, in order to maintain the integrity and reputation of the initiative, there are instances where, as a last resort, the UN Global Compact may del-list a participant under its integrity measures. The majority of de-listings to date result from a failure to submit the required COP/COE. In 2017 a total of 1,070 companies were de-listed from the initiative, 83% of which were de-listed for failure to communicate. The remaining de-listings occurred as a result of integrity reasons (such as logo misuse or failure to engage in dialogue), voluntary withdrawal, or if the company no longer exists.
ORGANIZATIONAL SNAPSHOT

The UN Global Compact is comprised of a headquarters office located in New York (UNGC NY) and a series of Global Compact Local Networks around the world. The UN Global Compact is supported by the Foundation for the Global Compact, a US-based non-profit that exists solely to provide vital financial, operational and programmatic assistance for the work of the UN Global Compact. The Foundation for the Global Compact is also headquartered at UNGC NY. The UNGC NY office currently has 71 full-time staff members, 65% of whom are women.

As of the end of the December 2017, the UN Global Compact has 75 Local Networks. These networks work to deliver local action and are spread across the Global Compact’s five regional groups: Africa, Americas, Asia & Oceania, Europe, and Middle East/North Africa. Over 50% of Networks are located in developing countries.
The UN Global Compact has identified the following goals for 2018:

**LOOKING FORWARD TO 2018**

**Roll-Out Engagement Model and Enhanced Value Proposition:**
- Migrate participants to new model and use enhanced value prop to increase retention/attraction of participants
- Increase collaboration and substantive engagement with an expanded Government Group and Group of Friends

**Expand Programmatic Offerings:**
- Launch UNGC Academy, collaborating with thought leaders to deliver new guidance and tools to participants
- Continue launching and delivering diverse Action Platforms in line with Secretary-General’s stated priorities

**Implement Results of Governance and Integrity Reviews:**
- Implement new Board structure and refresh the UN Global Compact Board
- Roll-out enhanced Integrity Measures across the Global Compact and Local Networks

**Collaborate with Local Networks:**
- Work with LNs on developing LN Playbooks to effectively cascade programmatic content at the local level
- Partner with LNs to implement new quality standards and LN council structures