



United Nations
Global Compact

UN GLOBAL COMPACT

2018 ANNUAL MANAGEMENT REPORT

MAY 2019



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ABOUT THE UN GLOBAL COMPACT

As a special initiative of the UN Secretary-General, the United Nations Global Compact is a call to companies everywhere to align their operations and strategies with ten universal principles in the areas of human rights, labour, environment and anti-corruption. Launched in 2000, the mandate of the UN Global Compact is to guide and support the global business community in advancing UN goals and values through responsible corporate practices. With more than 9,500 companies and 3,000 non-business signatories based in over 160 countries, and more than 70 Local Networks, it is the largest corporate sustainability initiative in the world.

ABOUT THIS REPORT

This annual management report is intended to provide the public with an overview of the initiative'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.

FOREWORD

Across the world, continued political instability and power vacuums have led to a sense of inertia amongst different stakeholder groups. Although there has been some progress on achieving the Sustainable Development Goals (SDGs) in the three years since their launch, it has been slow. And, progress along one metric is sometimes met with regression along another. Although 1 billion people have been lifted out of extreme poverty over the past 25 years, the inequality gap and the gender parity gap are both rising. Although both maternal mortality and under-five mortality have significantly declined, malnourishment is on the rise. Although labour productivity has increased, and unemployment has decreased, 22% of young people in the world — the next generation of the workforce — are not in employment, training, nor education. And, although there has been an unprecedented rise in both access to electricity globally, and use of renewable energy sources, the world is hurtling toward a 3.5° Celsius temperature increase that will have catastrophic consequences.

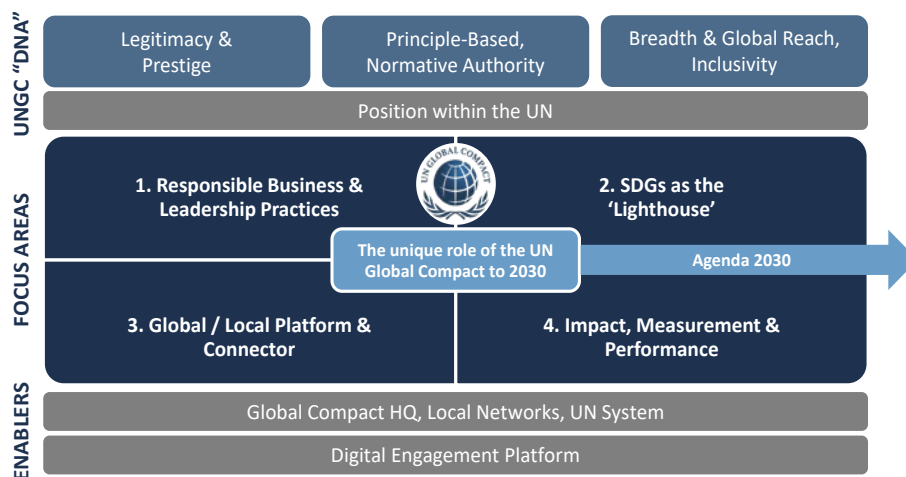
Although more and more global stakeholders view sustainable development as 'business as usual,' the movement has not yet reached the tipping point on any of the goals. The tipping point, as Malcolm Gladwell describes in his book by the same name, is the "moment when an idea, trend, or social behavior crosses a threshold, tips, and spreads like wildfire." In order to achieve the SDGs by 2030, the world will need to reach the tipping point on each and every goal.

Business can and must assume a leadership role. But Governments and civil society are crucial players as well, and for business to be the one to drive tipping points on the world's most pressing issues, there is a strong need for 'business as unusual.'

The United Nations Global Compact is poised to help business do just that by *mobilizing a global movement of sustainable companies and stakeholders to create the world we want*. With a network of over 9,500 business participants, more than 3,000 civil society representatives and local networks on the ground in 69 countries, the Compact is uniquely positioned to create momentum and drive impact where it matters most on the road to 2030.

2020 GLOBAL STRATEGY

The UN Global Compact's 2020 Global Strategy provides a lens through which the Compact and its stakeholders can view the current and future opportunity for the initiative to create game-changing impact through private sector contributions to the 2030 Agenda. The strategy also provides the basis for a clear timeline, 2017-2020, for the Compact to lead and catalyze action as the overarching "platform of platforms" for business, the UN system and diverse stakeholders to deliver impact at scale. The strategy is built on four important pillars, designed to drive real change and to utilize the unique role of the Compact:



- **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

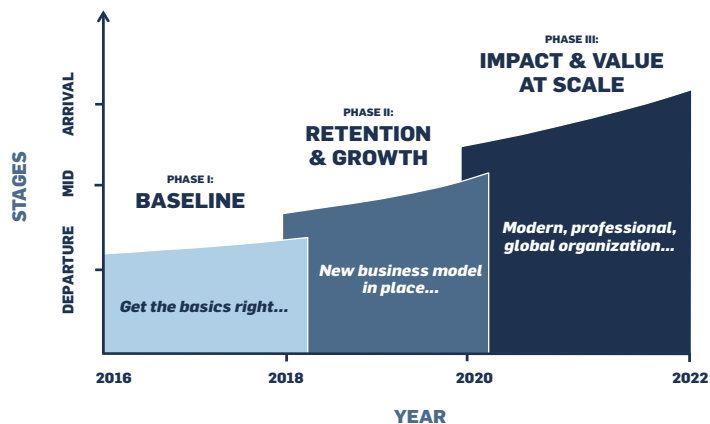


- **Global Platform & Connector:** The Global Compact can leverage its UN connection, neutrality and tremendous global-local reach to become the “Platform of Platforms.” Bringing together such a large and diverse group of like-minded and committed partners will allow the initiative to truly deliver on 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

UNGC STRATEGIC PHASES



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 targets that were set in the strategy in 2016 are coming into view:



UNGC 2018 ANNUAL MANAGEMENT REPORT 2020 Mid-Term Targets

GROWTH	ORGANIZATION	BRAND
<ul style="list-style-type: none"> ▪ 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 	<ul style="list-style-type: none"> ▪ “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 	<ul style="list-style-type: none"> ▪ 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.



1 OVERVIEW

The purpose of this report is to provide United Nations Global Compact stakeholders with an overview of the initiative's progress in key strategic and operational focus areas during 2018, 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 2018 calendar year:



UNGC 2018 ANNUAL MANAGEMENT REPORT 2018 Balanced Scorecard



* - Reforecasted

● ON-TRACK ● AT-RISK ● OFF-TRACK ● NOT STARTED

During 2018, the UN Global Compact registered strong results across all four areas captured in its Balanced Scorecard. A significant achievement was made in implementing the new engagement (business) model, with greater than anticipated retention and transition of companies to the new model. Although more large companies than expected signed up to the lower 'Signatory' tier, recruitment of new companies essentially met the ambitious target and overall sign-ups to the engagement model were sufficient to increase income from general contributions by \$1.9m over 2017 levels — to a total of \$7.8m — proving the success of the model in creating a sustainable funding source.

For the second year in a row, there was greater than expected support for, and participation in, UN Global Compact Action Platforms, taking in \$3.7m from participants and patrons. Government funding also increased relative to 2017 levels with \$3.3m over the course of the year — an increase of 10% — and only grant/trust income lagged behind. Increasing grant/trust income through new targeted outreach will be a priority for 2019.

The value proposition for Participants and Signatories was successfully delivered, with strong participation in the Academy learning platform and uptake of Local Network Playbooks globally — enhancing the Compact's ability to



deliver concrete activities in developing countries. The Smart Library (a key element of the Navigator) is set to roll-out in Q1 of 2019. The Compact continued to optimize and professionalize the global organization through refreshing the UN Global Compact Board, establishing new Global and Regional Network Councils, and signing Memoranda of Understanding (MoUs) between UNGC NY and Local Networks, reflecting their commitment to the new Local Network Quality Standards. As of the end of 2018, 80% of Local Networks have MoUs.

2018 STRATEGIC PRIORITIES

At the start of 2018, 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.



UNGC 2018 ANNUAL MANAGEMENT REPORT 2018 Strategic Priorities

GROWTH	ORGANIZATION	BRAND
<ul style="list-style-type: none"> ✓ Introduce new engagement model globally <ul style="list-style-type: none"> – Implement new income sharing models across LNs globally – Successfully migrate current participants to new model ✓ Launch new growth strategy targeting key regions and sectors <ul style="list-style-type: none"> – Target FT500 and companies with over USD 250m in revenue as new participants – Target China and USA as regions for substantial growth ✓ Maintain strong support of Governments and enhance engagement <ul style="list-style-type: none"> – Expand substantive engagement with Governments globally and locally – Diversify Government engagement through Government Group and Group of Friends – Maintain current Government funding level 	<ul style="list-style-type: none"> ✓ Anchor One Global Compact globally and embed across key processes <ul style="list-style-type: none"> – Implement values and behaviors model in UNGC NY and LNs around the world – Embed values and behaviors in key HR policies and processes – Build the leadership capacity of Chiefs ✓ Implement new UNGC Governance structure <ul style="list-style-type: none"> – Implement new Board structure and refresh UNGC Board – Implement LN quality standards – Establish new LN Council structure ✓ Expand UNGC capacity and capability <ul style="list-style-type: none"> – Expand communications, branding and digital acumen across UNGC NY – Develop foundational HR policies and resource key areas to deliver on all strategic priorities – Deploy Regional Liaisons in Africa and MENA and support hiring of strong EDs in LNs ✓ Enhance Strategic Positioning of UNGC within the larger UN system <ul style="list-style-type: none"> – Ensure close collaboration with the UN Executive Office – Implement recommendations from SG's reform efforts, including close collaboration with UN RCs – Ensure "Towards Global Partnerships" GA resolution reinforces strong support for UNGC role ✓ Collaborate between UNGC NY and LNs to deliver programmatic content and scale impact <ul style="list-style-type: none"> – Support LNs in delivering professional engagement opportunities based on LN Playbooks – Build strategy for global roll out of all major UNGC deliverables, initiatives and campaigns through LNs 	<ul style="list-style-type: none"> ✓ Strengthen UNGC value proposition globally and locally (SG thematic priorities: Finance, Climate, Human Rights) <ul style="list-style-type: none"> – Continue "Making Global Goals Local Business" campaign & convening events – Develop UNGC Academy and UNGC Navigator as key parts of value proposition – Enhance programmatic offerings through new and existing Action Platforms – Source content from LNs to be incorporated into the Global Opportunity Explorer and enhanced UNGC participant profiles ✓ Establish UNGC as bold and clear opinion leader with integrity <ul style="list-style-type: none"> – Implement enhanced Integrity Measures to signal high standards – Increase presence on social media and traditional media ✓ Enhance Digital experience as a step to creating the "Platform of Platforms" <ul style="list-style-type: none"> – Implement new ways for participants and signatories to digitally interact with the UN Global Compact ✓ Define approach to measure impact of UNGC <ul style="list-style-type: none"> – Publish UNGC Impact & Progress Report 1.0 – Utilize UNGC Theory of Change to create a plan for impact – Develop updated Communication on Progress (CoP) methodology

Creating Sustainable GROWTH

The primary focus of 2018 was the implementation of the new engagement model globally, and the successful transition of participants to that model. That focus did lead to a de-prioritization of growth, however, the Compact still managed to add a substantial number of participants from the USA — one of the two priority markets.

Optimizing the Global ORGANIZATION

The Compact undertook multiple efforts during 2018 to enhance its governance at the global and local levels and to implement the recommendations from the previous year's Governance Review. The initiative refreshed its global Board, with 8 new Board Members appointed by the Secretary-General. As of the end of 2018, the UN Global Compact Board is >45% female.

Clarifying and Strengthening the BRAND

The Compact strengthened its value proposition for companies in 2018 through new and existing Action Platforms, and by launching the UNGC Academy Learning platform in order to engage a broader global audience. Through the Compact's new Theory of Change, the initiative now has a plan for impact, but reporting on that impact (and utilizing COP reporting to capture progress on the SDGs) will continue to be a key focus throughout 2019.



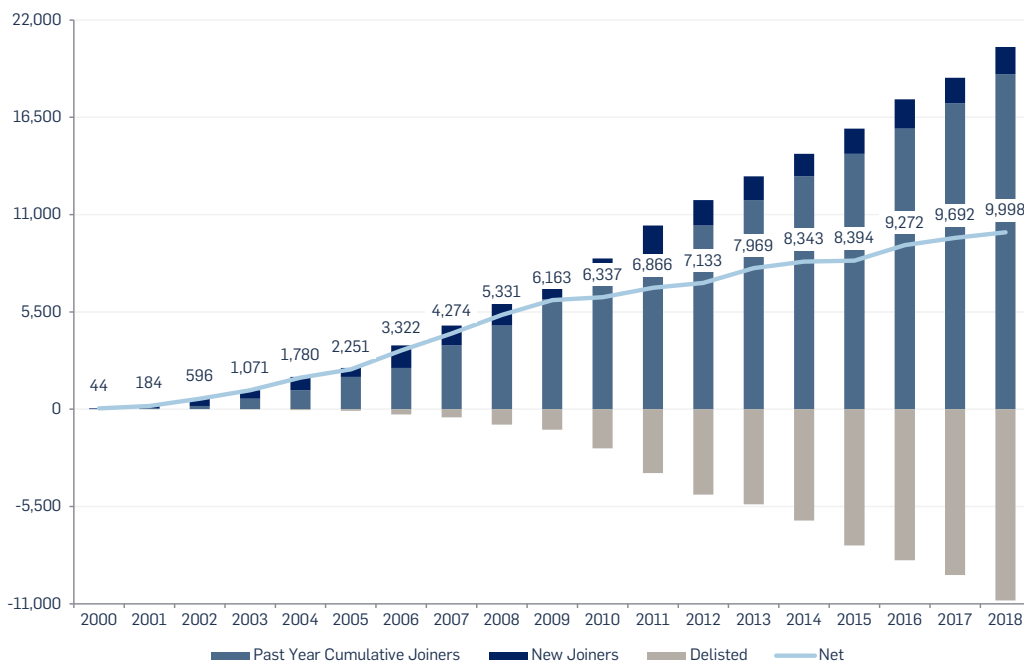
2 PARTICIPANT SNAPSHOT

The UN Global Compact experienced steady growth in 2018 and now has a participant base comprised of:

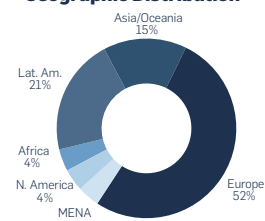
- Business Participants: **9,998**
- Non-Business Participants: **3,435**
- **Total Participants: 13,433**



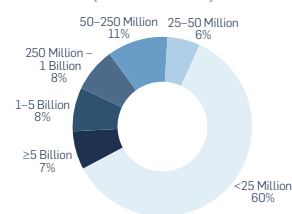
UNGC 2018 ANNUAL MANAGEMENT REPORT Cumulative Business Participant Growth



Geographic Distribution



Company Size Distribution [Annual Revenue USD]



BUSINESS PARTICIPANTS

Growth: During 2018, **1,528 new business participants joined** the UN Global Compact, bringing the cumulative net number of businesses to 9,998. This represents 93% of the Compact’s goal of attracting 1,648 new business participants by the end of 2018. Of these new participants, small and medium-sized enterprises (SMEs) make up 74% — a higher percentage than in previous years. This is due to a new policy around micro-enterprises, where the Compact is accepting companies with fewer than 10 employees if they are already members of a Local Network. Regional distribution of new joiners was similar to that of previous years, but with a slightly higher proportion of new joiners coming from Europe (where more Local Networks have historically accepted micro-enterprises as members) and North America (where the Compact has made a concerted effort to attract many more companies). Notably, participant growth in North America in 2018 increased by 35%, with 81 new participants from USA and Canada joining over the course of the year, compared to only 60 in 2017. Despite the change in distribution of new participants, over 50% of UN Global Compact participants are still headquartered in developing countries, in line with previous years.

Delistings: **1,277 business participants were delisted** from the Global Compact in 2018, with 75% of them being expelled due to a failure to communicate on progress — the primary requirement for continued participation in the initiative. Of the remaining 25% of de-listings, 220 were voluntary withdrawals, with the remaining 77 being delistings primarily for integrity reasons. This reflects a higher proportion of voluntary withdrawals than in past years, due to some companies choosing not to sign up to the new engagement model.

NON-BUSINESS PARTICIPANTS

During 2018, **578 new non-business participants joined** the initiative, bringing the total to 3,435 non-business participants, and **310 non-business participants were delisted** from the initiative for failure to submit a biennial Communication on Engagement (COE).

3 ANNUAL SPOTLIGHT: THEORY OF CHANGE

With three years having passed since the launch of the 2030 Agenda, it is clear that not enough is being done to move the needle globally. To this end, the UN Global Compact took the opportunity in 2018 to review its role within the evolving business sustainability landscape and to clearly articulate the specific areas and channels through which it can maximize its impact and spur business to achieve tipping points on critical issues. Over the course of the year, the Compact developed a new Theory of Change (ToC) — a framework commonly used by principles-driven not-for-profit organizations — as a guiding methodology for how the initiative seeks to bring about its desired change in the world. The Compact's new ToC explains what the initiative does to change behavior within business and how this behavior-change then positively impacts people, planet, and prosperity. The graphic below is a high-level representation of the Compact's ToC and the three key approaches it will leverage:



The Theory of Change was developed by UNGC NY in consultation with the Local Networks and with the UN Global Compact Government Group. Discussions focused on clearly articulating the impact of the Compact on the SDGs by catalyzing change in business practices as well as by helping to shape the enabling environment. A particular focus was put on the impact that the Compact has in developing countries.

The Theory of Change covers three primary avenues by which the Compact's activities effect change in the world:

Innovating & Thought Leadership: By convening sustainability, finance, and business experts to identify emerging challenges, and by working with leading companies to develop new models and practice anchored in a principles-based approach, the Compact will develop new models and practice that enable the SDGs to be delivered.

Scaling Globally: By working with Global Compact Local Networks to scale thought-leadership on best-practice (especially in developing countries), by offering trainings and playbooks on new and existing models and practice for mainstream business, and by supporting UN Global Compact participants to report on their progress toward the SDGs, the Compact will ensure responsible business models and practice are adopted by mainstream business.

Enabling Environment & Impact: By supporting business leadership to advocate for policy change, by engaging CFOs and corporates around the SDGs, and by convening both of those groups along with the UN and Governments in order to support collaboration in pursuit of development objectives, the Compact will create the conditions for new mainstream business practice to deliver the SDGs.

Through these avenues, and in collaboration with partner organizations, the Compact will create a world in which global business is fundamentally transformed such that responsible, sustainable business is mainstream across all regions and sectors, and the Ten Principles are embedded into companies' strategies, operations, and decision-making.

Moving forward, the Compact will embed the Theory of Change into its strategic planning processes and will use the framework to develop goals and strategies for impact in specific areas where the initiative is well-positioned to drive tipping points.

4 PROGRAMMATIC OVERVIEW

UN Global Compact programmes are rooted in the Ten Principles and focus on advancing corporate sustainability globally in support of the 2030 Agenda for Sustainable Development. UN Global Compact programmes address wide ranging topics and trends including human rights, decent work, gender, climate, water, ocean, peace, governance, innovation and finance. As illustrated in the graphic below, the programme portfolio is comprised of interrelated and reinforcing pieces that, when combined, seek to achieve the initiative's Theory of Change by fostering leadership and innovation, mainstreaming responsible business practice, and advocating for an enabling environment to significantly scale the uptake of responsible business.



In 2018, the UN Global Compact continued its efforts to offer cohesive engagement opportunities for all participants. In particular, efforts were made to roll out the newly launched UN Global Compact Academy, and to move toward scaling impact through increased digital and local engagement. The portfolio of Action Platforms was expanded to include new platforms on sustainable ocean business, water stewardship, and peaceful, just and inclusive societies. A new programmatic advisory group — the Expert Network — was established to provide strategic advice and input to the prioritization and implementation of the Compact’s programmatic activities. Reflecting the multi-stakeholder nature of the initiative, the Expert Network includes representatives from business, civil society, the United Nations, Global Compact Local Networks, and Governments.

SHAPING THE GLOBAL SUSTAINABILITY AGENDA: HIGHLIGHTS FROM 2018

Over the course of the year, the Compact lead multiple programmes on the topics of its Ten Principles in the areas of Human Rights, Environment, Climate, and Anti-Corruption. Below is a snapshot of key activities and events across those Ten Principles and interlinked themes:

- The UN Global Compact celebrated International Women’s Empowerment Day (8 March) by co-hosting the Women’s Empowerment Principles (WEPs) Annual Forum on 15 March along with UN Women and the UN Office for Partnerships (UNOP), and participating in the Ring the Bell for Gender Equality Initiative to raise awareness of the critical role that financial markets can play in driving progress on gender equality. In 2018, “Ring the Bell” had a record number of participating stock exchanges, with 65 globally, involving 55 Global Compact Networks. Lise Kingo also gave a keynote speech at the NASDAQ Ring the Bell event in New York, where she called on stock exchanges and companies to sign up to the WEPs.
- The High-Level Meeting of Caring for Climate at COP 24 was convened by the UN Global Compact, in collaboration with UN Environment and UNFCCC, to ramp up corporate action toward the UN Secretary-General’s Climate Summit in September 2019, and to discuss pathways to a zero-carbon future. The Compact called on companies to set their science-based targets with a new level of ambition – one that aligns with a 1.5° Celcius pathway.



- The UN Global Compact, together with various partners, reached a significant milestone in closing two three-year-long projects to advance anti-corruption collective action. Under the Siemens Integrity Initiative (SII) Second Funding Round, the two projects brought together businesses, governments and civil society, with the aim to raise compliance standards across five countries: Brazil, Egypt, Japan, Kenya and Nigeria.

CELEBRATING THE 70TH ANNIVERSARY OF THE UNIVERSAL DECLARATION OF HUMAN RIGHTS

In celebration of the 70th anniversary of the Universal Declaration of Human Rights, the UN Global Compact integrated human rights themes and principles across all of its work throughout the year, and released a new report — *Human Rights: The Foundation of Sustainable Business* — showcasing opportunities for businesses of all sizes and from all sectors to strengthen and scale up their efforts on human rights.



Launched at the 2018 UN Forum on Business and Human Rights in Geneva, the report highlights how the UN Global Compact is working with its business participants and other partners to advance human rights, featuring a compilation of company examples, key resources and relevant activities at the global and local levels.

A foreword to the report by Lise Kingo presents the argument that human rights must be a focus of core business: "The Universal Declaration has particular relevance to the business community... We have called on businesses to adopt a principles-based approach that places human rights at the centre of their strategy. Meaningful business action on the Global Goals is not about just finding an easy entry point — the deep changes needed to achieve the Goals will require transforming value systems, establishing a culture of integrity and aligning business practices with universal principles."

The report celebrates the important progress that has been made by the business community on human rights, while at the same time recognizing there is still a long way to go before respect for human rights is truly universal. In highlighting the critical human rights challenges that we continue to face today, the report points to the 40 million people still in modern slavery around the world, as well as the widening economic gender gap.

Building on the findings of the *2018 UN Global Compact Progress Report* — where only 27 per cent of companies reported performing risk assessments directly linked to human rights, and only 17 per cent reported conducting impact assessments linked to human rights — the report challenges companies to move from commitment to action by deepening their efforts to respect and support human rights throughout their supply chains and operations.



The report also presents snapshots of how the UN Global Compact has worked to elevate and scale its engagement with business in the area of human rights in the lead up to the 70th anniversary — ranging from working with the UN Global Compact Board to stand up for human rights, to hosting training sessions on the Academy learning platform including with the former High Commissioner for Human Rights, to convening human rights-focused CEO Roundtables around the world, including a CEO Roundtable with UN Deputy Secretary-General, Amina J. Mohammed, and UN High Commissioner for Human Rights, Michelle Bachelet, as part of the UN Global Compact Leaders Summit during UN General Assembly Week in New York.

THE UN GLOBAL COMPACT ACADEMY



The UN Global Compact Academy, rolled out in 2018, provides Participant-tier companies with the knowledge and skills necessary to meet their sustainability objectives and achieve long-term growth. The Academy enables Participants to enhance their knowledge and capabilities through a diverse set of learning opportunities that are relevant regardless of corporate function or where a company is on its sustainability journey. Those opportunities are:

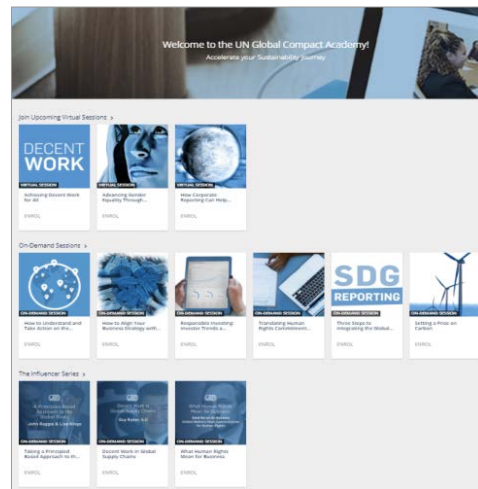
Virtual Sessions: Expert-led and interactive how-to sessions designed to help companies contribute to the 2030 Agenda for Sustainable Development by aligning their business strategy with the Ten Principles of the UN Global Compact and with the Global Goals.

E-Learning Courses: E-learning tools and resources that help participants learn key sustainability concepts anytime, anywhere.

Influencer Series: A video series that allows participants to learn from prominent leaders from the United Nations and companies shaping the sustainability agenda.

Online Community: An online platform that provides access to a global community of like-minded professionals.

Since the official launch of the learning platform in September 2018, almost 700 participants have signed up to the UN Global Compact Academy Learning Platform, participating in over 13 virtual live sessions. These included learning experiences on *How to Align your Business Strategy with the Global Goals*, *Reporting on the SDGs*, *Setting a Price on Carbon*, *Implementing a Human Rights Impact Assessment*, *ESG Trends*, and *Decent Work in Global Supply Chains*, among others. Each session was accompanied by pre-session material, as well as a Post Session Essentials Guide including key takeaways, case studies, and a list of tools and resources to help participants implement what they learned in their own companies.



Prior to the launch of the Academy learning platform, the Academy hosted 3 Influencer Series sessions that were open to the public with prominent speakers from across the UN and business including Harvard Professor, John Ruggie, Former High Commissioner for Human Rights, Zeid Ra'ad Al Hussein, and Director-General of the International Labour Organization, Guy Ryder. The Academy also hosted two open sessions designed to provide participants with key steps they can take to set Science-Based Targets. These sessions attracted over 1,300 participants.

ACTION PLATFORMS

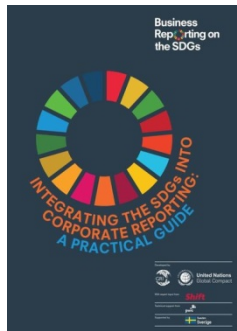
To achieve the ambitious and necessary goals set out in the 2030 Agenda for Sustainable Development, the UN Global Compact has developed a portfolio of Action Platforms to advance responsible business activities and fill emerging gaps in meeting the Global Goals. Rooted in the Ten Principles, each Action Platform convenes business, Global Compact Local Networks, leading experts, civil society, Governments, and UN partners to solve complex and interconnected issues, explore new market opportunities and innovate around the Global Goals.

New Action Platforms on Sustainable Ocean Business, Water Security through Stewardship, and Peace, Justice & Strong Institutions were launched during the year. By the end of 2018, over 135 companies and partners were collaborating on thought-leadership through Action Platforms in the following areas:



» **Breakthrough Innovation for the SDGs:** The Breakthrough Innovation for the SDGs Action Platform reached a significant milestone: completion of the Breakthrough Innovation Learning Series. This series of webinars provided an introduction to the pillars that constitute Breakthrough Innovation — new mindsets, disruptive technologies and new business models — and featured pioneering start-ups and corporate leaders that are leveraging these pillars to drive positive, disruptive changes in sustainability.

» **Reporting on the SDGs:** As an outcome of the work of the Reporting on the SDGs Action Platform, the UN Global



Compact, in collaboration with various partners, released *Integrating the Sustainable Development Goals into Corporate Reporting: A Practical Guide* and *In Focus: Addressing Investor Needs in Business Reporting and the SDGs*. These guides complement 2017's *An Analysis of the Goals and Targets* to form a groundbreaking toolkit for businesses to embed the Global Goals into existing business and reporting processes, and to better address SDG-related information needs of relevant stakeholders, including investors. They were presented in high-level events in connection with the meetings of the UN High-level Political Forum and the opening sessions of the UN General Assembly and will help shape the future of corporate SDG reporting.



» **Financial Innovation for the SDGs:** During UN General Assembly Week, the UN Secretary General held a Finance Roundtable around his new strategy to align global financial and economic policies with the 2030 Agenda and to seize the potential of financial innovation. The following day, at a meeting attended by representatives from large corporations and investors, Global Compact Local Networks, and Action Platform collaborators such as PRI, UNEP Finance Initiative and the IFC, the Compact unveiled a new finance strategy, which seeks to mobilize resources to address the current \$2.5 trillion annual funding gap to implement the SDGs. Plans were announced for a series of SDG Investment Forums in 2019 in partnership with Global Compact Local Networks and other local organizations, including the Sustainable Stock Exchanges Initiative. The Action Platform also launched its second work-stream: New Partnerships, Blended Finance and Financial Intermediation.

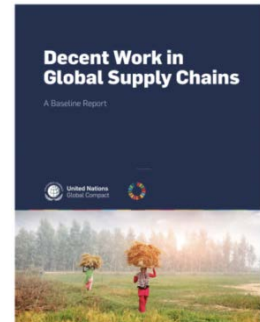
» **Pathways to Low-Carbon and Resilient Development:** Building on the results of its first year, in 2018 the Pathways to Low-Carbon and Resilient Development Action Platform focused on responsible climate policy engagement. The Action Platform organized a series of consultation webinars and briefings resulting in the development of the concept of the "Ambition Loop", a positive feedback loop in which bold Government policies and private sector leadership reinforce each other and take climate action to the next level. A working group comprising Action platform companies and the World Resources Institute worked on a report around this concept that was launched in November and presented at COP 24 in Poland. Action platform companies also participated in preparatory meetings for the UN Climate Action Summit 2019.

» **Sustainable Ocean Business:** Launched in 2018, the Sustainable Ocean Business Action Platform aims to take a comprehensive look at the role of ocean-based industries in achieving the Global Goals through 3 concrete action tracks: Ocean Governance and Regulation, Ocean Opportunities, and Sustainable Ocean Principles. Participants of the platform include leading global ocean companies within shipping, energy, seafood, seabed mining, technology, banking, equity, and insurance, as well as leading academic institutions, WWF and ocean-related UN bodies. In June 2018, the Action Platform published its first outcome document: the *Ocean Governance and Regulation Report*, which analyses governance of the ocean by sector. In Q3, the platform developed its strategy for 2020, including two key deliverables for 2019: Sustainable Ocean Business Principles and the Ocean Opportunity Report.

» **Water Security Through Stewardship:** The Action Platform on Water Security through Stewardship launched in February 2018 after months of consultations with, and recruitment from, the endorser base of the UN Global Compact CEO Water Mandate. The Platform comprises three key activities: increasing the capacity of companies of all shapes and sizes to undertake water stewardship activities, facilitating and incubating local collective action projects, and developing a system to measure impacts and outcomes of the companies' interventions. Platform activities spread across four core work streams: Human Rights and WASH, Direct Operations & Supply Chain Stewardship, Collective Action & Policy Engagement for Stewardship and Metrics, and Indicators & Disclosure. Over the course of the year, the Action Platform piloted Water Targets Methodology in South Africa, India, Brazil, and Southern California; advanced work around water access, sanitation, and hygiene via the WASH4Work initiative; highlighted the important linkages between water and climate via the Business Alliance for Water and Climate; launched a new multi-year project focused creating a common water accounting and assessment framework; and launched a revitalized Water Action Hub, creating more avenues for companies to become involved on potential local water stewardship projects.

» **Health is Everyone's Business:** The Health is Everyone's Business Action Platform is focused on building the business case for healthy business action, and enabling businesses across different sectors, sizes, and geographies to take a principled, focused, evidence-based approach to minimizing their negative health impact and accelerating their positive health impact through mainstream business — in the workplace, marketplace, community and supply chain. The Action Platform is placing special attention on public health challenges where business can have catalytic impact by taking a systems approach.

» **Decent Work in Global Supply Chains:** The Decent Work in Global Supply Chains Action Platform launched its baseline report at the UN Global Compact Leaders Summit in September 2018. The report summarizes some of the key challenges and opportunities that companies identified in their efforts to develop more sustainable procurement strategies. It also offers practical examples of steps taken to combat pressing human rights issues in supply chains, such as modern slavery, child labour, and non-compliance with employment standards. The Action Platform also launched its 6 commitments to advance responsible supply chains, which are based on the key pillars of Communication, Transparency, Engagement, Leadership, Collaboration and Accountability.



» **Peace, Justice, and Strong Institutions:** The newest Action Platform brings public and private sectors together to advance Goal 16 on peace, justice, and strong institutions. It was launched in September 2018 on the margins of UN General Assembly Week and the Nelson Mandela Peace Summit, at an event attended by 100 business leaders, Government officials and civil society organizations. The event included keynote addresses from Ambassador Manuel Sager, Director-General of the Swiss Agency for Development and Cooperation (SDC) and Patricia Moreira, Managing Director of Transparency International and UN Global Compact Board Member. The event served to garner interest in the Action Platform, which continues to recruit new participants.

LOCAL NETWORK PLAYBOOKS

With a view to scaling impact, the UN Global Compact rolled out a series of Local Network Playbooks, consisting of suggested programmes and campaigns for Global Compact Local Networks to implement at the country level. Playbooks include guided resources such as links to top business tools, key messages, workshop kits, methodologies, and lists of potential partners. They cover themes such as a principles-based approach to the SDGs, gender and women's empowerment principles, and responsible investment. Some examples of Local Network Playbooks include:

- Raise Awareness and Build Capacity around Supply Chain Management
- Organize a CEO Roundtable to Identify Local Human Rights Issues and Opportunities
- Participate in the Definition of National Policies and Reporting on SDG Implementation

EVENTS & RESOURCES

In 2018, the UN Global Compact partnered with numerous corporations, NGOs and UN agencies to convene events and publish resources that promoted the Compact's Ten Principles in the areas of Human Rights, Environment, Labour and Anti-Corruption. Below are some notable examples:

Flagship Events

- **Making Global Goals Local Business – Argentina** [25-26 April – Buenos Aires]: Organized by the United Nations Global Compact and Global Compact Network Argentina, Making Global Goals Local Business –



Argentina brought together over 500 local and global leaders from business, civil society, Government, Global Compact Local Networks and the United Nations to catalyze collective action and impact on the Ten Principles and the SDGs. As a precursor to global discussions on national SDG progress taking place later in the year, the event was an opportunity for business to play an active role in taking stock of progress across Latin America. The event featured dozens of concrete examples illustrating how business, UN and Local Network collaboration is driving local impact on the SDGs. As a leading example of multi-stakeholder collaboration, Argentina stands as a strong model for others looking to partner at the country-level.

- SDG Business Forum** [17 July – New York]: The third annual SDG Business Forum was convened as part of the High-level Political Forum on Sustainable Development (HLPF) at the United Nations in New York — the annual platform for reviewing progress and guiding global efforts for the 2030 Agenda. Co-hosted by the International Chamber of Commerce (ICC), the United Nations Department of Economic and Social Affairs (UN DESA) and the UN Global Compact, the 2018 SDG Business Forum convened a diverse multi-stakeholder group reaching nearly 600 participants from 60 countries and various industries. The action-orientated discussion at the SDG Business Forum was centered around how to communicate to and engage SMEs, and the value of creating partnerships on the local level to speed up progress towards the 2030 Agenda. During the Forum, participants discussed a wide variety of new tools to guide the global business community along best practices, no matter their size, sector or region. In her keynote address, H.E Amina J. Mohammed, Deputy Secretary-General of the United Nations, encouraged companies around the world to commit to the Compact's Ten Principles, saying, "An overall commitment to doing business responsibly is one of the most powerful contributions companies can make to the 2030 Agenda."



- UN Global Compact Leaders Summit** [24 September – New York]: Nearly 400 business leaders, including over 120 Chief Executives, attended the 2018 UN Global Compact Leaders Summit at the United Nations Headquarters in New York, demonstrating the role of business as a driver for the transformative change needed to deliver on the 2030 Agenda. The Leaders Summit included five separate segments:

- A welcome breakfast, where Lise Kingo presented the 2018 class of UN Global Compact SDG Pioneers — 10 creative business leaders from around the world championing the SDGs through their companies and inspiring others to advance the 2030 Agenda for Sustainable Development.

- An intimate CEO Roundtable, hosted by UN Deputy Secretary-General Amina J. Mohammed, with special guest, UN High Commissioner for Human Rights Michelle Bachelet, featured a candid discussion around business progress on equality and human rights. During the Roundtable, 31 CEOs discussed concrete actions to close the inequality gap and advance human rights as a driver for successful business, building on the outcomes of local CEO Roundtables hosted by Global Compact Local Networks throughout 2018.



- Hosted by UN Secretary-General António Guterres, the 10th annual United Nations Private Sector Forum celebrated the legacy of Nelson Mandela through the theme of building and investing in peace, and featured remarks from President Cyril Ramaphosa of the Republic of South Africa and President Mokgweetsi Masisi of the Republic of Botswana. Demonstrating the increasing engagement from responsible business, the Forum saw more than 60 leading CEOs make over 140 new expressions of support for eight different multi-stakeholder initiatives that advance peace — in areas ranging from peace, justice and strong institutions to humanitarian action to the empowerment of women and youth.



- The UN Global Compact in Action session highlighted activities of the Compact from the past year aimed at driving progress and scaling impact. Organized against the backdrop of United Nations priorities on financing for development and climate change, the session aimed to connect the dots between the world's most pressing challenges and the innovative solutions that can help business and partners to tackle them at scale.

- The UN Global Compact Leaders Summit Reception, co-hosted by the Government of Norway, offered an opportunity to reflect on the outcomes of the day, with a specific emphasis on sustainable ocean business. In the lead up to the 2020 UN Ocean Conference, the reception, hosted at the Museum of Modern Art, was an important opportunity to engage business in the ocean agenda, and featured remarks from Erna Solberg, Prime Minister of Norway.



KEY RESOURCES

- 2018 UN Global Compact Progress Report:** The *Progress Report* provides an assessment of how companies in the UN Global Compact are adopting the Ten Principles and taking action to deliver on the SDGs. Based on data collected in the UN Global Compact annual survey and other sources, the report takes stock of how companies are performing when it comes to integrating the Ten Principles into their strategies and operations. The report also offers a review of current progress on each of the Global Goals and considers impact measurement opportunities.
- Human Rights: The Foundation of Sustainable Business:** This report celebrates the 70th Anniversary of the Universal Declaration of Human Rights and builds upon the UN Global Compact Progress Report. It highlights insight and initiatives by Global Compact Local Networks around the world, presents snapshots of good practice from companies participating in the Compact, and showcases initiatives that are advancing the UN Guiding Principles on Business and Human Rights.
- Women’s Empowerment Principles Global Trends Report 2018:** This report examines the aggregate results of companies using the Women’s Empowerment Principles Gender Gap Analysis Tool (WEPs Tool) with an aim to provide insights on global corporate performance on gender equality and women’s empowerment aligned with the WEPs, demonstrate the value of using the tool, and showcase the efforts of partners and other stakeholders to drive gender equality around the world.
- The Ambition Loop – How Business and Government Can Advance Policies that Fast Track Zero-Carbon Economic Growth:** *The Ambition Loop* provides guidance for business and Government to fast track zero-carbon economic growth through use of a positive feedback loop between businesses pursuing bold climate change solutions and Governments advancing ambitious policies that provide companies with the clarity and confidence they need to unlock further investments in climate solutions. With the “ambition loop,” bold Government policies and private sector leadership reinforce each other, and together, take climate action to the next level.
- Promoting Anti-Corruption Collective Action through Global Compact Local Networks – Second Edition:** This guidance document (created through the UN Global Compact Collective Action Project in partnership with Global Compact Local Networks around the world) helps companies improve anti-corruption practices within their individual organizations and engage other businesses, Governments and civil society organizations in anti-corruption Collective Action.
- Business: It’s time to Act:** This brief guide, developed as part of the Decent Work in Global Supply Chains Action Platform, offers an overview of the steps businesses can take to help eliminate modern slavery, while highlighting key resources, initiatives and engagement opportunities to support business action. Forced labour, modern slavery and child labour are complex problems associated with poverty, governance failures and inequalities in the global labour market, and tackling them requires a massive international effort, involving Governments, businesses, civil society organizations, trade unions and international bodies. This guide presents the first steps on that path for business.
- Accelerating National SDG Implementation:** This report demonstrates how Global Compact Networks can help accelerate action and collaboration on the SDGs in their respective countries, and contains examples from more than 30 Networks around the world that are driving business engagement on the Global Goals through five key avenues of: awareness-raising, capacity-building, recognizing leadership, policy dialogue, and multi-stakeholder partnerships.
- SDG Bonds & Corporate Finance: A Roadmap to Mainstream Investments:** This report, developed by the Financial Innovation for the SDGs Action Platform, provides a guide to companies, Governments, and other stakeholders looking to tap into private capital markets to finance the implementation of their SDG strategies. It also introduces a roadmap for corporate SDG finance to respond to the specific financing challenges in emerging markets.
- 2018 Global Opportunity Report:** This solution-focused report — the fourth in its series — details 10 new opportunities that could help put the Global Goals on track, including blockchain-based land rights for Goal 10 (reduced inequalities) and energy-efficient cooling for Goal 13 (climate action). The report, like those before it, aims to demonstrate how global sustainability challenges and risks can be seen as opportunities.



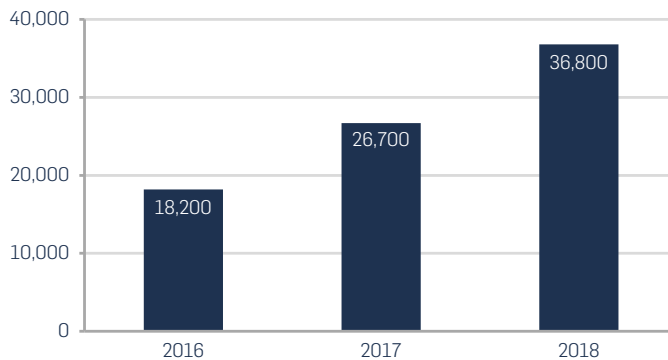
5 MEDIA & BRAND OVERVIEW

The visibility of the UN Global Compact brand continued to grow during the course of 2018 in large part thanks to the launch of new resources and programmatic offerings (such as the Academy), a growing media and social media presence, and flagship events such as Making Global Goals Local Business – Argentina and the UN Global Compact Leaders Summit.

MEDIA EXPOSURE

Media exposure refers to the number of articles or other traditional media content that mention the UN Global Compact or one of its programmes or events. The Compact's total media exposure in 2018 was 36.8K — up 37.8% from 26.7K in 2017 and up 102.2% from 18.2K in 2016. This growth is especially significant, given that the 2018 Private Sector Forum was held as part of the Leaders Summit (rather than on a separate day), leading to fewer total opportunities for media coverage. The increase in media coverage despite that disadvantage shows an effective use of the opportunities available.

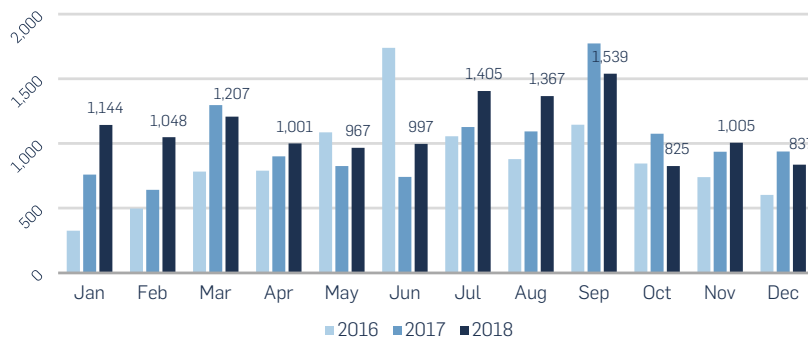
Total Media Exposure



SOCIAL MEDIA

UN Global Compact social media performance improved by 19.4% in impressions compared with the previous year. The total number of impressions in 2018 reached 13.4M, up from 11.1M in 2017. This is despite the fact that a change in Facebook's algorithm during the year deprioritized posts from businesses and institutions in favor of posts from friends and family members. The increase in overall social media impressions reflects an even larger increase in Instagram, Twitter, and LinkedIn impressions to make up for the Facebook policy change.

2018 Monthly Social Media Impressions



In 2018, the UN Global Compact continued to develop two new social media channels:

- Lise Kingo's personal Twitter account (@Lise_Kingo), which was launched in February 2017, has 4,622 followers and reached 922K in impressions in 2018
- The UN Global Compact Instagram (@globalcompact), which was launched in December 2017, has 2,794 followers and reached 65k in impressions in 2018

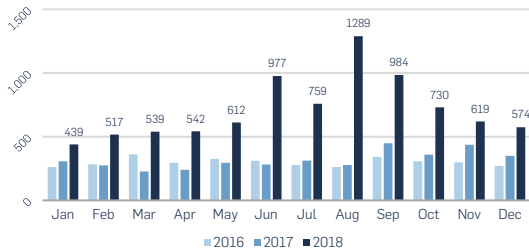


Lise Kingo @Lise_Kingo · 30 Jan 2018
I invite you to read my Annual Letter to all participants of the UN @globalcompact, outlining our plans to help business responsibly make #GlobalGoalsLocalBusiness in 2018 and well into the future
linkedin.com/pulse/united-n...

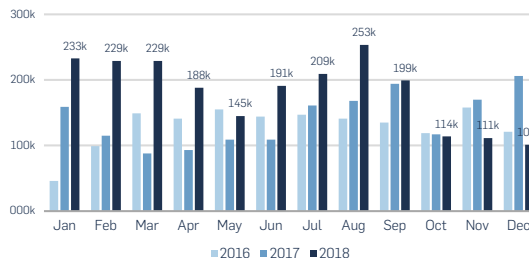
LINKEDIN

UN Global Compact LinkedIn performance improved by 30.4%, with 2.2M total impressions, compared to 1.6M in 2017. A portion of that increase can be attributed to significant growth in LinkedIn followers. As of 31 December 2018, the page had 19K followers, having added 8.5K over the course of the year — an increase of 81%, and almost double the number of followers added in 2017. Much of that growth came in Q3 and was closely linked to the Leaders Summit. Growth over the rest of the year can be attributed to the launch of the Academy, as well as to the effective use of moments (e.g., announcing the new Vice Chairs of the UN Global Compact Board, remembering the late UN Secretary-General, Kofi Annan, and celebrating the 70th Anniversary of the Universal Declaration of Human Rights).

Monthly LinkedIn New Followers



Monthly LinkedIn Impressions



2018 HIGHLIGHTS

70th Anniversary of the Universal Declaration of Human Rights campaign

The business case for human rights was integrated across communications for the year, with events, social media efforts and press conferences all given a human rights framing. Campaign highlights included *Human Rights: The Foundation of Sustainable Business*, a publication launched in November with a communications rollout that mobilized all report stakeholders, leading to over 1,000 downloads. The Compact also worked to frame the narrative around climate change as a distinctly human rights issue, highlighting the interconnectedness of the SDGs and the Ten Principles. This was done both at COP 24 and through the December Executive Update, which focused on human rights as a driver of climate action and sustainable development. The Executive Update, available on the UN Global Compact website, was viewed 1.6K times.

Executive Update: Human rights as a driver of climate action and sustainable development

New York, United States of America
The following is an article by Lisa Kluge, CEO & Executive Director, United Nations Global Compact, originally posted on [GreenBiz](#) on 9 December 2018.

On 10 December 2018, the world celebrates the 70th Anniversary of the Universal Declaration of Human Rights. The Universal Declaration was crafted at a time when the man-made horrors of World War II were still fresh in the minds of world leaders. Seventy years later, the rights set out in that document have a new, man-made threat on a global scale: climate change.

This past year alone, we have seen the catastrophic impact of climate change, a phenomenon where those who have contributed the least to it are also those most disproportionately suffering its harm. From wildfires in Greece and the United States, to floods in Japan and Nigeria, to a heat wave in Pakistan and mudslides in India, 2018 has been a year of devastating loss of life and displacement due to natural disasters either influenced by or exacerbated by global warming.

Contact: Ms. Lisa Kluge, CEO & Executive Director, lisak@unglobalcompact.org, +1 212 987 1000

Leaders Summit

The 2018 UN Global Compact Leaders Summit, including the Private Sector Forum and CEO Roundtable, was accompanied by robust communications efforts throughout the month of September. Those efforts included social media toolkits, five press releases with a total view count of 9.5K, a retrospective highlight video with 9.7K views, and live posts across all social media channels.



At the UN @globalcompact #LeadersSummit 2018, business leaders join Heads of State and @UN Secretary-General @antonio.guterres to discuss peace, #humanrights and advancing the #GlobalGoals: unglobalcompact.org/news/4406-09-2... #UNGA

6:26 PM · 25 Sep 2018

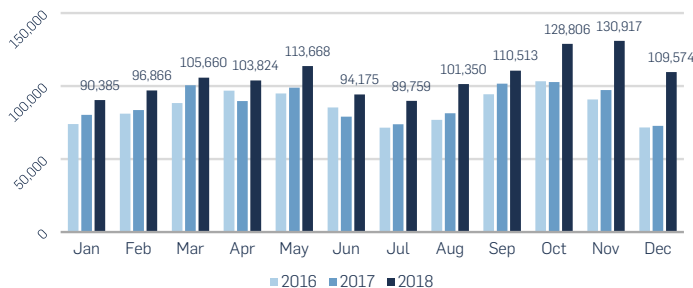
47 Retweets · 119 Likes

WEBSITE

The unglobalcompact.org website saw a 20% increase in unique users in 2018 compared with the previous year (1 million unique users in 2017, compared to 1.3 million in 2018).

Growth in traffic to the website may be attributed to growth in other channels, including media, social media, and

Monthly Website Unique Users



Bulletin subscribers (the UN Global Compact Bulletin often links back to the website, driving traffic there).

6 LOCAL ACTION: GLOBAL COMPACT NETWORKS

Global Compact Networks are essential to the success of the UN Global Compact's mission to mobilize a global movement of sustainable companies. At the country level, Global Compact Networks function in 69 countries around the world, half of which are developing countries. These Networks support participants to take action to advance national priorities related to the 2030 Agenda, and create development impact through their activities. They collectively engage thousands of companies in events, projects and initiatives on everything from human rights to climate change, using the 2030 Agenda as their overarching framework.

Through a diverse range of awareness-raising and capacity-building initiatives, Global Compact Networks take a holistic approach to moving the needle on corporate sustainability by accompanying companies of all sizes throughout their journey toward embedding responsible business practices into their operations.

LOCAL NETWORK QUALITY STANDARDS

Enhanced Local Network Quality Standards were established in January 2018 with a view to harmonizing expectations concerning operations, governance, strategic planning, reporting, communications, and integrity across all Local Networks. Each section of the Quality Standards sets out a number of requirements (minimum standards that all Networks must meet) as well as a number of additional recommendations that all Local Networks are encouraged to follow in order to further strengthen alignment and professionalism across the initiative. Examples include: requirements on Board composition and election processes, basic responsibilities of a Local Network Secretariat, and alignment with UN Global Compact integrity measures and logo policy.

Regional Liaisons from UNGC NY were tasked over 2018 to support Local Networks in achieving the Quality Standards, addressing relevant needs for each Network. The signing of a Memorandum of Understanding (MoU) for 2018 and beyond with Local Networks was contingent on achieving the Quality Standards.

THE XVI ANNUAL LOCAL NETWORK FORUM

On 23 and 24 April, 2018 in Buenos Aires, over 100 people from more than 50 Local Networks and UNGC NY convened for the XVI Annual Local Network Forum (ALNF). A number of exciting announcements were made during the forum, including the launch of the Local Network Accelerator, which features training modules for Local Networks and provides easy access to key resources and policies covering integrity and strategic events. With a view to supporting Local Network development and collaboration, the ALNF also featured the official launch of the Local Network Development Fund (LNDF), whose funding comes from 5% of general contributions. The LNDF is a mechanism created to help new and developing Networks and to support the funding of strategic programmatic local initiatives.



GLOBAL AND REGIONAL NETWORK COUNCILS

The ALNF saw the launch of five new Regional Network Councils (RNCs) as well as a new Global Network Council (GNC). The GNC is an evolution of the Local Network Advisory Group (LNAG), bringing together an equal number of Local Network and UNGC NY representatives on a regular basis to discuss strategic developments for the UN Global Compact as a whole. It is composed of the Chairpersons of the Regional Network Councils in the regions of Africa, Asia-Pacific, Eastern Europe & the Middle East, Latin America & the Caribbean, and Western Europe & North America, as well as representatives from the Executive Management Team of the UN Global Compact.

GLOBAL COMPACT NETWORK LAUNCHES

Over the course of 2018, the UN Global Compact launched 5 new Local Networks.

Morocco: On 5 March, the UN Global Compact launched a new Local Network in Casablanca, Morocco. An MoU was signed between the UN Global Compact and the Network's two hosting entities, the General Confederation of Moroccan Companies (CGEM) and UNDP Morocco.



United Nations Global Compact

UNGC Board | 2018 Annual Management Report



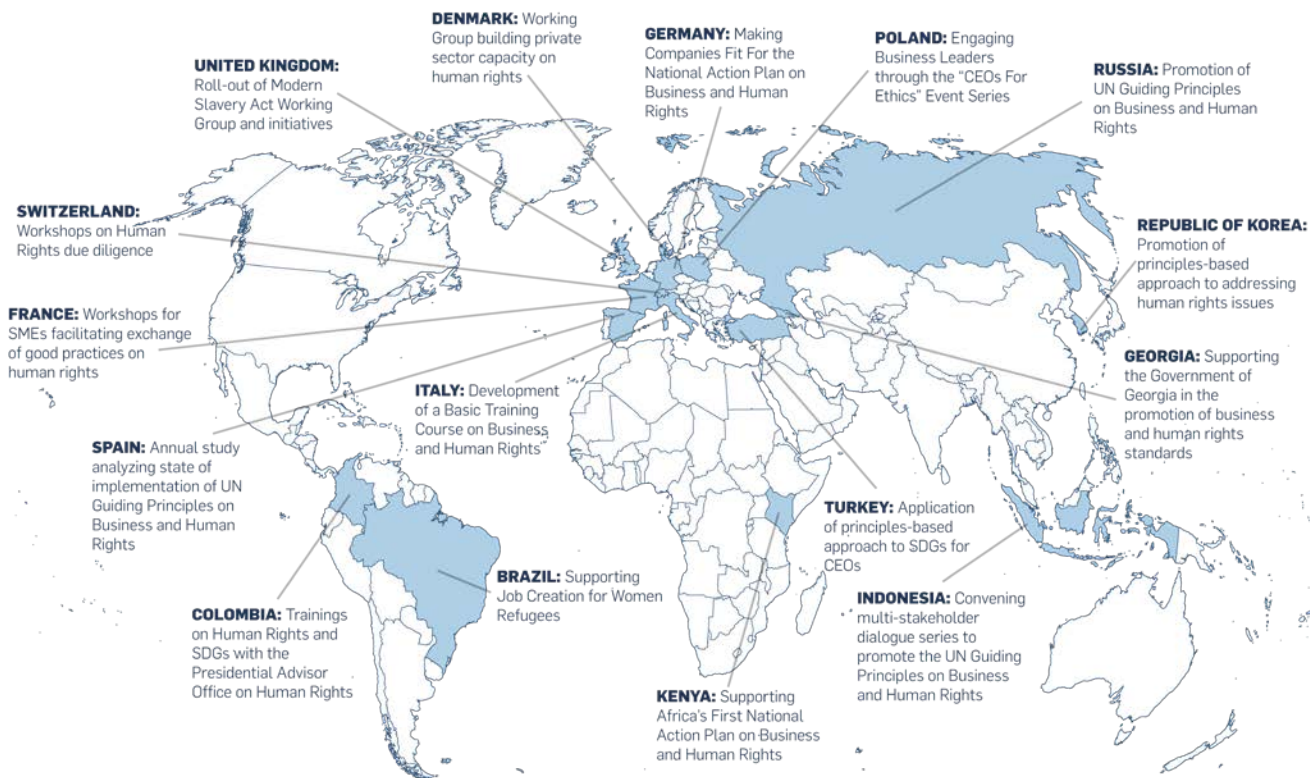
Nordic Countries: In 2009, five Nordic countries established Global Compact Network Nordic Countries (a unified Local Network) to provide a platform for participants in the region to collaborate and champion the Ten Principles. With the 2030 Agenda and its emphasis on greater opportunities for national implementation of the SDGs, those countries have been working to establish independent, national Local Networks over the past several years. Following the launch of the Danish Network in 2017, the launches of Local Networks in Sweden, Finland, and Norway took place in 2018.



Thailand: On 12 December, the UN Global Compact launched a Network in Thailand at an inaugural meeting attended by over 500 business representatives. The keynote address was given by former UN Secretary-General Ban Ki-moon.

PROGRAMMATIC FOCUS: CELEBRATING THE 70TH ANNIVERSARY OF THE UNIVERSAL DECLARATION OF HUMAN RIGHTS

In celebration of the 70th anniversary of the Universal Declaration of Human Rights — and in line with the Compact's focus on integrating human rights themes and principles across all of its work throughout the year — Local Networks around the world made human rights work a priority by advocating for business leaders to stand up for human rights, promoting uptake of the UN Guiding Principles on Business and Human Rights, and convening human rights-focused CEO Roundtables in the lead up to the Compact's global CEO Roundtable in New York during UN General Assembly Week. Other Local Network initiatives spanning the globe for the promotion and implementation of human rights across 2018 included the following:

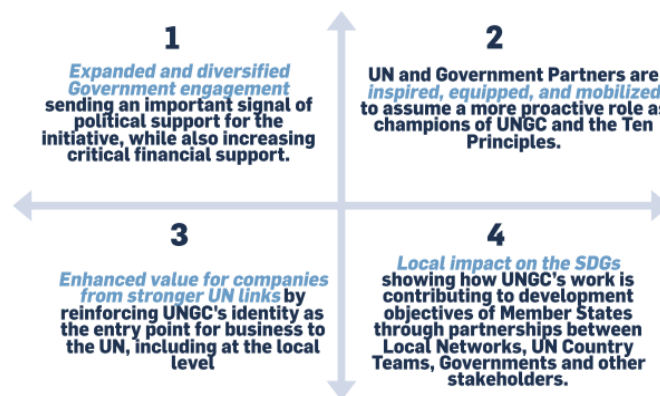


7 UN & GOVERNMENT ENGAGEMENT OVERVIEW

In 2018, the UN Global Compact developed a dedicated UN & Government Relations Strategy and increased its capacity to do UN & Government Relations-related work. The return on this investment has been a year of important developments that have helped to lay the groundwork for a strengthened position within the UN system and with Government stakeholders. Some important developments have been: strengthening engagement with Governments from the Global South, positioning the UN Global Compact within the UN Development System Reform, and developing an action plan for measuring impact.

NEW STRATEGIC APPROACH

The UN & Government Relations Strategy developed in 2018 outlines the Compact's ambition to further strengthen its value proposition through more strategic engagement of the UN system. Member States of the UN provide the Compact with critical political and financial support, and broad-based political support from a wide range of Governments is crucial to the Compact's continued success, since Governments provide the enabling environment for private sector action on the Global Goals. The Compact aims to complete the following goals by the end of 2020:



GOVERNMENT RELATIONS STRATEGIC DEVELOPMENTS

Strengthened Value Proposition of the UN Global Compact Government Group: Following a successful governance review, the UN Secretary-General approved a refreshed approach to the governance of the Compact. An important component of that governance is the UN Global Compact Government Group — which, as of the end of 2018, comprises 12 Governments that provide strategic and financial support to the initiative. The group meets twice a year and the Chair represents the group by serving as a member of the UN Global Compact Board. In 2019, the Compact will finalize a new Terms of Reference for the Government Group, in order to enhance the participation of Governments from the Global South who will provide important support to the Compact's work on the ground. During 2018, the Governments of Poland and Portugal began the process of joining the Government Group, and are likely to become members in 2019.

Strengthening Relationships with Governments from the Global South: The UN Global Compact has placed a renewed effort on engaging with Governments from the Global South, including through bilateral meetings and by organizing events on priority themes for developing country Governments. Notably, both the President of South Africa and the President of Botswana were keynote speakers at the 2018 UN Private Sector Forum.

Engagement of Governments in Programmatic Work and Local Networks: Governments engage programmatically through UN Global Compact Action Platforms on themes such as climate, water, decent work, and the ocean. Notably, the Action Platform on Sustainable Ocean Business counts on the patronage of the Governments of Norway and Portugal. Governments are also involved in the Compact's programmatic work through the Expert Network and the Academy. Governments also play an important role in supporting Local Networks, both directly, through financial support, and indirectly, by hosting them within existing Government programmes. This engagement helps ensure that the Compact's work complements Government action and policy priorities.

Broad-Based Political Support through the UN General Assembly's Towards Global Partnerships Resolution: On 20 December 2018, the UN General Assembly unanimously adopted a new iteration of the Towards Global Partnerships resolution. The resolution demonstrates broad-based political endorsement of the mandate of the UN Global Compact to "advance UN values and responsible business practices within the UN system and among the global business community". It also provides a strong endorsement of Global Compact Local Networks in supporting the implementation of the 2030 Agenda. The next iteration of the Resolution will take place in 2021.



UN RELATIONS STRATEGIC DEVELOPMENTS

UN Development System Reform: In his report on repositioning the UN Development System, the Secretary-General made three requests to the UN Global Compact. First, establishment of a Partnerships Results Group, tasked with developing a system-wide approach to partnerships. Second, review of the integrity and due diligence mechanisms needed to strengthen system-wide integrity, with acceptance of the Ten Principles as a common standard. Third, enhancement of the Compact's governance at the global and local levels, including oversight and impact of Local Networks. Throughout 2018, the Compact engaged with the Executive Office of the Secretary-General to deliver on these requests, seeking to anchor the Ten Principles as a common framework for the UN's partnerships with business.

UN System Private Sector Focal Points Network: The Compact has continued to chair and manage the Private Sector Focal Points Network, which brings together over 40 UN entities with a dedicated interest in coherent, principles-based and impactful UN-business engagement to advance UN goals.

GOVERNMENT GROUP & GROUP OF FRIENDS

In 2018, the UN Global Compact Government Group convened twice to review progress and provide strategic guidance to the Compact. In particular, the Group provided important input on enhancing impact measurement and fully reflecting development goals within the Compact's Theory of Change. In 2018, France served as the Chair of the Government Group, and Sweden will serve as the Chair for 2019.

The Compact also continued to engage a diverse group of Governments through the Group of Friends — 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. In 2018, this included a briefing on synergies for sustainable partnerships and the positioning of the UN Global Compact within the UN Development System Reform.

GOVERNMENT GROUP MEMBERS

CHINA	GERMANY	SPAIN
DENMARK	ITALY	SWEDEN
FINLAND	NETHERLANDS	SWITZERLAND
FRANCE	NORWAY	UNITED KINGDOM

GROUP OF FRIENDS MEMBERS

ARGENTINA	COLOMBIA	GHANA	MEXICO	SOUTH AFRICA
AUSTRALIA	DENMARK	HONDURAS	MONACO	SPAIN
BANGLADESH	DOMINICAN REPUBLIC	INDIA	NETHERLANDS	STATE OF PALESTINE
BELGIUM	EGYPT	INDONESIA	NEW ZEALAND	SWEDEN
BRAZIL	ETHIOPIA	IRELAND	NIGERIA	SWITZERLAND
BULGARIA	EUROPEAN UNION	ITALY	NORWAY	TURKEY
CANADA	FINLAND	JAPAN	PERU	UNITED ARAB EMIRATES
CHILE	FRANCE	KENYA	REPUBLIC OF KOREA	UNITED KINGDOM
CHINA	GERMANY	MALAWI	RUSSIAN FEDERATION	UNITED STATES

LOOKING AHEAD TO 2019

A key component of the Compact's success in 2019 will be to strengthen and leverage its relations with Governments and the UN system. As a UN initiative — an important differentiator in an increasingly crowded sustainability landscape — enhancing support of Member States and strengthening collaboration with strategic UN partners will be critical in achieving the Compact's mission. In 2019, the UN Global Compact will embark on the following three strategic pivots:

- 1 EXPAND AND DIVERSIFY THE GOVERNMENT GROUP WITH A FOCUS ON THE GLOBAL SOUTH**
- 2 FURTHER LEVERAGE UN IDENTITY**
- 3 PUT GREATER EMPHASIS ON IMPACT MEASUREMENT**

8 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 2018 ANNUAL MANAGEMENT REPORT 2018 Financial Results [Un-Audited]

	Consolidated Budget FY 2018 (USD)	Consolidated Actuals FY 2018 (USD)
INCOME		
General Contributions	8,330,300	7,836,827
Donor Government Contributions	3,371,250	3,288,453
Action Platforms	3,350,000	3,705,333
Issue Special Projects	210,000	439,902
Grants	1,331,892	780,653
Event Sponsorship & Registration	400,000	435,425
Other Income*	209,225	907,826
Total Income	17,202,667	17,394,419
EXPENSES		
Personnel	10,038,421	8,846,026
Consultants & Experts	2,595,575	3,413,335
Event & Conference Services	357,010	541,510
Travel	860,869	858,079
Occupancy & Office Expenses	1,730,644	1,416,422
Telecommunications & IT	788,525	598,872
Communications & Outreach	220,916	118,179
Other Expenses**	610,389	885,032
Total Expenses	17,202,349	16,677,455
Net Operating Surplus/(Deficit)	318	716,964

*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 2018 was approximately \$17.4 million, exceeding the annual goal of \$17.2 million. Approximately 81% of the income raised came from the private sector while contributions from Governments totaled \$3.3 million (approximately 98% of the annual goal, and considerably higher than the Government contributions from the previous year). Action Platform income was also above target, with over \$3.7 million raised, exceeding the originally expected total of \$3.4 million.

Other Income was significantly higher than budgeted, due to the inclusion of the portion of general contributions allocated for the Local Network Development Fund — a mechanism created to help new and developing Networks. The distribution of that funding to Local Networks is included in Other Expenses.

EXPENSES

In 2018 the Compact's budget projected \$17.2 million total expenses for the year. As of 31 December 2018, the Compact spent approximately \$16.7 million. This reduction reflects a combination of reduced personnel costs and office expenses, and the deferral of major IT investments.



9 ENGAGEMENT MODEL UPDATE

A key area of focus during the development of the 2020 Strategy was the need for a new Engagement (business) Model, as traditionally only ~20% of participating companies made annual financial contributions to the UN Global Compact. To create a more fair and sustainable financial model, the Compact developed a new approach that requires modest financial contributions from engaged companies with annual revenue over 50 million USD, with no required contributions for companies below this threshold to maintain the inclusive nature of the initiative. The details of this Engagement Model are presented below, along with a status update as of the end of 2018.

ENGAGEMENT MODEL

The new Engagement Model 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 UNGC NY. **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 Local Networks, with 5% set aside for a new Local Network Development Fund — a mechanism created to help new and developing Networks.

COMPANY REVENUE TIERS BY ANNUAL REVENUE (USD)	PARTICIPANT	SIGNATORY
	REQUIRED ANNUAL CONTRIBUTION (USD)	
>\$5B	\$20,000	\$10,000
\$1B - \$5B	\$15,000	\$7,500
\$250M - \$1B	\$10,000	\$5,000
\$50M - \$250M	\$5,000	\$2,500
\$25M - \$50M	\$2,500	None <small>(Local Network fee may apply)</small>
<\$25M	\$1,250	None <small>(Local Network fee may apply)</small>

TARGETS

The Compact sought to end the year with a total of **9,191 companies** — of which 2,885 would have annual revenue over 50 million USD (and are thus required to make a contribution). This target includes both the retention of existing companies, as well as the recruitment of new companies to offset expected attrition:

- **RETENTION:** Transition 78% of 2017 companies to the new model, including 66% of 2017 companies with annual revenue over 50 million USD
- **RECRUITMENT:** Add 1,648 new companies (17%), particularly across the key markets of USA & China

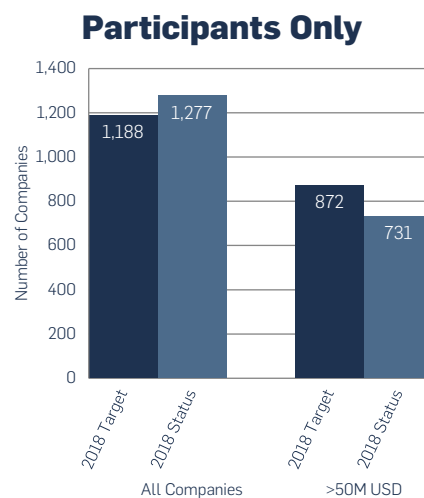
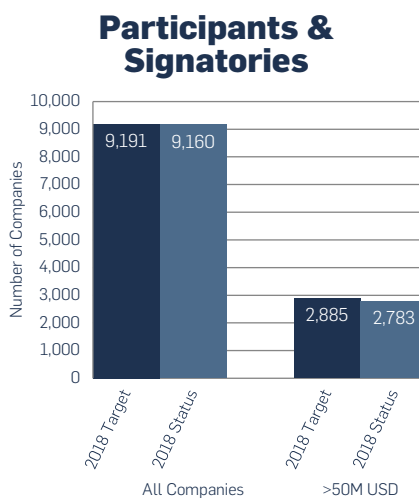
STATUS AS OF END OF YEAR

As of 31 December 2018, the Compact has **9,160** companies signed up to the Engagement Model — a mere 31 below the year-end target. This reflects greater than expected retention and recruitment of small companies, with retention and recruitment of large companies (those with annual revenue over 50 million USD) slightly below target at 2,783. While just short of the annual target, the total number is significantly more than enough to prove the success of the model. Overall, 79% of 2017 companies transitioned to the new model, including 64% of large companies — mostly in line with the target. Companies that did not sign up to the model by 31 December 2018 will be given until the end of Q1 2019 before being delisted. The Compact expects this policy to lead to even greater retention than shown in the end-of-year numbers.

Overall, 14% of companies signed up to the Participant tier, exceeding expectations. This reflects a significantly higher than expected number of small companies choosing Participant over Signatory, as the percentage of large companies choosing Participant is 26% — just below the goal of 30%.

Recruitment over the course of the year was slightly behind target, reflecting a larger focus on retention than originally planned.

Overall, 1,528 new companies signed up to the Engagement Model — 93% of the goal with year-on-year growth of 16%. The Compact intends to pivot to a growth strategy in 2019.



VALUE PROPOSITION

The Engagement Model is supported by a strong value proposition for Participants and Signatories, highlighting what the UN Global Compact offers to its companies. Specifically, the 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 shown below.



UNGC 2018 ANNUAL MANAGEMENT REPORT

Value Proposition

		PARTICIPANT	SIGNATORY
LOCAL ENGAGEMENT			
LOCAL NETWORKS	Access to Global Compact Networks in almost 70 countries	X	X
OPPORTUNITY TO COMMUNICATE COMMITMENTS			
DIGITAL PROFILE	Basic company profile on UN Global Compact website, including annual CoP (Communication on Progress)	X	X
	Enhanced company profile on UN Global Compact website	X	
VISIBILITY & RECOGNITION	Country-specific opportunities at events and conferences; digital and social media; eligibility for SDG Pioneer campaign	X	X
	Global opportunities at events and conferences; traditional, digital and social media; eligibility for SDG Pioneer campaign and Global Compact LEAD	X	
LOGO & MEDIA TOOLKIT	Tools to communicate engagement in the Compact	Logo + Toolkit	Logo
EASY ACCESS TO TOOLS & RESOURCES			
SUPPORT	Access to the UN Global Compact helpdesk, including guidance and support	X	X
SUSTAINABILITY CONTENT & LEARNING	Access to the UN Global Compact digital library of world-class sustainability content and materials	X	X
	Access to the UN Global Compact Academy guided learning and coaching	X	
UN GLOBAL COMPACT NAVIGATOR	Self-assessment and benchmarking	X	X
	Tailored roadmaps and content curation	X	
GLOBAL REACH & CONNECTIONS			
PARTNERSHIPS	Access to UN-business partnership support and advisory services	X	X
GLOBAL EVENTS & CONVENINGS	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	X	
GLOBAL LEADERSHIP PROGRAMMES	Ability to join UN Global Compact Action Platforms (requires an additional financial commitment)	X	
	Eligibility for Global Compact LEAD recognition (available to companies participating in two or more APs)	X	



10 INTEGRITY MEASURES OVERVIEW

OVERVIEW

This portion of the report provides a brief overview of the implementation of the UN Global Compact's integrity measures in 2018. It is organized around the following main components:

- *Implementation of enhanced integrity policies and procedures:* Over the course of 2018, the UN Global Compact continued to define clear policies and procedures around, and build capacity in support of, the recommendations that stemmed from the integrity review conducted in 2017. Among other things, the Compact has strengthened its entry and due diligence process and developed a comprehensive joining policy.
- *Reporting:* The majority of companies (83%) submit Communications on Progress (COPs) at the GC Active level, which is the minimum baseline for content submission. Communication on Engagement (COE) submissions increased by almost 30% compared to 2017, which could be the result of an increased level of awareness by non-business entities of the reporting requirement introduced in 2016.
- *Engaging participants on allegations of abuse of the Ten Principles:* The number of matters raised by external third parties under the Integrity Measures remains relatively steady (18 in 2018 and 15 in 2017). The Compact has further refined its processes for engaging with companies on their sustainability issues through proactive and informal engagement.
- *Logo use by UN Global Compact Participants:* Both the number of logo requests and misuse cases has increased significantly over the course of 2018. This could be the result of the discontinuation of the Local Network-specific endorser logo and switch to the global endorser logo in all cases, and/or of increased capacity to review logo use and identify instances of misuse.

IMPLEMENTATION OF ENHANCED INTEGRITY POLICIES AND PROCEDURES

In 2017, the Compact conducted a comprehensive integrity review to ensure its integrity measures were sufficient to safeguard the brand and reputation of the initiative and of the United Nations. As a result of the integrity review, the Compact developed new integrity recommendations, and over the past 2 years, the Compact has implemented the following policies and procedures:

2017	Align exclusionary criteria with the UN System (tobacco)
	Enhance screening of speakers, sponsors and recognition scheme
2018	Strengthen entry procedure for business
	Enhanced entry criteria for non-business
	Develop a de-listing and re-joining policy
	Re-instatement of microenterprises
2019-2020	Introduce automated review of COPs
	Adjust COP to include SDG-related goals and targets

- *Entry Process:* The criteria for entry of all business applicants have been strengthened in two ways: by requiring proof of the business' legal registration, and by reserving the right to reject an application if the company's business activities remain unclear despite further inquiries.
- *Micro-enterprises:* After a comprehensive review, the UN Global Compact has decided to welcome micro-enterprises with less than 10 full time employees into the initiative to further their contributions toward corporate sustainability. Due to administrative constraints, as of 1 January 2018, the Compact only allows micro-enterprises/organizations to join the initiative if the organization is an existing member of a Local Network.
- *Subsidiary Policy:* The subsidiary policy has been further clarified in light of the exclusionary criteria. As of 17 January 2018, subsidiaries that are part of a corporate group that derives more than 5% of its revenue from tobacco products cannot join the initiative. However, a subsidiary that is part of a diversified corporate group



that derives less than 5% of its revenue from tobacco products is able to join, provided that the subsidiary itself does not derive any revenue from tobacco products.

- *Due Diligence Screening:* The initiative has further enhanced its due diligence screening on organizations and individuals that are considered for high level engagement opportunities, including speaking engagements and sponsorships. In conjunction, the Compact has implemented an online system to facilitate the due diligence screenings.
- *Joining Policy:* A comprehensive policy has been developed to provide a high level overview of the Compact's exclusionary criteria, subsidiary policy, and application process. This policy was implemented in Q3 of 2018, and is available on the UN Global Compact website.
- *Consultation to enhance entry criteria for non-business participants:* With a view to ensuring the legitimacy of non-business entities joining the initiative, the Compact explored whether to enhance the required criteria for four categories of non-business participants: NGO, Foundation, Academia and Public Sector Organization. More robust and clear criteria for admission will ensure a more efficient entry process and improve the strategic engagement of non-businesses participants. Based on the outcome of consultations across the office and Local Networks, a broader strategy will be developed in 2019.

REPORTING

The UN Global Compact's reporting requirement is the main accountability mechanism for the initiative. Participants of the Compact are required to submit a report on their efforts toward implementation of the Ten Principles on an annual (for business participants) or biennial (for non-business participants) 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 and to the Ten Principles. Organizations that fail to submit a report on progress are listed as non-communicating for one year and then expelled from the initiative. During 2018, the Compact explored how IT service providers could assist with the introduction of an automated review of COPs and COEs. That subject will be explored further in 2019.

COP Reporting Terminology

GC Advanced: A COP that meets all minimum requirements and provides information on additional advanced criteria including governance and leadership.

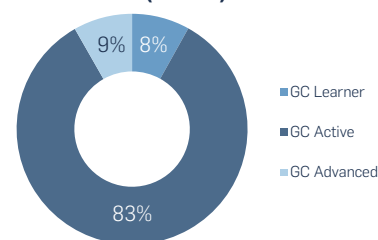
GC Active: A COP that fulfils all minimum content requirements.

GC Learner: A COP submitted within the deadline but does not meet the minimum requirements (one year limit).

Communications on Progress (COP):

The COP is the annual reporting requirement expected of business participants. In 2018, the differentiation levels and quantity of reports remained consistent with 2017 reporting levels. Analysis shows that 83% of COPs submitted met the criteria of GC Active level, while 9% met the GC Advanced level and 8% met only the GC Learner level. During the year, 1,008 grace letters requesting a deadline adjustment were submitted by business participants and a total of 956 businesses were delisted for failure to submit a COP — a small increase from 2017, and in line with the increase in the total number of participants, thus reflecting no change in the percentage of participants that failed to submit a COP.

COP Differentiation Levels (2018)



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 2018, a total of 1,105 COEs were submitted, an increase of almost 30% compared to 2017. This is likely the result of an increased level of awareness by non-business entities of the reporting requirement, which went into force in 2016.

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 Compact does not monitor its participants, it has Integrity Measures in place to safeguard the integrity of the initiative, and of the UN. Three processes are outlined in the Integrity Measures: dialogue facilitation, proactive engagement, and informal engagement.

1. *Dialogue Facilitation:* The dialogue facilitation process offers a mechanism for third parties to raise concerns about UN Global Compact participants who may be egregiously and systematically violating the Ten Principles. In 2018, the Compact dealt with 18 matters raised by third parties. Of these, 4 were accepted



under the scope of the dialogue facilitation process (in 2 of those instances the party raising concern chose not to engage in the process), 13 were declined for being beyond the scope of the Integrity Measures, and 1 matter was referred to the International Labour Organization, to be handled under their Company-Union dialogue process.

2. *Proactive engagement:* If there has been a finding of guilt 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 Compact can take the decision to proactively engage in dialogue with the participant. Proactive engagement is used when issues are significant enough that, if not dealt with, they may threaten the credibility and reputation of the UN Global Compact and the United Nations. This process happens via a formal letter of concern sent by the UN Global Compact's Executive Director to the company's Chair of the Board. During the course of 2018, the Compact dealt with 2 matters under the terms of proactive engagement.
3. *Informal engagement:* The UN Global Compact informally engages with participants when there are emerging concerns regarding an egregious or systematic abuse of the Ten Principles. These allegations have usually been identified in multiple mainstream media sources and have resulted in the launch of an official investigation by public authorities. In these cases, an email is sent to the participant by the UN Global Compact's Chief of Staff seeking the company's perspective on the issue. During 2018, 8 matters were addressed through informal engagement. One of them implicated 7 participants, which were contacted individually with regard to the same case.

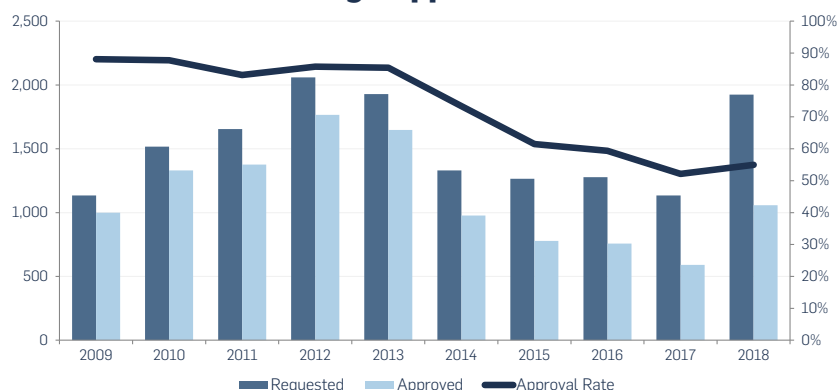
In 2018, the majority of matters handled related to human rights, labour, and governance issues, including corruption and money laundering. Out of the 28 matters raised or initiated, almost half involved 2 or more issue areas.

LOGO USE BY UN GLOBAL COMPACT PARTICIPANTS

In accordance with the Logo Policy, permission to use 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 during 2018 was 1,925, which is significantly higher than in 2017 (only 1,134 requests). This is likely due to the discontinuation of the We Support Global Compact Local Network logo as of 1 January 2018 (use of which was not tracked in this metric), and replacement with the UN Global Compact Endorser Logo (which has always been tracked in this metric). The approval rate for logo requests was 55%, a slight uptick from 2017.

Logo Approvals



Logo Misuse: During the course of 2018, 94 instances of logo or name misuse were reported, and 72 of those involved organizations that are not participants of the UN Global Compact. This is almost double the number of cases reported in 2017. The increase from 2017 could be the result of an increased capacity to review logo requests and identify misuse. It could also be influenced by the discontinuation of the We Support Global Compact Local Network logo, which was extensively used by micro-enterprises which, prior to 2018, were only able to become members of a Local Network and not UN Global Compact participants. As of 2018, micro-enterprises that are existing members of a Local Network have been required to apply to join the UN Global Compact as global participants and, in accordance with the new policy, were asked to remove from their website any endorser logo of their respective networks. All organizations who wish to use the UN Global Compact Endorser Logo have to submit an online request through the UN Global Compact website. All 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 2018, the UN Global Compact delisted 2 participants for egregious misuse of the UN Global Compact name and logo.

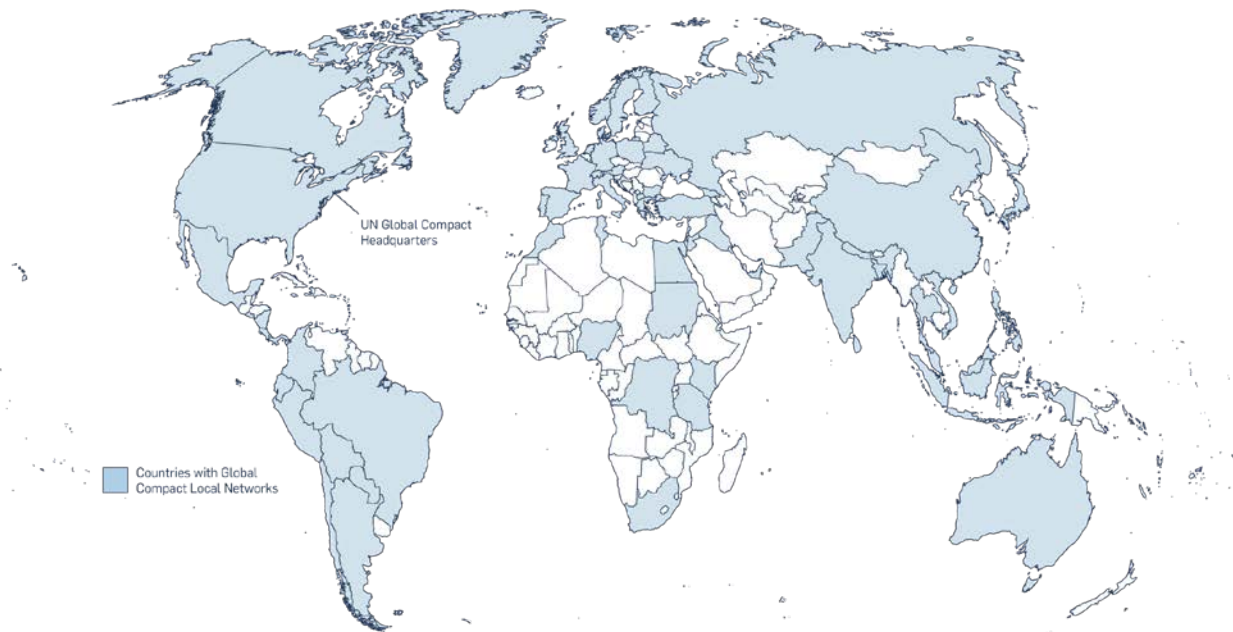
11 ORGANIZATIONAL SNAPSHOT

The United Nations 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 a 501(c)(3) 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. The office leads on the development of the organization's strategy, programmatic offerings and global events, and manages strategic relationships with the UN, Member States and participants engaged at the global level. The office also handles global communications and marketing and manages the initiative's administration needs.

Global Compact Local Networks are multi-stakeholder initiatives that advance corporate sustainability at the national and regional level by helping companies understand what responsible business means within their national context. Organized and run locally, Local Networks offer a venue for both local firms and subsidiaries of foreign corporations to improve their ability to put sustainability commitments into action and to build local partnerships. As of the end of the December 2018, the UN Global Compact has 69 Local Networks spread across the Compact's five regional groups: Africa, Asia-Pacific, Eastern Europe and Middle East, Latin America & Caribbean, and Western Europe & North America. Over 50% of Networks are located in developing countries.



UNGC 2018 ANNUAL MANAGEMENT REPORT Organizational Snapshot



UN Global Compact also partners with its four sister initiatives, each of which has been developed to mobilize key stakeholder groups that have a critical role in the future of corporate sustainability. The Compact has played a foundational role in the establishment of all four initiatives, and it continues to play a critical role in each of their governance.

- Principles for Responsible Investment (PRI)
- Principles for Responsible Management Education (PRME)
- Sustainable Stock Exchanges (SSE)
- Global Compact Cities Programme (Cities)

In collaboration with these initiatives, the Compact works with investors, academia and cities in a number of ways, ranging from taking part in global policy discussions to contributing tools and guidance for their day-to-day operations.

THE UN GLOBAL COMPACT WAY

Developed in the spirit of 'One Global Compact' through a collaboration between UNGC NY and the Global Compact Local Networks, the model below represents the Compact's organizational values.

The values determined to be most important for UNGC NY and Local Networks are those of the UN: *Integrity*, *Respect for Diversity*, and *Professionalism*. The actions associated with each value, however, are unique to the Compact, and reflects its particular focuses and opportunities. These three UN values and nine UN Global Compact behaviors — along with the Compact's mission — comprise the *UN Global Compact Way*.



Throughout the course of 2018, the Compact took steps to embed the *UN Global Compact Way* into its operational processes, with a specific focus on the Human Resources processes of recruitment and professional development. Globally, the *UN Global Compact Way* was used as a framework for how the initiative can operate as 'One Global Compact,' and was embedded into decision-making processes during meetings such as the Annual Local Network Forum.

12 LOOKING FORWARD TO 2019

Following its progress in 2018. And in line with its 2020 Strategy, the UN Global Compact has identified the following goals for 2019:



UNGC 2018 ANNUAL MANAGEMENT REPORT 2019 Strategic Priorities

GROWTH

- **Intensify Participant Growth and Engagement Across Pivotal Markets & Sectors**
 - +5-10% overall net company growth
 - +21% growth in USA, +90% in China and +35% in Africa
 - Roll-out CRM to LNs and pilot Pardot in LNs prioritized for growth and optimize the website for company engagement
- **Diversify Government Group Composition & Enhance Substantive Engagement**
 - Add >2 new Government Group Member States from the Global South
 - 30 Member States in attendance for each GoF meeting with emphasis on increasing participation of G77 Member States by >10%
 - +\$100k in Gov't Group core and project-based contributions, including for strengthening of LNs in developing countries
- **Maintain and Expand Fundraising Capacity & Diversify Income Streams**
 - Leverage strategic fundraising support to enhance internal capabilities and define concrete opportunities
 - Secure \$1.6m in funding from grants (\$1.3m) & events sponsorship (\$300k)

ORGANIZATION

- **Develop and Implement New Value Chain Model in line with Theory of Change**
 - Bring three new engagement opportunities to impact company behavior through successful implementation of the new Value Chain process
 - Implement a standard operating procedure aligning UNGC NY to local implementation to scale engagement opportunities for Participants
 - Conduct organizational review to anchor new Theory of Change into strategic processes and value chain to maximize impact at scale
- **Enhance Ability to Deliver Locally**
 - 100% of LNs have fully implemented new Quality Standards
 - 50% of LN staff and Board Chairs around the world have completed all relevant Accelerator modules. All new LN EDs are hired with support from UNGC NY
 - Develop and implement new policy for Network alignment with UNGC name and brand
- **Enhance the Impact of UNGC Collaboration with UN system**
 - Implement agreements with 5 priority UN partners to strengthen collaboration at the global & local level (UNDP, UNOPS, UNEP, UNIDO, UNICEF)
 - Implement first wave of 12 LNs to work closely with UN Country Teams to deliver impact on the SDGs

BRAND

- **Refine COP to Expand Data Capture and Further Enhance Integrity Standards**
 - Develop new COP concept (by Q2) and conduct wide-spread consultations (by Q4) to now capture progress on SDGs
 - Develop a concept description for a future-state data warehouse (by Q2) with an approved go-forward plan (by Q4)
 - Implement a consistent approach to integrity and transition LEAD from a membership initiative to one that recognizes engagement
- **Pivot Ways of Working into Platform of Platforms Concept**
 - Develop new two-year events strategy to include more content partners and a stronger emphasis on supporting LNs
 - Develop new strategy to identify concrete opportunities for collaboration with peers in the business sustainability landscape
 - Implement new communications strategy & enhance brand externally and across UN system
- **Drive Impact Through Scaling of Programmatic Offerings**
 - Launch new 'Global Impact Initiatives' to drive tipping points on SDG implementation (by Q3), gender (by Q3), and climate (by Q4)
 - Ramp up mainstreaming activities through Academy (+50% more companies) & launch Navigator in Q4 2019
 - Launch key products from Action Platforms to all UNGC participants in the areas of: breakthrough innovation, finance, ocean

Looking ahead to 2019, the Compact will begin taking its first steps toward the next phase of its journey to deliver 'impact and value at scale.' To achieve this, the Compact will focus on the following priority areas:

- **DRIVE PARTICIPANT GROWTH:**
 - Leverage the new engagement model and value proposition to drive participant growth across key markets and sectors, with a particular focus on the top 20% of companies in each market
- **ENHANCE ABILITY TO DELIVER LOCALLY:**
 - Strengthen the initiative's ability to deliver at scale through streamlined integration with Global Compact Local Networks and greater collaboration between Local Networks and UN country teams/Resident Coordinators
- **REFINE COP FRAMEWORK:**
 - Enhance Integrity Measures and data capture on SDG action through a refined Communication on Progress framework that will include more rigorous monitoring by the Compact
- **DRIVE TIPPING POINTS AND SCALE IMPACT:**
 - Refine programmatic offerings and thematic focus areas to help drive tipping points and scale impact in the areas of SDG implementation, climate, gender, and young SDG leaders