

**UNITED NATIONS GLOBAL COMPACT**

# **ACTIVITY**

# **REPORT 2015**

**Prepared by United Nations Global Compact Headquarters**



**United Nations**  
Global Compact



Foundation for the  
**Global Compact**



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# UN Global Compact

## **Activity Report 2015**

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## 1 ABOUT THIS REPORT

This 2015 Report is presented by the United Nations Global Compact Headquarters (Global Compact HQ), which is comprised of the UN Global Compact Office and the Foundation for the Global Compact. The report focuses on the key outcomes produced during 2015 in relation to the four overarching goals presented in the UN Global Compact 2014-2016 Strategy.

## 2 CORPORATE SUSTAINABILITY AS ADVANCED BY THE UNGC

Marking its 15<sup>th</sup> anniversary in 2015, the UN Global Compact is the world's largest corporate sustainability initiative with over 8,000 companies and almost 5,000 non-business participants in almost 160 countries that have committed to embed corporate sustainability – defined as long-term value creation by business in financial, social, environmental and ethical terms – in their strategies, operations and investments, and to report on progress. The Global Compact calls on companies to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals, such as those embodied in the Sustainable Development Goals (SDGs).

The Global Compact's participants range from small companies to large multi-nationals. They represent nearly all sectors and industries, and come equally from developed and developing countries. Global Compact Local Networks in more than 85 countries play a vital role to promote corporate sustainability on the ground and to foster action and collaboration at the national level to advance local priorities. In 2015, Local Networks again proved imperative in taking the first steps to translate the SDGs among businesses at a national level.

### UN Global Compact Signatories in 2015

- Business participants: **8,381**
  - Employing **62 million** people
  - From **156** countries
- Non-business participants: **4,943**
- Expelled business participants: **1,218**

The overall mission of the UN Global Compact is captured in its mission statement: "A more sustainable and inclusive global economy which delivers lasting benefits to people, communities and markets." The Global Compact is helping companies, whether beginners tackling the basics or recognized champions, to meet their commitment to operate responsibly and support society – moving forward with a focus on the SDGs. With the transition to new leadership in September 2015, the Global Compact HQ formulated the following organizational aspiration: "Mobilize a global movement of sustainable companies and stakeholders to create the world we want." We will continue to support companies on their sustainability journey at local and global levels to create a more sustainable world for the people and the planet.

With the adoption of the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda and the Climate Agreement in 2015, renewed focus and increased expectations for how the business and investment communities can contribute to achieving these ambitious agreements helped create momentum and a shared path to follow. The Global Compact made considerable contributions in 2015 to help shape these global agreements and to mobilize businesses as part of their commitment to the Global Compact.

**Global Compact +15: With over a dozen focused meetings taking place on 23-24 June to mark Global Compact's 15<sup>th</sup> anniversary, GC+15 culminated with a plenary meeting in the UN General Assembly Hall on 25 June. The GA session brought together over 1,000 global leaders from business, Government and civil society to take stock of fifteen years of progress on corporate sustainability, and to map out pathways for the future. DNV GL launched an Impact Assessment report, providing one of the most comprehensive analyses on the impact of corporate responsibility. The report found that today it is almost impossible for a global company to avoid having environment, social and governance issues on its agenda, contrary to the state of the business world in 2000. Among the report's key findings was a major shift in global perceptions of the role of business in society, as well as a critical initiation of the investment community. The Report noted the profound impact of the UN Global Compact in driving corporate sustainability globally and strengthening the enabling**

## 3 2014-2016 STRATEGY & OVERARCHING GOALS

Released in January 2014, after consultations with Governments, the Global Compact Board, and Global Compact Local Networks, the Global Compact's 2014-2016 Strategy is designed to accelerate the initiative's transition from incremental progress implementing corporate sustainability to transformational action, with significant impacts across the financial, environmental, social and ethical realms. Four overarching goals and ten sub-goals set the direction:

### **GOAL 1: Growing to Scale through Effective Participant Engagement**

- Improve participant engagement capacity by enhancing internal operating capacity, developing effective technology infrastructure and enhancing communication with participants
- Improve the quality of implementation by increasing participant retention and reducing the number of companies expelled from the initiative for failure to submit their COP
- Introduce effective recruitment strategies to scale growth

### **GOAL 2: Strengthened Global Presence and Local Ownership through Empowering Local Networks**

- Empower and support the Local Networks through improved communication and IT platform, capacity building and enhanced governance in order to achieve 75 per cent of Local Networks with formal status
- Expand Global Compact Local Engagement by launching at least 3 new Local Networks annually to expand the coverage of the Global Compact to underrepresented areas, including Africa

### **GOAL 3: Enhancing the Quality of Implementation & Building Coherence of the Global Portfolio of Issues**

- Position the Global Compact as the premier platform for business to learn, engage in dialogue, take action and disclose progress regarding corporate sustainability and commitments in line with the Ten Principles and furtherance of UN goals.
- Accelerate significant uptake by participants of key established Global Compact Issue Platforms (e.g., increase the number of respective signers by 25-50 per cent)

### **GOAL 4: Engaging Responsible Business in Support of UN Goals and Issues, especially in line with the Post-2015 Development Agenda**

- Improve the quality and quantity of partnerships undertaken by Global Compact participants to advance UN goals – especially in relation to the Post-2015 agenda
- Advance and disseminate the Post-2015 Business Engagement Architecture via UN processes, Local Networks and Global Compact Issue Platforms and issue work streams
- Enhance the capacity of the UN System to partner more effectively with the private sector
- Develop a vibrant Global Compact Business Partnership Hub

In addition to the above-mentioned four programmatic goals, Global Compact HQ worked toward two key operational priorities: Strengthen the Governance Framework and Accountability; and Achieve Sustainable Funding.

## 4 GOAL 1: GROWTH & RETENTION

Below is a summary of Global Compact's achievements during 2015 relating to Goal 1:

### Goal 1: Growing to Scale through Effective Participant Engagement

- A. Improve participant engagement capacity by enhancing internal operating capacity, developing effective technology infrastructure and enhancing communication with participants**
- B. Improve the quality of implementation by increasing participant retention and reducing the number of companies expelled from the initiative for failure to submit their Communication on Progress (COP)**

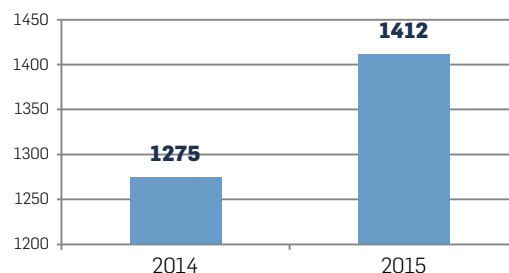
#### **A. Improve participant engagement capacity by enhancing internal operating capacity, developing effective technology infrastructure and enhancing communication with participants**

In 2015, the Global Compact launched a new website to, among other things, improve participant engagement on the Ten Principles and UN issues. With the adoption of the SDGs in September 2015, the website was given another overhaul with ample references and entry points to the SDGs, emphasizing the Global Compact's role as the UN's Business platform.

During 2015, the UN Global Compact designed and implemented robust programmes to raise awareness and build capacity on sustainability topics among companies globally. To ensure maximum impact, these programs were tailored to the specific local context and target audience. An average of two online workshops per month, 24 global and local in-person events and daily one-on-one interactions with current and potential participants allowed the UN Global Compact to attract 1,412 new business participants, surpassing the 1,275 new signatories who joined in 2014 (see figure below).

Of the 1,412 new joiners in 2015, about 50% were companies from emerging markets, including Myanmar, Mexico, Brazil, Colombia and China – countries with vibrant Global Compact Local Networks. The high number of companies joining the initiative in 2015 allowed the UN Global Compact to moderately grow its participant base in a year where 1,218 companies were expelled after failing at least two consecutive years to submit a Communication on Progress (COP), an annual public disclosure to stakeholders. Accounting for the expulsions in 2015, the total number of active business participants slightly increased to 8,381, up from 8,378 in 2014.

#### **More companies joined in 2015 than in 2014**

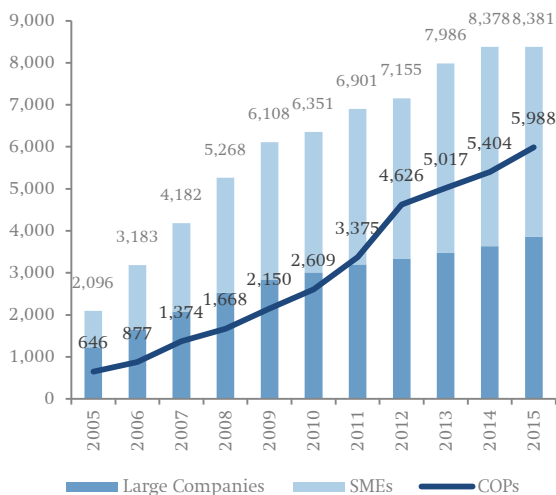




## B. Improve the quality of implementation by increasing participant retention and reducing the number of companies expelled from the initiative for failure to submit their Communication on Progress (COP)

During 2015, the Global Compact HQ produced comprehensive issue-specific materials and resources on women’s empowerment, business and peace, the rule of law, sustainable supply chains, climate change, and sustainability reporting, among others. These efforts to enhance participant engagement translated to an 11% increase in COP submissions from the previous year. In 2015, 5,988 COPs were submitted through the Global Compact website, up from 5,404 in 2014 (see Figure below).

In 2015, the Global Compact had to expel 1,218 companies of which 89% were small and medium enterprises (SMEs), most of them with less than 100 employees, affected by the “SME Moratorium” that ended in 2014. In response to the high expulsion rate among SMEs, the UN Global Compact and its Local Networks developed a strategy to strengthen the support offered to this segment of participants. Specific actions, such as a simplified COP process, will be implemented in 2016.



In addition to an improvement in the quantity of COPs, their quality also improved in 2015 as shown by an increase in the number of GC Advanced COPs - those that meet advanced criteria and best practices in sustainability management, implementation and reporting, including the use of reporting frameworks such as G4 and others. In 2015, the Global Compact received 457 GC Advanced COPs, up from 399 in 2014.

Non-business participants in the UN Global Compact were not required to report and consequently not expelled from the initiative if they failed to live up to their commitment to the initiative. As of 2015, there are 4,943 non-business organizations in the UN Global Compact. The Communications on Engagement (COE) policy became effective as of October 2013, requiring non-business participants to report every two years on activities taken in support of the initiative. Since then, 841 COEs and 246 letters requesting deadline adjustment have

been submitted by non-businesses. A large number of non-business participants (3,225) became non-communicating on 31 October 2015 due to their failure to submit a COE.

## C. Introduce effective recruitment strategies to scale growth

Welcoming a new leadership in 2015, the UN Global Compact embarked on a strategic review that included the revision and redesign of participant recruitment and retention strategies that will allow the initiative to continue to grow to scale beyond 2016.



## 5 GOAL 2: LOCAL ACTIONS

Below is a summary of Global Compact's achievements during 2015 relating to Goal 2:

### GOAL 2: Strengthened Global Presence through Empowering Local Networks

- A. Empower and support the Local Networks through improved communication and IT platform, capacity building and enhanced governance in order to achieve 75 per cent of Local Networks with formal status**
- B. Expand Global Compact Local Engagement by launching at least 3 new Local Networks annually to expand the coverage of the Global Compact to underrepresented areas, including**

In 2015, supporting and strengthening Local Networks and Global-Local collaboration remained a priority for the Global Compact HQ. Throughout the year, Global Compact HQ worked with Local Networks to elevate their engagement with local stakeholders and enhance ownership of the local sustainability agendas. We closed the year with 12 Networks identifying country-level priorities in the context of SDG implementation through an integrated, locally-driven strategic planning process for the 2030 Agenda.

#### **A. Empower and support the Local Networks through improved communication and IT platform, capacity building and enhanced governance in order to achieve 75 per cent of Local Networks with formal status**

During 2015, UN Global Compact HQ and over 85 Local Networks collaborated to strengthen network governance and build networks' capacity and expertise to facilitate local business action to implement Agenda 2030 and the Sustainable Development Goals.

- **Governance:** The Global Compact HQ understands that in order to empower Local Networks, there needs to be a strong institutional foundation in place. For that objective, at the 13<sup>th</sup> Annual Local Network Forum held in June 2015 and attended by 58 Local Networks, the Local Networks Progression Model was adopted and accompanied by different levels of MoUs, with stronger accountability measures included. The Progression Model sets a clear and balanced growth trajectory for the Local Networks. Based on this more robust set of roles and responsibilities, we have identified that almost 50% of our Networks already perform in the highest desired level (Advanced).
- **Communication & IT:** Following the ALNF, the UN Global Compact HQ, together with the Local Networks Advisory Group, started a taskforce to improve the working relationship between HQ and Local Networks with a strong emphasis on enhanced communication and collaboration. It was identified that the development of a Local Network Social platform, accompanied by improvements to the database repository: the Knowledge Sharing System (KSS), would strengthen local-global interaction. The aforementioned developments are to be delivered in 2016.
- **Building Local Capacity to Mobilize Business Action and Partnerships at the Country-Level:** Pursuant to our commitment toward building the capacity of our Networks, the Global Compact HQ delivered multiple levels of training programmes with demand-driven content and dynamics. Examples include:
  - **7<sup>th</sup> Exchange Programme** [October – Istanbul]: Newly- appointed Local Network contact persons from Brazil, Canada, Jordan, Switzerland, Tunisia and Turkey gathered in Istanbul, Turkey for a basic training programme, to learn and exchange expertise on various topics, including daily operations management, reporting and business engagement to advance the SDGs.
  - **The Local Networks Issue Engagement Programme** [November – New York]: Contact persons from Colombia, Egypt, Kenya and India participated in a week-long pilot capacity-building programme. The programme helped participants to enhance their engagement with UN Global Compact HQ's issue teams and explored the best ways to capture the country-level impact of Local Networks on topics across the UN Global Compact's issue portfolio.
  - **Partnership Champions Group:** UN Global Compact HQ worked to build the capacity of the Local Networks to connect business with the UN and advance partnerships at the country level. More than



30 Local Networks participated in partnership trainings and benefitted from learning opportunities offered through the Partnership Champions Group. Building on a 4-country pilot partnership-brokering project, in 2015 a Partnership Process was developed to generate projects and multi-stakeholder partnerships addressing national sustainable development priorities and the SDGs.

- Besides the ALNF, Local Networks gathered within their specific regions at the **Local Networks Regional Meetings** (October – December 2015). Global Compact Networks from around the world gathered for four different Regional Meetings (Europe in Berlin, Germany; Americas in Santiago, Chile; Africa/MENA in Lagos, Nigeria; and Asia and Oceania in Yangon, Myanmar) where they learned more about current initiatives, available resources and future events, with a focus on the newly launched SDGs and related tools and resources. Networks also explored opportunities for engagement with the Global Compact LEAD Team.

## **B. Expand Global Compact Local Engagement by launching at least 3 new Local Networks annually to expand the coverage of the Global Compact to underrepresented areas, including Africa**

The UN Global Compact surpassed the goal of creating three Local Networks annually in 2015 as new networks were launched in six countries: Jordan (14 business signatories), Romania (15 business signatories), Nicaragua (36 business signatories), Guatemala (15 business signatories), the Czech Republic (14 business signatories) and Tanzania (45 business signatories). Networks in the UAE (60 business signatories), Lebanon (32 business signatories), and Tunisia (22 business signatories) were re-launched.

The expansion focus for 2015 was concentrated in under-represented regions including Eastern Europe, where we had two launches, and Africa at large, as described in the Global Compact Africa Strategy, adopted by the UN Global Compact Board.

Based on the **Africa Strategy**, a number of activities were undertaken in 2015 to strengthen the UN Global Compact's profile and promote corporate sustainability in Africa and to lay the groundwork for new Local Networks on the continent. Key developments to help lay the groundwork for the launch of Local Networks in Africa included:

- 2015 saw the highest rate of African CEOs signing on to the UN Global Compact with 314 company signatories ending a 4-year per annum decline in business participants.
- The year also saw the greatest diversification of new business participants covering the continent with a total of 32 out of the 48 countries in the sub-Saharan Africa region, including countries like Somalia and South Sudan, highlighting the importance of responsible business in fragile states.
- The UN Global Compact established a new Local Network in Tanzania in December 2015 – the first in Africa in more than 5 years.
- Two key high-profile events between Global Compact HQ and Local Networks in Nigeria and Kenya marked the beginning and end of 2015. In January 2015, Global Compact HQ and Global Compact Network Nigeria co-hosted a high-level business forum on sustainable business, bringing together over 160 participants and was profiled in major newspapers and broadcast live on television. In December 2015, Global Compact HQ and Global Compact Network Kenya cohosted an anti-corruption event opened by President Kenyatta who pledged to work closer with the Global Compact to promote the 10<sup>th</sup> Principle on Anti-Corruption in his administration.



## 6 GOAL 3: ISSUE PLATFORMS & THE TEN PRINCIPLES

Below is a summary of Global Compact achievements during 2015 relating to Goal 3:

### **GOAL 3: Enhancing the Quality of Implementation & Building Coherence of the Global Portfolio of Issues**

- A. Position the Global Compact as the premier platform for business to learn, engage in dialogue, take action and disclose progress regarding corporate sustainability and commitments in line with the Ten Principles and furtherance of UN goals.**
- B. Accelerate significant uptake by participants of key established Global Compact Issue Platforms (e.g., increase the number of respective signers by 25-50 per cent)**

As a one-stop destination for business action on the SDGs, the UN Global Compact's issue work covers virtually all 17 SDGs.

Throughout 2015, the UN Global Compact's considerable issue portfolio – including the four principal areas (human rights, labour, environment and anti-corruption) as well as major issue platforms (including climate, water, women and peace) – sought to maximize alignment and synergies with the corresponding SDGs. Efforts included taking first steps to update mission statements, aligning programme work and related goals with specific SDG targets, and broadening partnership activities.

Outlined below are the key activities undertaken by global issue platforms and issue working groups, which helped to position the UN Global Compact as the premier platform for business to learn, engage in dialogue, take action and disclose progress.

### **Working Groups**

- **Human Rights and Labour (Principles 1-6):**
  - In 2015, the UN Global Compact made progress in raising awareness among business of the UN Guiding Principles on Business and Human Rights and developed guidance materials for business on how to operationalize the Guiding Principles and support human rights.
  - IV Annual Forum on Business & Human Rights (Geneva, November 2015): To mark the historic adoption of the SDGs, Global Compact HQ led the development of a statement endorsed by ten global business organizations affirming that the implementation of the UN Guiding Principles is a key vehicle for business contribution to inclusive and peaceful societies. Global Compact HQ co-organized several sessions to bring the voice of responsible business to multi-stakeholder discussions. Sessions focused on migrant workers and exploitative practices, effective company-level grievance mechanisms, empowering women in Africa's fashion industry, and child labour. Twenty-two per cent of participants to the Forum came from the business sector, the largest percentage to-date.
- **Environment & Climate (Principles 7-9):**
  - In 2015, an ad-hoc working group on carbon pricing was established to provide guidance on tools and resources to develop to help business implement the leadership criteria on carbon pricing.
- **Anti-Corruption (10th Principle):**
  - UN Global Compact HQ joined forces with the Basel Institute to develop and maintain the B20 Collective Action Hub – a project funded by the Siemens Integrity Initiative which aims to spread practical solutions toward the reduction of corruption. In Egypt, UN Global Compact HQ launched a multi-year project to establish a multi-stakeholder Integrity Network to build SMEs capacities on anti-corruption issues.



- Marking International Anti-Corruption Day, the International Anti-Corruption Conference was organized in Nairobi in collaboration with the Global Compact Network Kenya and Safaricom Ltd. Bringing together over 400 high-level representatives from the private sector, Government, international organizations, civil society and the media, the event focused on the role of the private sector in integrity and transparency.
- Transparency International's research, conducted on the occasion of Turkey's G20 Presidency, revealed that UN Global Compact companies in Turkey performed better on anti-corruption reporting compared to others.

## Initiatives and Platforms

- **Business for Peace (B4P):** B4P provides a platform that helps to expand and deepen private sector action in support of peace in the workplace, marketplace and local communities. 2015 witnessed more than 50% growth in the number of B4P companies and business associations participating in the initiative. B4P engages over 130 participants from 37 countries. Attended by over 150 participants, the Annual B4P Event explored the challenges and opportunities of operating in complex environments. In 2015, 6 countries around the world had a local launch - India, Indonesia, Sudan, Turkey, Uganda and the United Kingdom. Through the Business for Peace initiative, the UN Global Compact HQ mobilized companies, business associations, and Local Networks around major UN efforts.
- **Business for the Rule of Law (B4ROL):** A key milestone in 2015 was the development of the B4ROL Framework, which outlines the ways businesses can engage in supporting the rule of law. The Framework was developed as part of a global consultation process, with the support of Global Compact Local Networks, LEAD companies and global law firms, who partnered to host workshops across 19 countries around the world. The Framework was launched in New York in June 2015, at an event that was attended by Member State representatives, businesses, international organizations, civil society organizations, academia and local networks.
- **Food and Agriculture Business Principles (FABs):** Building on the FAB Principles, the Global Compact facilitated dialogue on the strategic application of information technologies as a way to advance the implementation of the food and agriculture-related SDG. Co-convened with the International Trade Centre (ITC), the governments of Colombia, Myanmar, Malaysia and Vietnam and the ASEAN Secretariat, two side events were held by the Global Compact at the UN General Assembly High-Level segment: one focused on the empowerment of growers' communities through ICT and the other on using technology to inform regional policymaking in the context of ASEAN and deliver effective and innovative farmer-centric models of development in collaboration with business.
- **Caring for Climate (C4C):**
  - Since 2007, the Caring for Climate initiative (C4C) – the largest coalition of businesses on climate – has brought more than 450 companies together to advance the power of sustainable business. Participation in the Caring for Climate initiative has increased by 20% since 2010, and Caring for Climate signatories have reduced their carbon footprints by 12% since 2013. This is equivalent to taking 56 coal-fired power plants offline for one year.
  - In 2015, through the Caring for Climate initiative, UN Global Compact HQ continued to provide a platform for responsible business to call on Governments to adopt a meaningful, universal climate agreement. The historic climate agreement reached in Paris on 12 December by 195 countries creates a clear long-term framework for combatting climate change, which will enable even further business engagement going forward (see box below).



## ■ **CEO Water Mandate:**

- The CEO Water Mandate provides a framework for the development, implementation and disclosure of water sustainability policies and practices, and has been endorsed by over 140 chief executive officers.
- In 2015, UN Global Compact HQ continued to focus on achieving a balance of increasing the CEO Water Mandate's reach and scale, while maintaining the initiative's work and reputation in relation to thought leadership. The Mandate convened multi-stakeholder working conferences and special events in Zaragoza, Seoul, Delhi, Beijing, Johannesburg and Stockholm. These multi-stakeholder meetings explored critical issues that advance corporate water stewardship practice, while simultaneously helping to meet the SDGs related to water and sanitation. The Stockholm meeting saw the launch of the first comprehensive guide on forming multi-stakeholder water stewardship initiatives with integrity.
- In 2015 more than 70 new organizations joined the Water Action Hub to steer collective action projects on core water related issues – the Hub now covers nearly 400 organizations in 444 project locations around the world. It also expanded cooperation with Global Compact Local Networks in Colombia, South Africa, USA and Australia to promote water stewardship best practice and to advance water-related collective action and partnership activities.

- **Children's Rights and Business Principles (CRBPs):** UN Global Compact HQ, UNICEF and Save the Children held a regional event in Kuala Lumpur in October 2015 to discuss the opportunities and challenges of implementing children's rights in businesses in Asia. Attended by representatives from business and civil society, the event highlighted key challenges for achieving children's rights in Asia, such as urbanization and the treatment of migrant workers, and the role of business and sustainability in the region. In addition, the UN Global Compact HQ hosted several webinars for GC participants on topics related to Child Rights and Business and launched its newsletter with almost 800 subscribers at the time of its launch in June 2015.

- **LEAD:** Global Compact LEAD is a platform that challenges and supports the most engaged Global Compact companies (representing all regions and sectors) in achieving the transformation of business through the full integration of sustainability into core business and operations. One of the main objectives of the platform is to provide leadership and inspiration to the broader universe of Global Compact participants and Local Networks. In 2015, LEAD spearheaded much of the UN Global Compact's work related to the Post-2015 Development Agenda, which included providing input to UN negotiations and processes and developing tools and resources to guide business action in support of the SDGs. One such tool launched in 2015 is the *Roadmap for Integrated Sustainability*, a practical guide for effectively integrating sustainability into the core business functions of a company, including Research and Development, Investor Relations, Human Resources, etc. Throughout 2015 LEAD continued its work in partnership with investors engaged in PRI and educators engaged in PRME to bring the perspectives of leading companies to their understanding and integration of corporate sustainability within their respective constituencies.

- **Supply Chain Sustainability:** In 2015, the supply chain sustainability workstream and the activities of its Advisory Group made further progress in raising awareness of good supply chain sustainability practices and guidance, through its series of webinars, the continued update and promotion of the Online Resources and Practices website, the launch of the Second Edition of the Supply Chain Sustainability Practical Guide for Continuous Improvement and the Guide: Support Your SME Suppliers. In 2015, the work stream also developed a workshop toolkit for Local Networks. Overall, the work stream continued to explore linkages with other Global Compact issue platforms, external partners and local networks, and proactively worked to ensure the inclusion of these in any of the SCS discussions/plans/activities.



## ▪ **Women's Empowerment Principles:**

- The UN Global Compact's largest issue platform, the WEPs, a joint initiative with UN Women, convened an official side event focused on gender equality, business and sustainable development during the 59th annual UN Commission on the Status of Women. Present at the event were UN Secretary-General Ban Ki Moon and Ms. Hillary Clinton, former U.S. Secretary of State. With over 350 participants, the WEPs Annual Event continues to serve as a critical forum for learning, dialogue, exchange of best practice, outreach to new companies and stakeholders, and forging of new partnerships and collaborations.
- Global Compact Local Networks, UN Women country and regional offices, partner organizations and other UN entities collaborated in over 25 countries around the world to host events and launch activities raising awareness and encouraging uptake of the Women's Empowerment Principles. Among other things, Global Compact Local Networks and other partners engaged stock exchanges in seven countries to "ring their bells" in celebration of International Women's Day. The events helped raise awareness about the opportunity for business to contribute to women's economic empowerment by implementing the WEPs. The platform saw an increase of 268 WEPs signatories (31% increase from the previous year), which brought the total number of signers at year end to 1,124.
- In a Declaration issued at the conclusion of the 2015 G7 Summit, the heads of state and governments of the Group of Seven (G7) called on companies worldwide to embrace the WEPs. The WEPs were also referenced in the Addis Ababa Action Agenda.

## Special Focus: Caring for Climate (C4C) in 2015

**Caring for Climate Business Forum at COP21/CMP11 [December – Paris]:** Organized by UN Global Compact HQ, together with its partners UNEP, UNFCCC and the French Presidency, the 2015 C4C Forum was the official platform for business participation at COP21. Designed to showcase corporate leadership on climate in key areas such as carbon pricing, responsible policy engagement and science-based targets, the Forum brought together over 500 participants, including chief executive officers, civil society leaders and Government officials.

The C4C Forum's success positioned the UN Global Compact as the leading voice of responsible business at COP21. The C4C Forum enjoyed overwhelming interest from journalists, resulting in unprecedented coverage of the UN Global Compact and the Caring for Climate initiative in top-tier major news outlets around the world, including Bloomberg, Reuters, Associated Press, CNBC, Agence France-Presse (AFP), CNN, DPA, Le Monde, The Financial Times and The Washington Post.

Notable announcements released by the Caring for Climate initiative in the lead up to the Forum included:

- 100 companies from more than 20 countries made notable commitments to take actions related to responsible policy engagement.
- 63 companies (with nearly 5 million employees, US \$1 trillion market cap and representing 20 sectors) made commitments to implement carbon pricing leadership criteria
- 114 companies committed to set climate targets based on guidance provided by the Science-Based Target, a joint initiative of the World Resources Institute, Carbon Disclosure Project (CDP), WWF and Caring for Climate

Throughout 2015, a number of other C4C were undertaken globally to mobilize business in support of ambitious climate action:

- Business and Climate Summit [May – Paris]
- Caring for Climate Session on Carbon Pricing [June – New York]
- China Summit on Caring for Climate [July – Beijing]
- Governments-Business Dialogue [September – New York]
- Science-Based Targets Initiative Event [September – New York]
- Oil & Gas Sector Dialogue [September – New York]

The following resources were launched on the occasion of COP21 and the Caring for Climate Business Forum:

- Executive Guide to Carbon Pricing Leadership: A Caring for Climate Report.
- Status Update on Science Based Targets
- Responsible Corporate Engagement in Climate Policy
- The Business Case for Responsible Corporate Adaptation: Strengthening Private Sector and Community Resilience
- Caring for Climate: Progress Report 2015
- Business Alliance for Water and Climate Change

## 7 GOAL 4: UN GOALS & ISSUES

Below is a summary of Global Compact achievements during 2015 relating to Goal 4:

### **GOAL 4: Engage Responsible Business in Support of UN Goals and Issues, in line with the post-2015 Development Agenda**

- A. Improve the quality and quantity of partnerships undertaken by Global Compact participants to advance UN goals – especially in relation to the Post-2015 agenda**
- B. Advance and disseminate the Post-2015 Business Engagement Architecture via UN processes, Local Networks, and Global Compact Issue Platforms and issue work streams**
- C. Enhance the capacity of the UN System to partner more effectively with the private sector**
- D. Develop a vibrant Global Compact Business Partnership Hub**

With the adoption of 2030 Agenda on Sustainable Development, the Addis Ababa Action Agenda on Financing and the Paris Climate Agreement, 2015 ushered in a new era for business engagement on UN priorities. In line with Goal 4, the Global Compact HQ made great investments during the year to mobilize businesses and Local Networks around the world. The Global Compact HQ also made considerable contributions to advance the notion of corporate sustainability to Governments by providing input during the negotiations of these global agreements. Many of these efforts were spearheaded by LEAD.

#### **A. Improve the quality and quantity of partnerships undertaken by Global Compact participants to advance UN goals – especially in relation to the Post-2015 agenda**

- **Partnerships:** In 2015, a number of activities were undertaken to drive the quality and quantity of partnerships. To spur projects addressing the SDGs at the local level and to help Local Networks broker partnerships, the Global Compact HQ developed and piloted a “Partnerships Process.” A pilot project was implemented in Brazil, aiming at reinforcing and encouraging capacity building, along with a broader debate with the participation of government, civil society and the private sector on sustainable water management, with particular focus on improving water use in different sectors in order to reduce the level of losses in distribution systems. At the global level, considerable investments were made to further develop the UN-Business Action Hub (see below).
- **Tools and Resources:** A number of new resources were introduced to inspire and support companies to take action on the SDGs, including the SDG Compass – a joint product of GRI, the WBCSD and the UN Global Compact. The Compass helps companies take a strategic approach to the SDGs and enhance their contribution to sustainable development through core business activities. The UN Global Compact also launched several other notable SDG-related resources, such as the SDG Industry Matrix (with KPMG), the Poverty Footprint (with Oxfam), and the Private Sector Investment and Sustainable Development Guide (with PRI, UNCTAD, and UNEP-FI).

#### **B. Advance and disseminate the Post-2015 Business Engagement Architecture via UN processes, Local Networks, and Global Compact Issue Platforms and issue work streams**

In the lead up to September 2015, through the UN Global Compact alone, more than 1,500 companies provided input to the SDG process. With several references to the private sector, the agreements show that Governments acknowledge the importance of business and investors to be successful in the implementation of the SDGs. In a 2015 survey conducted by the Global Compact on business perceptions on the SDGs and climate negotiations, business indicated that they are aware of the SDGs and a similar majority state they are willing to integrate the SDGs into their business plans. A clear trend is emerging: business organizations, including investors, see themselves as important actors in the broad sustainable development agenda.

Business Participation in Major UN processes and events:

- International Business Forum - UN Conference on Financing for Development** [July – Addis Ababa]: The UN Global Compact and International Chamber of Commerce, together with International Finance Corporation, World Economic Forum and other partners, convened the International Business Forum as the official business event at the Financing for Development Conference. More than 400 leaders from business, civil society, the UN, multilateral development banks and Governments attended the Forum, stressing the private sector's role in mobilizing development finance. The UN Global Compact was referenced in the official outcome document as a key initiative to help companies "adopt principles for responsible business and investing."
- UN Private Sector Forum** [September – New York]: With more than 300 CEOs, Heads of State and UN and civil society leaders, the 2015 UN Private Sector Forum demonstrated the private sector's overwhelming enthusiasm for the new SDGs. Focusing on the role of business in implementing the new Goals, the Forum highlighted a range of new opportunities for public-private collaboration, including over 30 new corporate commitments and partnerships. The Forum was covered by many top-tier international and US media outlets, such as *The New York Times*, *BBC*, *The Guardian*, *CNN*, *Associated Press* and *Reuters*.
- UN Global Compact Events during the SDG Summit** [September – New York]: UN Global Compact HQ convened over a dozen business-related events during the UN Sustainable Development Summit. The events and related activities, which involved contributions from many UN partners, brought business together with other stakeholders around SDG themes such as poverty, inclusive business, infrastructure, climate, food, anti-corruption and responsible investment. Over 600 business leaders and other stakeholders participated in these events.



## C. Enhance the Capacity of the UN System to Partner with the Private Sector

As the focal point for UN-Business partnerships, the UN Global Compact is a critical driver of collaboration between responsible business and the United Nations, helping bring about significant growth in UN-business collaboration. In 2015, almost 400 UN Global Compact business participants reported having partnered with the UN<sup>1</sup>. In 2015, UN Global Compact HQ undertook a range of activities to strengthen UN-business partnerships.

- Institutional and Policy Development:** The UN Secretary-General's Report/General Assembly Resolution "Towards Global Partnerships": A biennial resolution of the General Assembly, renewed in 2015, confirmed the UN Global Compact's mandate "to advance United Nations values and responsible business practices within the United Nations system and among the global business community." In 2015, the UN Global Compact also developed the UN Secretary-General's biennial report to the General Assembly on partnerships, which informed the biennial resolution and reflected system-wide surveys conducted by the UN Global Compact on partnership trends and developments. The 2015 Report highlighted a number of innovative new partnership models and outlined critical challenges and opportunities the UN system must face when scaling up private sector partnerships to advance the 2030 Agenda.
- Integrity and Due Diligence:** In 2015 the UN Global Compact led a process to update the Guidelines on a principle-based approach to cooperation between the United Nations and the business sector. Originally developed in 2000 and revised again in 2009, the new Guidelines include stronger provisions on partnership disclosure and aligning the Guidelines with the Guiding Principles on Business and Human Rights. On due diligence, the UN Global Compact also supports the UN system to strengthen integrity measures designed to safeguard the Organization's reputation, manage risk and maximize the positive impact of UN-business engagement. This support includes provision of best practice surveys, knowledge sharing and facilitating a joint due diligence research service through the Global Compact Foundation, used by 18 different UN entities to help strengthen due diligence coherence and improve capacity.

<sup>1</sup> For more details on the growth and evolution of UN-Business partnerships, see the recent DNV GL study, "Impact," at pp. 124-125.

## ▪ **Capacity Building:**

- The UN Global Compact chairs the **UN System Private Sector Focal Points Network (PSFP)**, facilitating learning and knowledge-sharing with over 40 different UN entities to strengthen UN system coherence and connect the UN's work with different business-facing Global Compact platforms and initiatives. Since 1998, the UN Global Compact has convened the Annual Focal Points Meeting. The 2015 Meeting involved nearly 100 staff from across the UN System, who prioritized as an outcome further inter-agency collaboration on due diligence, training and capacity building, local engagement and knowledge management.
- **Engaging the Private Sector in UN Summits and Events:** The UN Global Compact has played a critical role in supporting the UN to more actively involve the private sector in the work of the Organization by engaging business in major UN Summits and high-level meetings. Business is now seen as a critical contributor to major UN events, as was seen in 2015 with the Sendai Conference on Disaster Risk Reduction, Addis Ababa Financing for Development Conference and the SDG Summit. At each of these major events, the UN Global Compact was featured in outcome materials.
- **Mobilizing Business Action around Global Humanitarian Crises:** In September 2015, as the global refugee crisis unfolded across Europe, the Middle East and Africa, the UN Global Compact, in partnership with the UN Refugee Agency (UNHCR), launched a ***Business Action Pledge in Response to the Refugee Crisis*** to call on companies and other stakeholders to take action to diminish the suffering of people forced to flee conflict and to support solutions for the resulting widespread societal disruption. As of December 2015, 26 companies, 30 business schools and the Global Compact Network Brazil have submitted information on the activities that they are currently undertaking or their new commitments to action. An initial attempt to affix a monetary value to these pledges, based on the limited information submitted, quantifies pledges at US\$6,005,659.

## **D. Develop a vibrant Global Compact Business Partnership Hub**

In 2015, an upgraded version of the **UN-Business Action Hub** was launched at the UN Private Sector Forum. The Hub is an online platform where the UN and business can engage in dialogue, share information and take action to advance UN objectives, including the SDGs. Drawing over 15,000 views monthly and featuring over 35 UN entities, the UN-Business Action Hub is a primary entry point for businesses around the world seeking information on UN partnerships. On average, it draws over 15,000 page views monthly and featuring over 35 UN entities. In 2015, the Hub hosted almost 400 partnership projects and corporate commitments. Throughout 2015, the Business Action Pledge on Ebola Elimination, which was presented on the platform during the last quarter of 2014, generated over \$1 million in private sector support for the UN Ebola Response.



## 8 OUR PARTNERS & STAKEHOLDERS

The UN Global Compact HQ worked closely with other partners to deliver key activities designed to meet the Global Compact's goals. Cooperating with other organizations and avoiding "reinvention of the wheel" continued to be a hallmark of our approach. Throughout the year, the Global Compact worked with a range of stakeholders and partners to leverage their core expertise. We then focused on bringing our comparative advantage to the table: UN legitimacy, our integrated value platform, unique accountability mechanism, convening power, neutrality, our large global multi-stakeholder network of participants and stakeholders, and Local Networks in 85 countries.

Throughout the year, UN Global Compact HQ engaged with a range of stakeholders and partners to leverage their core expertise and skills:

- **Sister Initiatives:** UN Global Compact HQ works closely with its sister initiatives to engage key market drivers. These sister initiatives include the UN-supported Principles for Responsible Investment (PRI), the Principles for Responsible Management Education (PRME) and the Global Compact Cities Programme.
  - Launched in 2006 by UNEP Finance Initiative and the UN Global Compact, **PRI** provides a voluntary framework for all investors to incorporate ESG issues into their decision-making and ownership practices, and as a result better align their objectives with those of society at large. Over 1,200 investment institutions have become signatories, representing US\$60 trillion.
  - Launched in 2007, **PRME** is a UN Global Compact sponsored initiative with the mission to inspire and champion responsible management education, research and thought leadership globally. In 2015, the PRME initiative grew by 15 percent to 650 signatories representing business and management schools and universities in over 85 countries. 2015 was dedicated to further rooting the PRME initiative in local and regional contexts to align activities to support achieving the SDGs. Further, a group of leading business schools completed the first phase of collaborative projects with GC LEAD, resulting in practical research guidelines on corporate sustainability.
- **Trade Unions:** UN Global Compact HQ works with trade unions such as UNI Global Union and Industrial Global Union, both of which are represented on the UN Global Compact Board.

**Global Business Associations:** UN Global Compact HQ works with major international business associations, such as the International Chamber of Commerce (ICC), the International Organization of Employers (IOE), the World Economic Forum (WEF), Business for Social Responsibility (BSR) and the World Business Council on Sustainable Development (WBCSD), some of which are represented on the Global Compact Board. In addition, the initiative partners with a number of global industry associations such as IRU, IPIECA, ICMM and IFPMA and professional associations such as RICS, IBA and ABA.

In 2015, the UN Global Compact convened a *Business Association Forum on Sustainable Development* – an annual gathering of global business/industry associations to exchange best practices and engage in dialogue on sustainable development. This meeting provided global industry associations with an opportunity to highlight the efforts they have undertaken to advance corporate sustainability and to deepen their understanding of the SDGs.

- **NGOs/Philanthropic Organizations/Foundation:** UN Global Compact HQ partners with a range of NGOs, philanthropic organizations and foundations. These organizations serve to support the implementation of the UN Global Compact principles, while also helping to advance issue platforms and other work streams. These organizations include: Save the Children, Global Business Coalition for Education, Oxfam, Pacific Institute, Carbon Disclosure Project, 3GF, World Resources Institute, WWF, Extractive Industries Transparency Initiative (EITI), Oslo Business for Peace Awards, Transparency International, Peace Initiative, Realdania, Sustainia and the UN Foundation.
- **Governments:** Since the initiative's inception, Governments have worked with UN Global Compact HQ on a range of sustainability issues. Some have engaged directly and are internalizing the principles within their



strategies and operations and/or through undertaking Global Compact-related projects and initiatives. Some provide funding to the UN Global Compact Trust Fund and/or support its country Networks. To date, the UN Global Compact has received financial contributions from 18 Member States – consisting of the UN Global Compact Government Group: Brazil, Chile, China, Colombia, Denmark, Finland, France, Germany, Italy, Republic of Korea, Liechtenstein, The Netherlands, Norway, Spain, Sweden, Switzerland, Turkey and the United Kingdom.

- **UN Agencies & International Organizations:** As Chair of the UN Private Sector Focal Point Network, UN Global Compact HQ works closely with other UN agencies, funds and programmes on various opportunities to address global challenges.
- **Knowledge Partners:** The Global Compact regularly engages a variety of knowledge partners. Some include: Accenture, Accountability, Bertelsmann Stiftung, Boston Consulting Group (BCG), Dalberg, Deloitte, KPMG, DNV GL, Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Latham & Watkins, MIT and Wharton Business School.

## 9 MEDIA & BRAND OVERVIEW

The UN Global Compact brand and visibility continued to grow in 2015 with the launch of a new, more user-friendly website. The initiative attracted an average of approximately 70,000 unique visitors to its website per month and saw increased mentions on social networks and mainstream media, receiving attention from outlets such as *The Financial Times*, *New York Times*, *Bloomberg*, *Al Jazeera*, *CNN*, *CNBC*, *AFP*, *Le Monde*, *DPA*, *Deutsche Welle*, *China Business Network*, *Reuters*, *The Guardian*, *Wired Magazine*, *CNN* and *Huffington Post*. Important milestones during this period include the UN Private Sector Forum and the Caring for Climate Business Forum convened at COP21.

Social media outreach continues to help expand the reach of UN Global Compact messaging. As of the end of 2015, the UN Global Compact has over 118,000 followers/likes across its six social media platforms (Twitter, Facebook, LinkedIn profile, LinkedIn group, YouTube and Flickr). The initiative's Klout Score is 70, which represents the top five percent of all users – the Klout Score is a number between 1-100 that represents influence. The more influential a user is, the higher its Klout Score. The average Klout Score is 40. Users with a score of 63 are in the top five percent of all users.

A notable outreach opportunity occurred on the occasion of the UN Private Sector Forum. The UN Global Compact logo was placed on 1 million special edition New York City metro cards – which city dwellers and visitors use to access the Metropolitan Transportation Authority's (MTA) subway and bus system. This gave the initiative wide exposure at a time when many were in the city for the UN General Assembly debate. The opportunity resulted from a partnership with the MTA which joined the Caring for Climate initiative in September 2015. UN Global Compact HQ continues to work to update its brand narrative to more clearly define and articulate its value proposition to business in order to increase the number of participants, deepen engagement, enhance impact and improve fundraising outcomes.

## 10 GOVERNANCE & INTEGRITY UPDATE

The Global Compact **governance framework** is designed to foster greater involvement in, and ownership of, the initiative by Global Compact participants and other stakeholders, as well as to protect the integrity of the initiative and the UN from key risks, including by promoting greater public accountability and transparency of participants' corporate sustainability performance.

The full list of entities that share differentiated functions within the Global Compact's governance framework are:

- Triennial Global Compact Leaders Summit (no Summit in 2015)
- Local Network Advisory Group
- Annual Local Networks Forum
- Global Compact Board
- Global Compact Government Group
- Global Compact Office

Below is a summary of activities during 2015 relating to Global Compact governance.

- **Global Compact Government Group:** The Global Compact Government Group is the group of Governments that contribute financially to the Global Compact Trust Fund. Twice yearly, the UN Global Compact HQ participates in retreats with the Government Group where the Global Compact shares information and gathers input on its strategy, activities and funding. In 2015, meetings with the Government Group were held in Helsinki and Berlin. The Government Group is open to all Governments from the North and South that make a financial or other substantial contribution to support the initiative at the global or local level. Outreach efforts to other potential Governments take the form of regular letters and briefings to UN missions of countries with a large number of Global Compact participants. The Friends of the Global Compact Group is New York-based and consists of Government missions to the UN that are especially supportive of the UN Global Compact. It meets three to four times per year and is coordinated by the Government of Switzerland. It provides a more regular opportunity for governments to be kept informed of Global Compact developments and to provide input to the initiative. It is open to all interested Governments and provides a platform to encourage other countries to join the Government Group.
- **Local Network Advisory Group & ALNF:** The Local Network Advisory Group (LNAG) was created to provide the UN Global Compact HQ with advice and guidance on matters of importance to all Local Networks. The Advisory Group is also a key conduit for Local Networks (LNs) to raise ideas and concerns with the UN Global Compact HQ in a systematic way. The Advisory Group consists of 7 regionally representative members from the Americas, Africa, Eastern Europe, MENA, South, Central and North Asia, South-East Asia and the Pacific, and Western Europe. Members are elected every two years by the LNs from their regions during the Annual Local Networks Forum (ALNF). The elected LNAG members nominate their Chair from among the group members. The Chair occupies the ex officio Local Network role on the Global Compact Board. In 2015, at the ALNF, seven new members were elected: Argentina, Australia, Korea, Macedonia, Spain, South Africa and the UAE. Spain was elected Chair and at the same time became ex-officio board member.
- **Global Compact Board:** The UN Global Compact Board, appointed and chaired by the United Nations Secretary-General, is designed as a multi-stakeholder body, providing ongoing strategic and policy advice for the initiative as a whole and making recommendations to the Global Compact Office, participants and other stakeholders. It comprises four constituency groups — business, civil society, labour and the United Nations. The Board meets every 6-9 months. In 2015, the Board met in January and June.



## Integrity Measures

The UN Global Compact's Integrity Measures<sup>2</sup> have three main components: (1) Communication on progress/engagement; (2) Logo policy and brand management; and (3) The facilitation of dialogue on alleged systematic and egregious abuse of the UN Global Compact's Ten Principles. Implementation is overseen by the Global Compact Board. Activities and developments relating to the COP, the Global Compact's main integrity measure, are addressed elsewhere in this report because of their key linkage with participation engagement more generally.

- **Dialogue Facilitation:** The Global Compact Board adopted a set of Frequently Asked Questions (FAQ) in 2009 to help clarify the purpose and functioning of the dialogue facilitation procedure. The FAQ reiterates the Global Compact's nature as a learning, dialogue and partnership platform as distinct from a certification scheme, compliance based initiative or adjudicatory body. As of 1 December 2015, 187 matters have been raised<sup>3</sup> since the establishment of the Global Compact. The number of matters has been fairly steady in recent years (17 in 2015; 18 in 2014; 19 in 2013) with a frequency of 1-2 new matters per month. Nearly 60% of these matters (109) are about one or more of the labour principles, including violations of freedom of association and refusal to engage in collective bargaining. Almost 40% (73) of the matters have raised other human rights issues (including product mislabelling, impact of marketing activities, complicity in the context of alleged illegal occupation, impact of operations on the local community including fuelling of conflict and right to a fair trial). Approximately 14% (27) have alleged corruption. Nearly 12% (22) have alleged environmental abuses (including deforestation, water pollution and exploitation of environmentally protected areas). And, 18 matters raised other issues. In many instances, more than one issue area was involved: out of the 187 matters, 49 matters have related to more than one issue area.

In 2015, 17 new matters were raised with the Global Compact HQ. Of these, 5 were accepted for dialogue facilitation, 2 lapsed as the complainant did not respond to the offer to proceed with dialogue facilitation, 3 more lapsed as the complainant failed to respond to the request for more information, while the remaining 7 were beyond the scope of the UNGC.

- **Global Compact Logo Policy:** Global Compact participants are encouraged to use the "We Support the Global Compact" logo as a way to further show commitment and raise awareness of the initiative, for example on corporate websites and in corporate sustainability reports. Organizations must request permission from the UN Global Compact HQ – and submit a sample of desired usage – before each use of the logo.

In 2015, 56 instances of logo or name misuse have been reported, including 26 involving non-participants. In addition, 5 of the 56 instances involved a misrepresented association with the Global Compact. 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. In 2015, three organizations were delisted for egregious and systematic abuse of the UN's or Global Compact's name and logo.

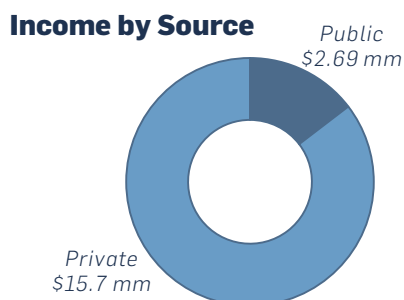
<sup>2</sup> <http://www.unglobalcompact.org/AboutTheGC/IntegrityMeasures/index.html>

<sup>3</sup> This number includes 7 matters that were raised prior to March 2004. For simplicity, these 7 matters have been treated as Integrity Measures matters for purposes of recordkeeping, even though formal dialogue facilitation procedures had not yet been developed and implemented.

## 11 FINANCIAL UPDATE

During 2015, the UN Global Compact received funding from both Government contributions to the UN Global Compact Trust Fund and private sector contributions to the Foundation for the Global Compact. The tables below outline the income and expenditure of the UN Global Compact in 2015. The UN Global Compact relies upon voluntary contributions from Governments and business participants to continue operations. From year to year, remaining funds in the Global Compact Trust Fund and the Foundation are allocated to cover expenses for the following year.

### Income



Public	
Governments	2,637,923
Interest and Other income	\$54,200
<b>Total Public<sup>4</sup></b>	<b>\$2,692,123</b>
Private	
Foundation for the Global Compact	\$15,601,682
<b>Total Private</b>	<b>\$15,601,682</b>
<b>TOTAL INCOME</b>	<b>\$18,293,805</b>

### Public Sources

To date, the UN Global Compact has received financial contributions from 18 Member States: Brazil, Chile, China, Colombia, Denmark, Finland, France, Germany, Italy, Korea (ROK), Liechtenstein, the Netherlands, Norway, Spain, Sweden, Switzerland, Turkey and the United Kingdom. In 2015, the following financial contributions (USD) were made to the UN Global Compact Trust Fund:

Country	Amount	Country	Amount
China	USD 10,000	Italy	USD 67,200
Colombia	USD 200	Norway	USD 228,567
Denmark	USD 369,456	Spain	USD 112,750
Finland	USD 354,497 <sup>5</sup>	Sweden	USD 342,779
France	USD 112,670	Switzerland	USD 474,483
Germany	USD 349,300	United Kingdom	USD 156,020
<b>Total Government contributions</b>		<b>USD 2,637,923</b>	

<sup>4</sup> The income figures included in the interim financial statements from the UN Accounts Division may be different than those presented in this report, as the UN records multi-year pledges in the year when the pledges are made. The figures in this report reflect the actual contributions received in 2015.

<sup>5</sup> In 2015, Finland contributed USD 708,995 in support of the Global Compact Trust Fund for the years 2015-2016. Half of this contribution was recorded in 2015

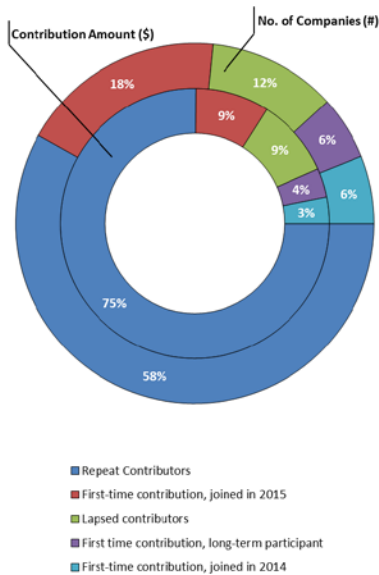
## Private Sources

The Foundation for the Global Compact, a US-based 501(c)3, was established in 2006 to increase the funding base of the Global Compact initiative and better reflect its public-private nature. The Foundation for the Global Compact raises funds from the global business community and private sector to support the mission and vision of the UN Global Compact. All companies participating in the UN Global Compact are strongly encouraged to make an annual voluntary contribution to the Foundation. All funds raised by the Foundation go directly toward building and improving tools, resources and activities that mainstream the Global Compact's Ten Principles in business strategy and operations around the world. Each year, a portion of the Foundation's funds are transferred to the UN Global Compact's Trust Fund to help the Global Compact cover its operating costs.

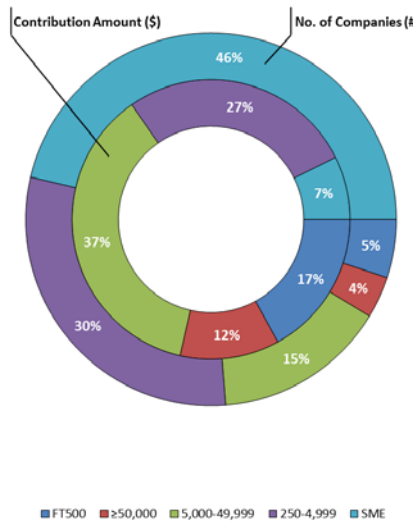
In 2015, the Foundation transferred \$2.3 million to the Global Compact Trust Fund. The Foundation raised \$6.35 million in annual contributions from almost 1,700 Global Compact business participants large and small, reaching 97% of its \$6.6 million goal for 2015. The Foundation also raised approximately \$2.37 million in GC LEAD platform contributions. Additionally, in 2015 the Foundation raised grant, event sponsorship and direct support funding for programmes including the Global Compact Africa Strategy, Business for Peace, Business for the Rule of Law, Caring for Climate, CEO Water Mandate, Private Sustainability Finance, Human Rights and Business Dilemmas Forum, Anti-Corruption, Women's Empowerment Principles, Food and Agriculture Business Principles, Reporting, and UN-Business Partnerships.

Where possible, the Foundation strives to conduct annual contribution fundraising efforts in collaboration with Global Compact Local Networks; in 2015 25 Networks participated in collaborative fundraising efforts.

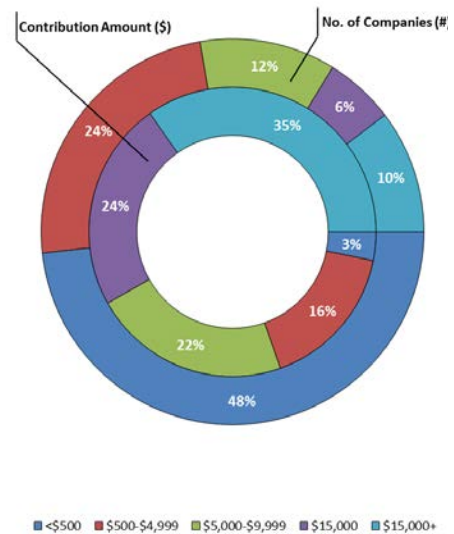
### Foundation Annual Contributions by Type of Contributor



### Foundation Annual Contributions by Company Size (# of employees)



### Foundation Annual Contributions by Amount



## Expenditure

In 2015, the UN Global Compact expenditures totaled \$17.43 million.

<b>TOTAL</b>				
	<b>Total Budget 2015</b>	<b>Total Actual 2015</b>	<b>% Var to Budget</b>	<b>% of Total Actual</b>
Personnel	\$9,127,075	\$8,483,493	-7% ↑	48.7%
Consultants & Experts	\$3,943,189	\$3,398,756	-14% ↑	19.5%
Events & Conference Services	\$715,000	\$1,656,348	132% ↓	9.5%
Travel	\$1,145,000	\$830,213	-27% ↑	4.8%
Occupancy & Office	\$890,562	\$1,040,910	17% ↓	6.0%
Telecommunications & IT	\$849,043	\$964,473	14% ↓	5.5%
Communications & Outreach	\$561,966	\$560,200	0% ↑	3.2%
Other Expenses	\$63,815	\$68,076	7% ↓	0.4%
Accounting, Banking & Admin Fees	\$529,671	\$430,723	-19% ↑	2.5%
<b>Total Expenditures</b>	<b>\$17,825,321</b>	<b>\$17,433,192</b>	<b>-3% ↑</b>	<b>100%</b>

Please find a breakdown of the budget by UN Global Compact Trust Fund and Foundation for the Global Compact on the next pages.

<b>UN GLOBAL COMPACT TRUST FUND</b>				
	<b>Trust Fund Budget 2015</b>	<b>Trust Fund Actual 2015</b>	<b>% Var to Budget</b>	<b>% of Total Actual</b>
Personnel	\$4,613,250	\$3,612,613	-22% ↑	78%
Consultants & Experts	\$673,000	\$494,903	-26% ↑	11%
Events & Conference Services	\$0	\$0	-	0%
Travel	\$250,000	\$31,680	-87% ↑	1%
Occupancy & Office	\$121,000	\$121,900	1% ↓	3%
Telecommunications & IT	\$110,000	\$35,835	-67% ↑	1%
Communications & Outreach	\$60,000	\$19,296	-68% ↑	0%
Other Expenses <sup>6</sup>	\$10,000	\$0	-100% ↑	0%
Accounting, Banking & Admin Fees <sup>7</sup>	\$408,671	\$302,136	-26% ↑	7%
<b>Total Expenditures</b>	<b>\$6,245,921</b>	<b>\$4,618,363</b>	<b>-26% ↑</b>	<b>100%</b>

*Note:* According to the UN's Financial Statements for the Global Compact Trust Fund, occupancy & office, telecommunications & IT, communications & outreach, other expenses and accounting, banking & admin fees are included in the "Operating Expenses" category.

<sup>6</sup> **Other expenses** for the Global Compact Trust Fund include: Supplies & materials & furniture & equipment, External Printing and Hospitality. Other Expenses for the Foundation include insurance, professional development and training, hospitality, dues and subscriptions.

<sup>7</sup> The **Trust fund** administrative fees include the **programme support costs**. These costs amount to 7% of total expenditure (\$337,664) and correspond to outgoing services provided by the UN Administration. In addition, according to UN's Financial Rules and Regulations, 15% of total expenditure should be kept at all times as a contingency fund. The Global Compact's Programmable fund balance (reserves at the end of year that can be used to cover next year's expenses) should suffice to cover portion of following year's expenditure (e.g. staff costs at the end of a given year for the following year should be covered 100%).



FOUNDATION FOR THE GLOBAL COMPACT				
	Foundation Budget 2015	Foundation Actual 2015	% Var to Budget	% of Total Actual
Personnel	\$4,513,825	\$4,870,880	8% ↓	38%
Consultants & Experts	\$3,270,189	\$2,903,853	-11% ↑	22%
Events & Conference Services	\$715,000	\$1,656,348	132% ↓	13%
Travel	\$895,000	\$798,533	-11% ↑	6%
Occupancy & Office	\$769,562	\$919,010	19% ↓	7%
Telecommunications & IT	\$739,043	\$928,638	26% ↓	7%
Communications & Outreach	\$501,966	\$540,904	8% ↓	4%
Other Expenses	\$53,815	\$68,076	27% ↓	1%
Accounting, Banking & Admin Fees	\$121,000	\$128,587	6% ↓	1%
<b>Total Expenditures</b>	<b>\$11,579,400</b>	<b>\$12,814,829</b>	<b>11% ↓</b>	<b>100%</b>

## Note on Budget versus Actual Expenditure

- Personnel Costs & Consultants and Experts Costs:** The UN Global Compact HQ is required to use standard figures provided by the UN Accounts Division when budgeting for UN Trust Fund posts. The Trust Fund estimates exceeded actual staff cost incurred in 2015 due to delays experienced in terms of receiving necessary approvals from the OHRM and OPPBA to reclassify and recruit staff positions. Additionally some positions that were budgeted for the Trust Fund were actually filled through the Foundation. The Foundation for the Global Compact incurred slightly higher than expected personnel expense for the same reason. In addition, personnel costs remain the highest expenditure item both for the Foundation and the Trust Fund (49% of the total expenditure). The actual Consultants and Experts Costs were lower than budgeted because various teams deferred the decision to engage consultants to subsequent years.
- Events & Conference Services:** In 2015, the convening of the Global Compact+15 and the Gala dinner to mark the UN Global Compact's 15th anniversary have led to an increase in expenditure as compared to the budget.
- Travel:** As a result of the travel policy requesting both staff members of the Global Compact Office and the Foundation for the Global Compact to have a majority of their travel expenditures paid by the Foundation, a lower amount than budgeted was spent by the Trust Fund. In an attempt to reduce both costs and carbon emissions, all staff were encouraged to limit the number of staff travelling per team and, when possible, to replace travel with virtual meeting systems. This resulted in lower than budgeted expenses for both the Foundation and the Trust Fund.
- Occupancy and Office:** Most of the relocation cost of both the Global Compact Office and the Foundation was incurred in 2015. This relocation was planned to enhance coherence and collaboration between the Global Compact Office and Foundation for the Global Compact. There were additional relocation costs planned and incurred above and beyond the original budget.
- Operating Expenses:** The variance in Operating Expenses for the Trust Fund (Telecommunications & IT, Communications & Outreach) resulted from the fact that most communications, printing and supplies



materials were paid for through the Foundation. Telecommunications & IT expenses at the Foundation were higher than anticipated because various IT and Communications expenses, such as website updates, were deferred from 2014 until 2015.

- **Accounting, Banking & Admin Fees:** The 2015 Trust Fund budget includes Programme Support Costs (7% of the Total Direct Expenditure). As the expenditure was lower than budgeted, the Administrative Costs for the Trust Fund was also lower. Relating to the Foundation budget, the variance in Administrative Cost was a result of less spending on programmatic activity.

The **Net Income** of \$860,613 will be directed towards the implementation of the 2016 strategy, to create sustainable growth, optimize the global organization and clarify and strengthen the Global Compact brand. In addition, according to the UN's Financial Rules and Regulations 15% of total expenditure should be kept at all times as contingency fund. Also, the UN administration requires that the UN Trust Fund carry 100% of staff costs at the end of a given year for the following year.

### Audit

The Global Compact Trust Fund account is audited by the UN Accounts Division every year as a part of "Financial Report and Audited Financial Statements and Report of the Board of Auditors (BOA), Volume I." BOA is responsible for the audit of the United Nations Trust Fund and its report is available at the end of every biennium. The Trust Fund report for the biennium 2015-2016 (ending 31 December 2015) will be available after June 2015. The Foundation for the Global Compact is audited by an independent third party auditor on an annual basis. The Foundation report for 2015 will be available in June 2016.

### Our People

In 2015, 77 full-time staff, associate experts and consultants worked at Global Compact HQ. 47 staff and consultants were financed by the Foundation for the Global Compact, and 30 staff, associate experts and consultants were financed by the Global Compact Trust Fund. The UN Global Compact follows all UN regulations and guidelines in recruiting and managing staff members, associate experts and consultants funded through the Global Compact Trust Fund. The Foundation for the Global Compact recruits and manages its staff and consultants in accordance with NY State and US federal regulations. Throughout the year, Global Compact HQ worked with over 40 interns who provided valuable support in advancing the initiative's missions. A majority of these interns were recruited through the UN internship program.

The Global Compact Office follows all UN regulations and guidelines in recruiting and managing all staff members, associated experts and consultants funded through the Global Compact Trust Fund, and works closely with the Executive Office of the Department of Management and the Office of Human Resources and Management of the United Nations on all UN personnel matters. Throughout 2015, the Global Compact HQ made concerted efforts to create a more robust human resources function, developing various guides and resources, such as the Employee Handbook for the Foundation for the Global Compact, Fact Sheets on Global Compact HQ Human Resources, a policy on workplace diversity and enhanced guidance on the performance review process.

### Contributors to the Foundation

Through the Foundation for the Global Compact, business participants can financially support the UN Global Compact. All companies participating in the initiative are asked to make an annual voluntary contribution. These donations are vital to the initiative's ability to provide a framework for corporate change and innovation around environmental, social and governance issues. Global Compact champions are recognized on the Foundation's website and on their Global Compact public profile. The UN Global Compact wishes to thank event sponsors, Global Compact LEAD participants and all contributors for their crucial support.