



# United Nations Global Compact

## Strategy 2014 - 2016

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Prepared by the UN Global Compact

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## 1 Introduction

At the conclusion of the Rio+20 Corporate Sustainability Forum, which was convened by the UN Global Compact and its partners, the Global Compact Office was encouraged by the Global Compact Board to conduct a strategic review of the initiative to inform the development of the 2014-2016 strategy. The strategic review and development of this three year strategy were performed by the management and staff of the Global Compact Office with some additional human resources support from Deloitte. It involved consultation with and input from a number of key Global Compact stakeholders (including Global Compact Local Networks and the Global Compact Board itself) and was informed by the results of the Global Compact's Annual Implementation Survey, which polls corporate participants. The strategy positions the UN Global Compact to be best able to meet its objectives as the world's largest voluntary corporate sustainability initiative.

The review followed in a tradition of such strategic reviews. Since its inception, the Global Compact Office has regularly conducted and/or undergone periodic reviews of the initiative and its impact. The first was conducted by Price Waterhouse Coopers in 2002. In 2004 and again in 2007, McKinsey and Company was commissioned to conduct an impact assessment. In 2005, the Global Compact Office also commissioned a review by the UN's own Office of Internal Oversight Services. And in 2011, it benefited from a review conducted by the independent Joint Inspection Unit. In 2010 and in 2012, the Global Compact Office undertook mid-term reviews of its 2008-2010 and 2011-2013 strategies respectively.

The 2012-13 strategic review kicked off with an internal management retreat to identify and discuss areas of strategic importance for the initiative. Key areas discussed during the retreat included the value proposition of the Global Compact to its stakeholders, the multi-stakeholder governance of the initiative, management of the Global Compact's portfolio of issues and activities, empowering and supporting Local Networks, enhancing the UN Global Compact's infrastructure to enhance participant engagement, strengthening the Global Compact's support for UN-business engagement generally, and the funding of the overall UN Global Compact initiative.

Based on this initial review, the Global Compact organized eight internal working groups to delve more deeply into the issues and develop content for the overall strategy. These included: the value proposition, issue portfolio management and governance, participant engagement, technology and infrastructure, UN-business engagement, Local Networks, and governance and accountability. The main preliminary findings were presented to the Governments that contribute to the Global Compact Trust Fund, the Global Compact Board, the Board of the Foundation for the Global Compact, and Local Networks.

As part of the process to finalize the 2014-2016 strategy presented here, the UN Global Compact will embark on a consultation with various stakeholders including the contributing Governments, Local Networks, Global Compact Board, Foundation Board, Global Compact Participants, and others.

The strategy is organized into six sections and is accompanied by three annexes. The Executive Summary also includes a snapshot of key corporate sustainability trends, and outlines key strategic priorities on which the Global Compact Office intends to focus. The strategy also reiterates the initiative's overall vision and value proposition, and presents the main changes that will be made to the initiative's governance. The strategy then outlines the Global Compact Office's strategic priorities and objectives that will help advance four overarching goals (issue management, empowerment of Local Networks, participant engagement, and mobilization of businesses in support of UN goals). The strategy concludes with the funding model that is designed to enable the initiative to deliver its ambitious work plan over the next three years. More detail on the Global Compact Office's workstreams and activities with specific indicators and targets for the period covered by the strategy are contained in the three annexes: Annex A (GC Issues), Annex B (Local Networks), and Annex C (Participant Engagement).

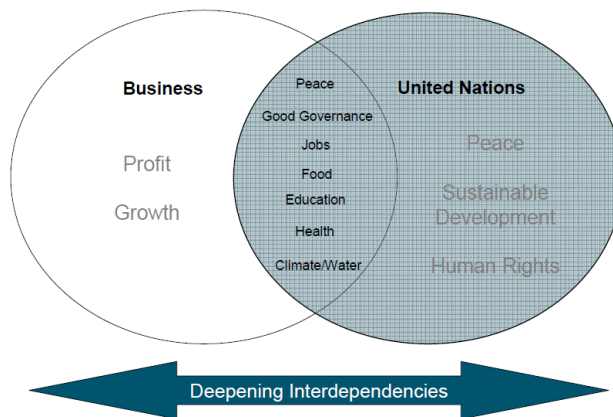
## 2 Executive Summary: Making Corporate Sustainability a Transformative Force

Since launching in 2000, the UN Global Compact has worked toward the vision of a sustainable and inclusive global economy that delivers lasting benefits to people, communities and markets. To do so, from its inception, the Global Compact has focused its engagement of business on two main objectives: implementing the ten principles of the Global Compact into business operations and taking actions in support of UN goals and issues.

Delivering a better future for all requires action by all – Governments, corporations, citizens, consumers, workers, investors and educators. Undoubtedly, the private sector has a central role to play. As the world's main source of economic activity, business is at the heart of virtually any widespread improvements in living standards. Markets are essential for creating and diffusing solutions that will drive the changes our world needs. But, this will not happen through business as usual. Investment and business activity must be sustainable – delivering value not just financially, but also in social, environmental and ethical terms.

At this critical juncture, the UN Global Compact seeks to make corporate sustainability a transformative force in achieving a shared, secure and sustainable future.

### Overlapping Interests



As technological change and openness continue to deepen interconnectivity, public goods and private interests increasingly overlap. The case for better alignment between the public and private interest is abundantly clear.

### Global Compact Progress and Portfolio

The Global Compact launched in 2000 based on the proposal that business and the UN jointly initiate a "global compact of shared values and principles, to give a human face to the global market". From one phrase, a global movement was born. What began as a small initiative, comprised of just 40 companies, is today the world's largest leadership platform to advance corporate sustainability – calling on business everywhere to deliver long-term value in financial, social, environmental and ethical terms.

Since 2000, the groundwork has steadily been laid by the Global Compact and partners to build and make the case for corporate sustainability globally through:

- Raising awareness of the Global Compact's ten principles and building consensus on policies and practices;
- Establishing a strong global and local presence, with Local Networks in 100 countries;
- Bringing accountability and transparency to voluntary business efforts, through annual reporting requirements and the expulsion of participants from the initiative for failure to communicate progress;
- Learning and demonstrating how business, civil society and the UN can effectively collaborate;
- Developing either alone or in partnership guidance on implementation of the principles and related areas;
- Creating issue platforms – for example, on climate, water and women's empowerment – to lead the way to business solutions and action;
- Launching initiatives for investors and educators to drive sustainability performance; and
- Bringing the voice of business to major UN summits and negotiations.

Today, the Global Compact counts over 7,000 corporate signatories from more than 140 countries – representing approximately 50 million employees, nearly every industry sector and size, and hailing equally from developed and developing countries. Each has committed to embed human rights, labour, environment and anti-corruption principles into their operations and disclose progress. In order to uphold the initiative's integrity, thousands of companies have been removed from the Global Compact for failing to meet the annual disclosure requirement. In addition to businesses, over 3,000 civil society signatories play important roles, including holding companies accountable for their commitments and partnering with business on common interest causes.

The UN Global Compact employs a range of approaches for engaging companies and driving implementation – taking into consideration that participants are at diverse stages of corporate sustainability performance, from beginners to advanced. This includes the development of overarching frameworks – like the Blueprint for Corporate Sustainability Leadership and the Global Compact Management Model – as well as tools and resources in all Global Compact issue areas.

A number of issue platforms, sets of principles and global working groups have been developed and refined to spur action by companies and lead the way to new solutions, actions, and partnerships. Many of these platforms have methodologies for engagement, following the “commit, act, report” model. The following issue platforms, principles and groups are part of the 2014-2016 strategy, each offering enormous potential to drive collective, widespread and specific action and partnerships:

- **Caring for Climate** provides a framework for companies to set goals, develop and expand strategies and practices, and publicly disclose emissions. The world's largest voluntary business and climate initiative with nearly 400 companies, Caring for Climate is jointly convened with the United Nations Environment Programme (UNEP) and the UNFCCC.
- **CEO Water Mandate** provides a framework for the development, implementation and disclosure of water sustainability policies and practices – and has been endorsed by approximately 100 chief executives.
- **Women's Empowerment Principles** help the private sector advance gender equality in the workplace, marketplace and community. A collaboration with UN Women, over 500 CEOs have signed a statement of support for the principles.
- **Children's Rights and Business Principles** – developed in partnership with UNICEF and Save the Children – call on business to respect and support children's rights throughout their activities and business relationships in the workplace, marketplace and community.
- **Sustainable Agriculture & Food Security** will advance the role of business in delivering practical, effective and scalable solutions to meet the global challenges of sustainable agriculture and food security.

- **Global Action Hubs** identify and foster country-level actions and partnerships, with a Water Action Hub currently being piloted and a Social Enterprise Hub and Global Compact Partnerships Portal under development.
- **Global Working Groups** include the Human Rights and Labour Working Group, Working Group on the 10th Principle Against Corruption, Advisory Group on Supply Chain Sustainability, and the Expert Group on Responsible Business and Investment in High-Risk Areas.
- **Global Compact LEAD** supports the most committed Global Compact participants in their efforts to achieve higher levels of corporate sustainability performance.
- Deeply connected to the initiative are the **Principles for Responsible Investment (PRI)** – with more than 1,000 investors managing assets over US\$30 trillion – and the **Principles for Responsible Management Education (PRME)** – with over 400 academic institutions from nearly 80 countries. These sister initiatives are bringing mainstream investors and business schools into the fold of corporate sustainability.

Through over 100 Global Compact Local Networks, companies are convening and acting on sustainability issues at the ground level. Networks serve an essential role in rooting global norms, issue platforms and campaigns within a national context, and provide an important base to jump-start action and awareness on the ground. The Global Compact supports and builds the capacity of such networks, and facilitates knowledge sharing among them.

Much of the Global Compact's work directly supports UN goals and issues, and priorities of the UN Secretary-General. Many of the Global Compact's issue platforms, including Caring for Climate, the CEO Water Mandate, the Women's Empowerment Principles and the Children's Rights and Business Principles, were launched by Secretary-General Ban Ki-moon. Substantial efforts are made to also support other Secretary-General initiatives, including Sustainable Energy for All, Every Woman Every Child, and Education First through the Global Compact's own workstreams.

To mobilize business action on UN priorities, the Global Compact developed a framework to collect corporate commitments – that are transparent and accountable – and also launched [business.un.org](http://business.un.org), the online UN-business partnership gateway to match business resources with the needs of the UN.

With the Millennium Development Goals 2015 deadline approaching, the Global Compact has been charged with helping to bring business perspectives and actions to the post-2015 global development agenda. This offers an enormous opportunity to scale up current efforts and align them within an architecture that will enable business to contribute to UN priorities – such as water, climate, food, equality, decent jobs, and education – at unprecedented levels.

Now, as laid out in the strategy presented here, the UN Global Compact is preparing to fully move into the "action" phase, aiming to drive implementation and collaboration by businesses that advances sustainability on a massive scale, while continuing to also promote corporate respect for universal principles. Doing so will require more than will and innovation on the part of business. In many cases, transformative actions and solutions by business exist – with the ability to have profound impacts on areas such as energy access and efficiency, emissions reduction, water security, anti-corruption and gender equality – but currently are not supported in ways that allow their potential to be realized. Only with the right enabling environment and market incentives can the private sector make significant contributions to sustainable development.

### Addressing the Fundamentals

Progress on sustainable development is hindered by shortcomings in fundamental areas: good governance, multilateral cooperation and trade, and market reform.

First, violence and failing or weak governance are major obstacles in moving nations up the development curve. In addition, the ability of business to grow and innovate requires peaceful conditions, adequate institutions and rule of law. Progress will require Governments everywhere to respect, protect and fulfil

human rights and fundamental freedoms of individuals, to establish peaceful and stable conditions, and to root out corruption.

Next, the erosion of multilateral cooperation and trade – which is open, rule-based and nondiscriminatory – poses significant challenges to finding and diffusing solutions to global threats. People and countries are ever more dependent on one another, yet willingness and ability to cooperate is diminishing. Crisis management, short-termism and protectionism characterize much of our world today. Given the complex, global nature and interconnection of sustainability challenges, we need systems that are conducive to global solutions, as well as sufficient appetite by politicians, the private sector and people to look beyond their own interests and uphold the common good.

Governments are called upon to renew their commitment to the founding vision of the UN – advancing the conviction that durable peace and prosperity can only be built on the foundations of interdependence and cooperation. Within these conditions, trade, investment, and entrepreneurship will create and spread wealth, inclusion and social fairness.

Finally, markets must undergo a transformation so that sustainability drives innovation, investment and trade. While good governance and multilateral cooperation are critical factors, we must go further to secure the future we want: a greener planet, prosperous and inclusive societies, thriving markets and economies. Only investment and business activity that is principled and sustainable will ensure that markets deliver for the long-term benefit of our world. Doing so requires realigning economic incentive structures to send clear signals that good environmental, social and ethical performance by the private sector is encouraged, supported and profitable. This involves eliminating market obsession on short-term yields which result in policies and incentives contrary to long-term viability.

Action by a range of actors will be needed – for example with Governments advancing policies and mechanisms intended to create a stable price for carbon, as well as phasing out subsidies; with investors more frequently considering environmental, social and governance issues in their analysis and decision-making, thereby accounting for externalities; and with business extending responsible practices and expectations throughout the value chain to address adverse impacts and help achieve greater scale of corporate sustainability activities. If practiced by a critical mass of companies, corporate sustainability can reinforce core social, environmental and ethical values in markets that are essential for driving lasting growth and development.

### **Achieving Transformation: the UN Global Compact Strategy for 2014-2016**

The challenge ahead for the Global Compact Office, participants, networks and partners is to transition from incremental progress implementing corporate sustainability to transformational action with significant impact across the financial, environment, social and ethical realms.

To achieve this transformation, the following priority areas have been identified for the 2014-2016 strategy: strengthening our multi-centric governance structure, managing a global portfolio of issues and activities with a view to greater impact, empowering Local Networks, growing to scale through effective participant engagement, building stronger UN-business engagement and creating a more sustainable funding model for the initiative.

- 1) Strengthening the Multi-Centric Governance Framework.** To foster greater involvement in, and ownership of, the initiative by business participants and other key stakeholders, governance of the Global Compact is shared by six entities/fora which afford participation by all the initiative's stakeholder groups: Global Compact Leaders Summit; Local Networks; Annual Local Networks Forum; Global Compact Board – chaired by the Secretary-General; Global Compact Office; and Government and Friends Group. The strategic review analyzed this structure and explored how it can better reflect the global-local, multi-stakeholder nature of the initiative. In particular, the review identified opportunities to

strengthen the interaction between the entities/fora, and give a greater role to Local Networks and Governments.

2) **Managing a Global Portfolio of Issues and Activities.** Since the inception of the initiative, the UN Global Compact has sought to be at the forefront of issue leadership on the corporate sustainability issues within the UN's comparative advantage. Through managing in partnership with other relevant UN entities a global portfolio of issues related to the Global Compact's Ten Principles and other UN goals, through working groups, issue platforms, special initiatives and partnerships and driving issue integration and differentiation, the Global Compact seeks to advance corporate sustainability broadly as well as deeply. The 2014-2016 strategy will focus on:

- Driving corporate sustainability leadership and higher levels of corporate sustainability performance through the LEAD initiative;
- Placing a renewed focus on partnerships and collective action across the portfolio of issues and continuing to provide specific engagement opportunities for GC participants to advance corporate sustainability issues and to take action in support of UN goals;
- More effectively utilizing Local Networks to advance the Global Compact's issue work;
- Taking Global Compact issue platforms to scale;
- Making more accessible the knowledge, tools and resources to improve corporate sustainability performance;
- Building operational linkages across issue areas and further establishing the Global Compact as an integrated value platform; and
- Continuing to work with investors and educators to build incentives for, and the capacity of, the private sector.

3) **Empowering Local Networks.** Local Networks (LNs) are key for taking the initiative to scale, engaging small and medium sized enterprises and, more generally, driving local implementation of the Global Compact principles. The Global Compact envisions a future where its local engagement will have expanded and the majority of its LNs will have the capacity to facilitate transformative corporate actions and solutions that advance the post-2015 development agenda and support widespread advances in corporate sustainability performance. More specifically, to support and empower the LNs to accomplish this vision, the strategy for 2014-2016 will focus on:

- Involving, to a greater extent, LNs in the overall governance of the Global Compact, especially in the decision-making processes that affect LNs and that are relevant for their work;
- Building capacity and strengthening the skills and competencies of LNs aimed at increasing their performance in supporting GC participants in mainstreaming the Ten Principles in business strategies and operations and to broker and support partnerships in support of UN goals;
- Recognizing, promoting and communicating outstanding practices developed by the LNs both internally and externally;
- Enhancing communication between the GCO and LNs through systematic mechanisms;
- Integrating LNs into the participant engagement process; and
- Increasing the total number of LNs to achieve global coverage.

4) **Growing to Scale through Effective Participant Engagement.** While great progress has been made in corporate sustainability, a quantum leap is needed. It is essential to bring responsible business to scale – a goal of 20,000 Global Compact participants by 2020 has been set by the UN Secretary-General – while at the same time improving the quality of participant engagement and implementation. The growing number of companies delisted for failing to meet annual disclosure requirements poses an additional challenge to the initiative's growth.



With an estimated 80,000 multinationals and millions of smaller enterprises, much remains to be done to achieve critical mass. The Global Compact must reach companies that have yet to embrace corporate responsibility, motivate less-advanced companies to deepen their commitment and efforts, and spur front runners to lead the way to the next generation of sustainability performance. In order to grow the initiative to scale while driving higher quality of implementation, the Global Compact has reoriented itself to provide a more effective participant engagement process through:

- Enhancing and restructuring internal operational capacity to successfully manage the new approach to participant engagement;
- Developing technology infrastructure to integrate all aspects of the participant lifecycle;
- Enhancing communication between the UN Global Compact and participants through systematic mechanisms;
- Increasing the total number of participants through strategic recruitment;
- Reducing the number of companies expelled from the Global Compact for failure to submit a Communication on Progress (COP); and
- Increasing the number of companies reporting at the COP Advanced level.

**5) Strengthening UN-Business Linkages.** The Global Compact must continue to play a central role in advancing UN-Business collaboration at the system level, in accordance with its General Assembly mandate and the recognition of its role in the Rio +20 outcome document. This role, being the main UN interface with business, is a unique and valuable characteristic of the Global Compact – vis-à-vis other corporate responsibility initiatives – and must be strengthened, particularly with regard to the Global Compact’s role in bringing the voice of sustainable business into the post-2015 development agenda process and into intergovernmental negotiations, such as in the area of climate change.

In order to secure the Global Compact’s growth objectives while also providing the maximum possible support to the UN, costs for services will need to be covered. This strategy thus considers criteria for future UN-wide engagement in light of the following goals:

- Supporting the Secretary-General’s priorities;
- Focusing on values and principles, particularly by supporting the UN in further putting its standards and ideals into practice, e.g. “walking the talk”;
- Supporting a focus on integrity, accountability, and greater coherence across the System, such that lessons learned can be shared.
- Provide support to companies to explore/deepen collaboration with the UN, towards increasing the scale and impact of business contributions to UN goals. At the same time, helping to enhance the UN’s capacity to more effectively partner with business; and
- Contributing to and aligning with the UN process for setting the post-2015 development agenda.

**6) Developing a Sustainable Funding Model.** While the Global Compact has developed innovative and compelling issue platforms and working groups, the lack of sufficient financial resources constrains the initiative. Government funding of the Global Compact may not increase in proportion to the expected growth of the initiative in the coming years, and current contributors to the Global Compact Trust Fund have supported and encouraged the Global Compact Office to seek additional government funding and, through the Foundation for the Global Compact, additional private sources of funding. While contributions from the private sector have grown steadily in recent years, only a minority of companies have contributed financially to support the initiative. LNs also require additional capacity and financial sustainability to achieve greater impact. These considerations call for a funding model based on greater private sector contributions – with all business participants to become annual Foundation contributors.

### 3 Global Compact Vision and Value Proposition

#### Vision & Objectives

The UN Global Compact works toward the vision of a sustainable and inclusive global economy which delivers lasting benefits to people, communities, and markets.

To help realize this vision, the initiative seeks to:

1. Mainstream the Global Compact's Ten Principles in business strategy and operations around the world; and
2. Catalyze business action in support of UN goals and issues, with emphasis on partnerships and collective action.

#### Value Proposition

Corporate sustainability is increasingly a mainstream concept based on growing consensus about the materiality of risks and opportunities in the environmental, social and governance realms. Within this space, the UN Global Compact provides a unique foundation for companies and other stakeholders seeking to advance sustainable practices – marrying the normative nature of the Ten Principles with a comprehensive, practical framework for action.

For companies, participation in the UN Global Compact is an avenue for committing to and carrying out responsible corporate practices in critical areas – such as human rights, labour, environment and anti-corruption. It is also an appeal to our shared humanity, and the desire to be part of a larger movement to uphold the common good – to engage business in the advancement of the enduring and universal values of the United Nations.

#### Defining characteristics of the UN Global Compact:

**Principle-based:** applying UN values – traditionally used to forge understanding among nations – to the private sector, calling on companies to act in a principled way wherever and whenever they operate;

**Public-private:** combining the moral authority and convening power of the UN with the resources and ingenuity of the private sector to help solve the challenges of our day;

**Multi-stakeholder:** bringing business, civil society, Government and the UN to the same table, and the voice of responsible business to major UN summits and negotiations;

**Global-local:** engaging participants in 140 countries, with 100+ Local Networks up and running to connect stakeholders on the ground; and

**Voluntary yet accountable:** bringing accountability and transparency to voluntary business efforts, through annual reporting requirements and the removal from the initiative of companies that fail to communicate progress; and

**Global issue platforms, sets of principles and action hubs:** aligned around the Ten Principles and UN priorities, developed to enhance understanding of responsible practices, spur responsible and sustainable action by companies and lead the way to new sustainable solutions.

**Platforms & Principles**

Caring for Climate  
CEO Water Mandate  
Water Action Hub  
Women's Empowerment Principles  
Children's Rights and Business Principles

**Global Working Groups**

Human Rights and Labour  
Anti-Corruption  
Supply Chain Sustainability  
Business & Investment in High-Risk Areas

**Under development:**

Sustainable Agriculture Business Principles  
Social Enterprise Hub  
Climate and Energy Hub  
Global Compact Partnerships Portal

**Achieving Greater Impact through Growing the Initiative to Scale**

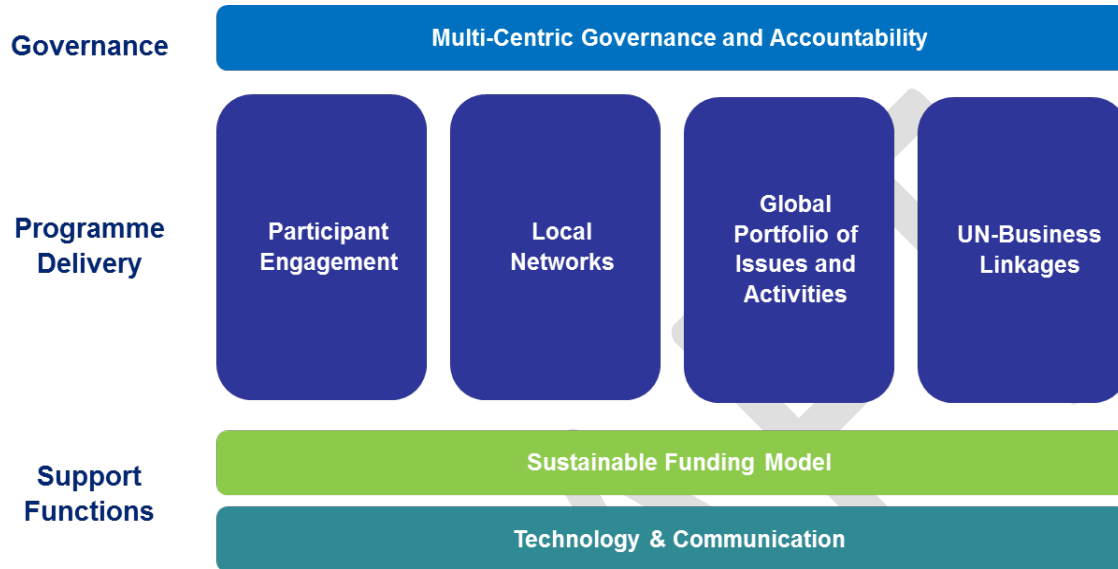
In order to achieve the vision of the Global Compact, the initiative must grow to scale and reach critical mass. Since its launch in 2000, the UN Global Compact has grown steadily from 41 corporate participants to more than 7,000 as of February 2013. In the past three years, approximately 1,500 new corporate participants have joined the initiative each year. However, growth in new participants has been counterbalanced by the expulsion of existing participants for failure to meet the annual Communication on Progress (COP) requirement. To enhance the accountability of participant implementation of the Ten Principles, there has been a progressive tightening of the initiative's integrity measures, including clearer minimum requirements and shorter deadlines for submission of COPs. To date, more than 4,000 corporate participants have been expelled from the Global Compact.

A new strategy for recruitment and retention of participants will be needed to achieve greater scale. With an estimated 80,000 multinationals and millions of smaller enterprises around the world, much remains to be done to reach critical mass. The Global Compact must focus on reaching companies that have yet to embrace corporate responsibility and sustainability, motivate less-advanced companies to deepen their commitment and efforts, and spur front-runners to lead the way to the next generation of sustainability performance.

As a guidepost, the UN Secretary-General has set the target of 20,000 Global Compact participants by 2020, a goal that was endorsed in the New York Declaration adopted by acclamation by participants and stakeholders at the 2010 Global Compact Leaders Summit. The 2014-2016 strategy explicitly addresses the issue of how to achieve scale, with a focus on participant engagement to increase the participant base through both recruitment and retention while also achieving greater impact aligned to the Ten Principles.

## 4 Global Compact 2014 – 2016 Strategy Framework & Overarching Goals

The following diagram illustrates the focus areas of the 2014-2016 strategy to achieve greater scale and impact. The strategy emphasizes four main areas of programme delivery facilitated by key support functions overseen by the initiative's multi-centric governance and accountability framework.



During 2014-2016, the UN Global Compact will focus on the following 4 overarching goals corresponding with the four areas of programme delivery indicated above. The 4 overarching goals are divided into 8 detailed strategic goals. This strategy document uses these as its framework. Specific outcome indicators are outlined in Annexes A, B, and C.

Overarching Goal 1	Managing a Global Portfolio of Issues and Activities
1.1.	Position the Global Compact as the premier platform for business to advance corporate sustainability issue leadership both at the global and local levels on a range of issues in line with the Ten Principles and other UN priorities and goals
1.2.	Develop a vibrant Global Compact Partnership Portal
1.3.	Bring at least two of the GC issue platforms, such as Caring for Climate and Women's Empowerment Principles, to scale by achieving 100 % increase of business participants joining these issue platforms and providing support to on the ground activities in at least 10 countries to build local ownership
Overarching Goal 2	Empowering Local Networks
2.1.	Empower and support the Local Networks through improved communication and IT platform, capacity building, and enhanced governance to achieve 75 per cent of LNs with formal status.
2.2.	Expand GC Local Engagement by launching at least 3 new Local Networks annually to expand the coverage of the Global Compact to underrepresented areas, especially in Africa

<b>Overarching Goal 3</b>	<b>Growing to Scale (13,000 business participants by 2016) Through Effective Participant Engagement</b>
3.1	Improve participant engagement capacity by enhancing internal operating capacity, developing effective technology infrastructure, and enhancing communication with participants
3.2	Introduce effective recruitment strategies to go to scale
3.3.	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
<b>Overarching Goal 4</b>	<b>Engaging Business in Support of UN Goals and Issues</b>
4.1.	Improve the quality and quantity of partnerships undertaken by GC participants to advance UN goals
4.2.	Enhance the capacity of the UN System to partner more effectively with the private sector

## 5 Strengthening Multi-Centric Governance and Accountability

The Global Compact's governance framework was last reviewed during 2004-2005 and culminated in the adoption by the Secretary-General in August 2005 of the initiative's unique multi-centric governance framework. That governance framework combines public and private, global and local elements and strives to foster effective multi-stakeholder interactions and build ownership of the initiative by its diverse participants and stakeholders. The framework allocates decision-making across the a triennial Leaders Summit, Global Compact Board, Local Networks, the Annual Local Networks Forum, the Global Compact Government Group, and the Global Compact Office. Terms of References for these groups are found on the Global Compact website under "About Us" "Global Compact Governance", along with papers on the Global Compact's governance framework by governments and academic authors.

As part of the strategic review conducted in 2012-13, the Local Network and Government components of the governance framework received focused attention to enhance the role of Local Networks and Governments respectively. In addition, the Inter-Agency Team, whose establishment pre-dated General Assembly recognition of the UN Global Compact, is to find a new life as a UN corporate responsibility inter-agency network that is better suited to serve its goals of coordination and coherence.

Specific refinements to the governance framework regarding Local Networks include an enhanced governance role for the Annual Local Networks Forum, the establishment of a Local Network Advisory Group and an ex officio Local Network representative position on the Global Compact Board. The proposals along these lines are to be decided on later in 2013.

For Governments, work is being undertaken to revise the Terms of Reference for the Global Compact Donor Group, including changing its name and, at the urging of the Government contributors to the Global Compact Trust Fund, possibly broadening its participation to other supportive Governments. This may include formalizing the tradition of Ambassadorial-Global Compact Board Member interactions that have been held for the past several years on the occasion of each Global Compact Board Meeting.

Under the heading of governance, as well as secretariat support for the various entities within the Global Compact governance framework, the Global Compact Office also locates management of its brand through administration of its logo policy and its dialogue facilitation process, and support that the office provides on due diligence and integrity measures to the UN System under the relevant portion of its mandate from the General Assembly. As the embodiment of the UN's expectations of responsible business, the Global Compact principles themselves, which are reinforced through the UN's Guidelines on Cooperation with the Business Sector as a code of conduct for the UN's business partners, also play a kind of governance role.

The Global Compact provides an overall policy framework and integrated value platform for the private sector on corporate sustainability that helps to contextualize for companies and the UN the full array of ways that the UN seeks to engage business (whether core business, strategic social investment and philanthropy, public policy engagement and advocacy, partnerships and other forms of collective action) throughout the UN System and across UN mandates. This framework is grounded in the UN's universal principles, and with the initiative's disclosure requirements, including the annual Communication on Progress, has a built in accountability mechanism. As a result, it offers a coherent path for the UN to scale up its business engagement with integrity and maximum transformative impact.

## 6 Programme Delivery

### 6.1 Managing a Global Portfolio of Issues and Activities

Since the inception of the initiative, the UN Global Compact has sought to be at the forefront of issue leadership on corporate responsibility issues within the comparative advantage of the UN. The UN Global Compact derives and delivers value from its expansive reach, particularly its extensive global multi-stakeholder network comprised of more than 10,000 business and non-business participants, Local Networks in more than 100 countries, Government support from all Member States of the UN, relationships with UN entities across the UN system, support for the private sector policy development of the UN including relevant Secretary-General communications, relationships with other corporate responsibility and sustainability initiatives, and extensive communication channels. The initiative maintains an additional advantage through its ability to marry corporate respect for universal principles with corporate support for UN goals within the *Blueprint for Corporate Sustainability Leadership*. By promoting these strengths in a coherent way, the UN Global Compact is able to project a comprehensive, integrated and actionable vision of business' role in society around the world and of UN-business engagement that builds on both compliance-based and partnership-centered approaches in a way that discourages tradeoffs between the two.

Through managing a global portfolio of issues related to the Ten Principles and other UN goals, advancing these issues through working groups, issue platforms, partnerships and special initiatives, and driving issue integration and differentiation, the Global Compact seeks to advance corporate sustainability broadly as well as deeply within specific issues.

Over the course of its existence, the Global Compact has assembled a robust portfolio of issues and advanced progress on these issues at the global level through working groups and principle-based platforms, and at the local level through Local Networks.

Issues have been and will continue to be selected for focus based on the following criteria:

- Connection to the Global Compact's Ten Principles, four core issue areas (Human Rights, Labour Rights, Environment, Anti-Corruption) and / or UN goals;
- Response to UN Secretary-General / General Assembly priorities;
- Systemic nature of the issue and relevance for the private sector;
- Demand from Global Compact participants and stakeholders through Local Networks, working groups and/or GC LEAD;
- Potential and capacity for the UN Global Compact to add value and achieve impact; and
- Opportunity to work with and support other UN entities with relevant mandates.

#### Visualizing the Global Portfolio of Issues with Respect to the Ten Principles

The UN Global Compact's Ten Principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. The preamble of the UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, this core set of values. The UN Global Compact's issue work is deeply rooted in the Ten Principles. The following matrix depicts the current UN Global Compact global portfolio of issues, aligned around the Ten Principles:

Issues	Relevant GC Ten Principles
<b>Human Rights</b>	<b>1-2</b>
<i>Human Rights</i>	
<i>Women's Empowerment</i>	
<i>Children's Rights</i>	
<i>Indigenous Peoples</i>	
<i>Persons with Disabilities</i>	
<i>Human Trafficking</i>	
<b>Labour Rights</b>	<b>3-6</b>
<i>Labour Rights</i>	
<b>Environment</b>	<b>7-9</b>
<i>Climate Change &amp; Energy</i>	
<i>Water</i>	
<i>Sustainable Agriculture and Food Security</i>	
<i>Other Environmental Issues: Environmental Stewardship, Biodiversity, and Green Industry</i>	
<b>Anti-Corruption</b>	<b>10</b>
<i>Anti-Corruption</i>	
<b>Cross-Cutting Issues and Initiatives</b>	<b>1-10</b>
<i>Global Compact LEAD</i>	
<i>Business and Peace</i>	
<i>UN-Business Partnerships</i>	
<i>Social Enterprise and Impact Investing</i>	
<i>Supply Chain Sustainability</i>	

### Working Groups and Issue Platforms

The building blocks of implementation of the Global Compact are now well established and articulated through the *Global Compact Management Model*, the *Blueprint for Corporate Sustainability Leadership* and general management guidance materials across the issue portfolio. Thus, in recent years, there has been an emphasis on developing working groups and issue platforms, designed to delve deeper into issues; facilitate engagement opportunities for GC participants to advance an issue; solicit more specific action-oriented commitments; promote awareness raising, learning, and dialogue; facilitate collaboration, partnerships and collective action; develop and disseminate best practices, and encourage transparency and disclosure. These working groups and platforms have also realized an additional benefit by enabling the Global Compact to develop closer working relationships with other UN mandate holders, marrying UN agency expertise with the UN Global Compact's global reach and experience in engaging the private sector. During 2014-2016, the Global Compact will continue to strengthen its working groups and platforms and utilize them to drive deeper participant engagement on and advancement of specific issues. The Global Compact will also endeavor to further integrate its ongoing work on partnerships across the range of Global Compact issue platforms, including with the creation of a Global Compact Action/Partnership Hub (Global Compact Partnerships Portal).

The Global Compact working groups and issue platforms have historically been very successful in engaging large regional / multi-national enterprises. However, engagement with SMEs / local companies and large national companies has been more challenging at the global level. During 2014-2016, the Global Compact's issue areas will continue to engage heavily with the large regional / multi-national enterprises (which typically have extensive reach through their value chains), while also placing increased focus on connecting with and leveraging Local Networks who are better positioned to engage more fully with SMEs / local companies and large national champions.

### Collaboration with Other Stakeholders and Sister Initiatives

Consistent with the Global Compact's established modus operandi of working with others, the ambitious roster of activities set out (in the Annexes) will not be undertaken by the Global Compact alone. The Global



Compact Office's role in any one workstream may be minimal or extensive, ranging from being the actual "doer", "quality controller", "coach" and / or "mainstreamer" alongside stakeholders in the UN, civil society, academic institutions, and the investor community, among others. This approach has enabled the Global Compact to consistently carry out its full set of planned activities (and more) within its budget, and the same is expected to hold true for 2014-2016.

In the past few years, special sister initiatives such as PRI and PRME have been launched with the support of the Global Compact and play a key role in facilitating organizational change by acting as drivers of corporate sustainability through non-business stakeholders such as investors and educators. The Global Compact Office will continue to collaborate closely with these initiatives in 2014-2016, featuring these initiatives prominently across a number of the issue workstreams.

<p><b>Principles for Responsible Initiative (PRI):</b> The United Nations-backed Principles for Responsible Investment Initiative (PRI) is a network of international investors working together to put the six Principles for Responsible Investment into practice. They reflect the view that environmental, social and corporate governance (ESG) issues can affect the performance of investment portfolios and therefore must be given appropriate consideration by investors if they are to fulfil their fiduciary (or equivalent) duty. The Principles provide a voluntary framework by which all investors can incorporate ESG issues into their decision-making and ownership practices and so better align their objectives with those of society at large.</p>	<p><b>Principles for Responsible Management Education (PRME):</b> Launched by the UN Secretary-General in 2007, the Principles for Responsible Management Education (PRME) is a United Nations Global Compact sponsored initiative with the mission to inspire and champion responsible management education, research and thought leadership globally. The Six Principles of PRME are inspired by internationally accepted values, such as the Global Compact principles. Currently, over 500 signatories have joined PRME representing approximately 80 countries. A variety of PRME working groups and regional chapters are tasked with translating Global Compact issues into management education and research. PRME's Steering Committee is comprised of global and specialized associations.</p>
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### Integration and Differentiation

As the UN Global Compact continues to grow in both scope and scale, issue integration and differentiation will be increasingly important. New and existing GC participants are and will be at very different stages of corporate sustainability implementation and therefore will require different levels of engagement and activities with respect to issue platforms and working groups. As the Global Compact continues on the leading edge of corporate sustainability, integration is critical for the initiative to maintain its broad contribution to corporate sustainability while benefiting from synergies and the application of knowledge and experience relevant to all issue areas.

Specific issue platforms within the GC's portfolio contribute to issue integration across the broad corporate sustainability landscape. For example, Supply Chain Sustainability and Social Entrepreneurship and Impact Investing contribute to issue integration by utilizing entrepreneurs, investors, and suppliers, to drive corporate sustainability at the grass-roots level across all issues. During 2014-2016, the UN Global Compact will continue to utilize these cross-cutting issues to enhance issue integration across the portfolio. Additionally, the Global Compact will focus on developing stronger operational linkages between all issue areas and promote cross-issue fertilization and knowledge sharing in order to improve advancement of corporate sustainability broadly.

Global Compact LEAD and the COP Differentiation Programme also play integral roles with respect to both issue integration and differentiation, and will continue to do so during 2014-2016.

### Global Compact LEAD

Launched in 2011, initially for a two-year pilot phase, GC LEAD is the Global Compact's leadership platform, designed to enable the most committed and engaged Global Compact participants to lead the way to a new era of sustainability.

LEAD is firmly rooted in the *Blueprint for Corporate Sustainability Leadership* and focuses on the cross-cutting aspects of corporate sustainability that are instrumental for the full mainstreaming of the Ten Principles into a company's strategies and operations.

The objectives of LEAD are to challenge and support participating companies in reaching higher levels of sustainability performance; provide leadership and inspiration within the Global Compact; and help shape the global corporate sustainability architecture. In order to achieve the three objectives, LEAD increasingly supports action-oriented collaboration among leading companies; collaboration with Local Networks to drive local implementation and collective action while spreading knowledge and best practices; and cross-sector collaboration with UN entities as well as investors through PRI and educators through PRME.

Ongoing activities and Task Forces that illustrate the opportunities that LEAD is trying to seize include:

- Development of a Board Programme (in collaboration with PRME): Facilitating strategic discussions within Boards of Directors on how best to integrate corporate sustainability into board responsibilities and structures;
- The ESG Investor Briefing project (in collaboration with PRI): Enhancing sustainability communication with investors as well as the company's own investor relations and finance teams;
- LEAD Task Force on UN-Business Partnerships: Enhancing the scale and impact of UN-business partnerships; and
- The Post-2015 project: Developing recommendations for the UN System to help shape the global development agenda.

For LEAD to successfully drive corporate sustainability leadership and issue integration and differentiation, the value proposition for leading companies to engage in LEAD must continue to be strong both vis-à-vis other corporate sustainability leadership platforms and vis-à-vis the opportunities offered for non-LEAD participants in the Global Compact. That value proposition essentially builds on the following core features of LEAD:

- Representing all regions and sectors, LEAD offers the opportunity to collaborate with a unique group of committed and engaged companies, representing all regions and sectors;
- Rooted in the United Nations and its normative foundation, LEAD is uniquely positioned to contribute the voice of responsible business to the development and implementation of international frameworks and standards;
- Leveraging the Global Compact network, LEAD offers matchless opportunities for collaboration with investors and educators;
- Linking to Local Networks and the global issue portfolio, LEAD offers access to issue expertise and local implementation capacity; and
- Leveraging the strong brand and global reach of the Global Compact, LEAD offers significant opportunities for companies to be recognized for their leadership efforts.

#### *COP Differentiation*

The Global Compact Communication on Progress (COP) Differentiation Programme categorizes business participants based on their level of disclosure on progress made in integrating the Global Compact principles and contributing to broader UN goals. Business participants that have submitted a COP are classified in one of three categories, based on a self-assessment of the COP's content: Learner, Active, and Advanced. While this Programme relates to GC LEAD in that all LEAD companies must report at an Advanced level, this broad differentiation programme allows and motivates all Global Compact participants to aspire to integrate the ten principles and report on this integration at an advanced level.

#### **Typology for the Global Compact's Portfolio of Issues and Activities**

The UN Global Compact's issue work is advanced through working groups, issue platforms and LEAD Taskforces, as well as collaboration with special initiatives. Each model has key distinguishing features, functions, and operational modalities.

GC Typology	Features, Functions, Modalities	GC Examples
Working Groups	<ul style="list-style-type: none"> <li>- A group of GC participants and other stakeholders</li> <li>- Come together to advance an issue area with a focus on learning and dialogue</li> <li>- Designed for exploration of an issue</li> <li>- Provide strategic advice, guidance, coordination and coherence for the GC's work in an issue area</li> <li>- Acts as a clearinghouse for practices, tools, etc.</li> <li>- Has a loosely defined governance structure</li> </ul>	<ul style="list-style-type: none"> <li>- Human Rights and Labour</li> <li>- Anti-Corruption</li> <li>- Supply Chain Sustainability</li> <li>- Business &amp; Peace</li> </ul>
Issue Platforms	<ul style="list-style-type: none"> <li>- Based on a specific dedicated commitment to advancing an issue</li> <li>- Advances learning and dialogue as well as action</li> <li>- Sharing of best practices and elaboration of an agreed-upon framework</li> <li>- Principles-based approach to corporate sustainability issues built on the notion of respect and support</li> <li>- Requires participant reporting and accountability</li> <li>- Potential to go to scale and be transformative</li> <li>- Can be replicated for other issues</li> <li>- Membership draws from but is not limited to the GC participant base</li> <li>- Works closely with other UN mandate holders</li> <li>- Business-led, steering group governance, annual meetings</li> </ul>	<ul style="list-style-type: none"> <li>- Caring for Climate</li> <li>- CEO Water Mandate</li> <li>- Women's Empowerment Principles</li> <li>- Children's Rights and Business Principles<sup>1</sup></li> <li>- Sustainable Agriculture Business Principles</li> </ul>
LEAD Task Forces	<ul style="list-style-type: none"> <li>- Focused on the implementation of one or more specific elements of the Blueprint</li> <li>- Demand driven by LEAD companies and approved by the LEAD Steering Committee</li> <li>- Goes above and beyond existing initiatives within the UNGC and elsewhere</li> <li>- Time-bound (ideally 6-12 months)</li> <li>- Commits to and develops concrete deliverables</li> <li>- Activities within a priority area develop from learning to action</li> <li>- Involves collaboration with the UN system and Special Initiatives where relevant</li> </ul>	<ul style="list-style-type: none"> <li>- Board Adoption and Oversight</li> <li>- Transparency and Disclosure</li> <li>- Local Networks and Subsidiary Engagement</li> <li>- UN-Business Partnerships</li> </ul>
Sister Initiatives	<ul style="list-style-type: none"> <li>- Drivers of corporate sustainability through non-business stakeholders; support infrastructure for companies who implement corporate sustainability</li> <li>- Different stakeholders whose roles and responsibilities are elaborated and refined over time</li> <li>- Potential to go to scale and be transformative</li> <li>- Independent membership from the Global Compact participant base</li> <li>- More elaborate governance structure beyond a basic steering group</li> <li>- Self-sustaining funding for activities</li> </ul>	<ul style="list-style-type: none"> <li>- Principles for Responsible Management Education (PRME)</li> <li>- Principles for Responsible Investment (PRI)</li> <li>- Principles for Social Investment (PSI)</li> <li>- Global Compact Cities Programme</li> </ul>

<sup>1</sup> Shares some but not all of these features

## Goal and Objectives

<b>Strategic Goal 1.1<sup>2</sup></b>	<b>Position the Global Compact as the premier platform for business to advance corporate sustainability issue leadership both at the global and local level on a range of issues in line with the Ten Principles and UN priorities and goals</b>
Objective 1	Drive corporate sustainability leadership and higher levels of corporate sustainability performance through the LEAD initiative.
<b>Strategic Goal 1.2</b>	<b>Develop a robust Global Compact Partnership Portal</b>
Objective 2	Place a renewed focus on collective action and commitments and continue to provide specific engagement opportunities for GC participants to advance corporate sustainability issues.
Objective 3	More effectively utilize Local Networks to advance the Global Compact's issue work.
<b>Strategic Goal 1.3</b>	<b>Bring at least two of the GC issue platforms, such as Caring for Climate and Women's Empowerment Principles, to scale by achieving 100 % increase of business participants joining these issue platforms and providing support to on the ground activities in at least 10 countries to build local ownership</b>
Objective 4	Build operational linkages across issue areas and further establish the Global Compact as an integrated value platform.
Objective 5	Contribute to and align with the UN process for setting the post-2015 development agenda.

### **Strategic Goal 1.1.: Position the Global Compact as the premier platform for business to advance corporate sustainability issue leadership both at the global and local level on a range of issues in line with the Ten Principles and UN priorities and goals**

#### **Objective 1: Drive corporate sustainability leadership and higher levels of corporate sustainability performance through the LEAD initiative.**

Through LEAD, the UN Global Compact will continue to be innovative and enable the most committed and engaged Global Compact participants to lead the way to a new era of sustainability. For 2014-2016, LEAD will place emphasis on supporting action-oriented collaboration among leading companies; collaboration with Local Networks to drive local implementation and collective action while spreading knowledge and best practices; and cross-sector collaboration with UN entities as well as investors through PRI and educators through PRME. LEAD will also continue to strengthen its value proposition to attract leading organizations, including providing unique engagement opportunities, activities, and Task Forces intended to drive leadership in corporate sustainability and achieve wide-scale impact.

### **Strategic Goal 1.2.: Develop a robust Global Compact Partnership Portal**

#### **Objective 2: Place a renewed focus on collective action and commitments and continue to provide specific engagement opportunities for GC participants to advance corporate sustainability issues.**

The UN Global Compact has always placed importance on innovation in its approach to issues and welcomed experimentation. Key methodologies that have been regularly employed in past strategies include learning, dialogue and collective action. During the early years of the initiative, the GC also focused more on tool development, learning and dialogue. These remain key features of the initiative that participants continue to call on the Global Compact, including through the annual implementation survey, to provide. In recent

<sup>2</sup> These goals and objectives are related to the overall management of the UNGC's global portfolio of issues and activities; specific issue-related goals, objectives, actions, and indicators are included in Annex A.

years, the importance of collective action and the link to public policy development have received growing emphasis as important complements to promoting change at the individual organizational level. The UNGC's strategy across its issue portfolio reflects this evolution, with collective action initiatives and platforms to receive renewed emphasis during 2014-2016, along with an increased focus on facilitating specific engagement opportunities for GC participants to advance an issue and soliciting more specific action-oriented commitments from participants.

Developments in technology have enabled new forms of cost effective interaction, which have been leveraged by the Global Compact to create action hubs (CEO Water Mandate and Global Compact Partnerships Portal), portals (Human Rights and Business Dilemmas Forum, Supply Chain Resources), interactive training (Anti-Corruption and Human Rights), social media networking opportunities and outreach, and webinars. These mechanisms have been used across the issue portfolio to supplant in-person meetings as the dominant form of interaction with participants and stakeholders on issues. The 2014-2016 strategy seeks to scale up this trend and maximize usage of technology and innovation within and across issue areas to improve the accessibility of information and enable new and better collaboration.

**Objective 3: More effectively utilize Local Networks to advance the Global Compact's issue work.**

The 2014-2016 strategy emphasizes the importance of empowering and supporting Local Networks, including better connection of the GC's global issue leadership work with the local level. Key features include developing and maintaining a clearer understanding of which issues each Local Network is working on in a given year and connecting LN issue working group activity with global working group activity, as well as performing more systematic and coherent outreach to LNs for issue briefings and issue engagement opportunities. The idea of introducing a Local Network issue champion programme has also been proposed, but a range of other modalities will also be explored.

Another key cross-issue priority exists around better enabling resource-constrained Local Networks to inform and engage their participants including by providing support for partnerships. The 2014-2016 strategy places emphasis on the translation of tools and other issue materials into other official UN languages and ensuring there is succinct messaging and action-oriented ideas accompanying GCO communications to Local Network focal points.

The Global Compact will also place emphasis on collecting and using relevant information from local networks around the world on their efforts to advance corporate sustainability issue leadership. Efforts will be put in place to ensure that innovative approaches at the country level are communicated from one network to another. Evidence of progress at the country level will help inform the Global Compact's narrative on the evolution and trends within the corporate sustainability movement.

**Strategic Goal 1.3.: Bring at least two of the GC issue platforms to scale**

**Objective 4: Build operational linkages across issue areas and further establish the Global Compact as an integrated value platform.**

Since one of the Global Compact's strengths is that it is an integrated value platform, as the number of UNGC issue areas has increased, so too has the need to find creative ways to connect the issue work together, apply innovations and lessons learned across the issue portfolio, and ensure issue coordination and coherence. The Global Compact Office has experimented with periodic issue manager meetings with themes of relevance and interest across issue areas. As part of this strategic review, the Global Compact Office has recognized the value of these meetings for capacity building and coherence. Starting in 2013, the GCO will institutionalize these by holding them regularly, every six to eight weeks.

During the period 2014-2016, other key opportunities for further integration being explored include developing a tools portal and a partnership action hub for Global Compact issues; further developments of

business.un.org; upgrades to the presentation of the issue portfolio on the Global Compact website; cross-issue collaboration; and enhancing issue integration within participant trainings, the annual implementation survey, and the agenda of the Leaders Summit 2013.

**Objective 5: Contribute to and align with the UN process for setting the post-2015 development agenda.**

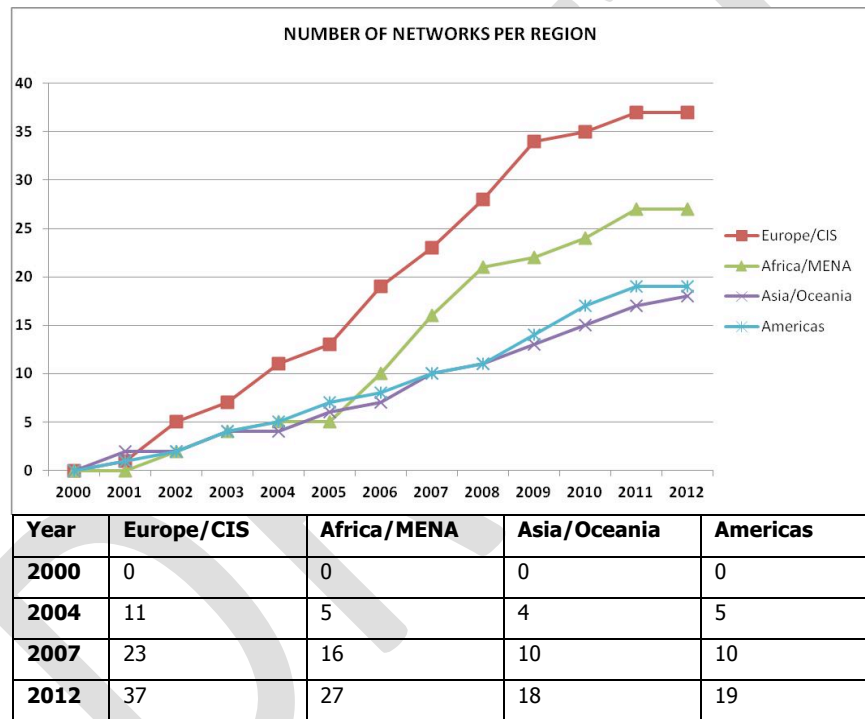
The Global Compact is contributing extensively across its issue portfolio and through its LNs and LEAD initiative to the post-2015 process; therefore, this process is an important aspect of the 2014-2016 issue strategies. Moreover, depending on the outcome of the process, there may be an opportunity to align the Global Compact's issue portfolio closely with the outputs of that process.

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## 6.2 Empowering Local Networks

Local Networks are clusters of participants who come together to advance the United Nations Global Compact and its principles within a particular geographic context. They perform increasingly important roles in rooting the Global Compact within different national, cultural and language contexts, and also in helping to manage the organizational consequences of the Global Compact's rapid expansion. Their role is to facilitate the progress of companies (both local firms and subsidiaries of foreign corporations) engaged in the Global Compact with respect to implementation of the ten principles, while also creating opportunities for multi-stakeholder engagement and collective action.

Local Networks now number more than 100 around the world. Among other things, they play a crucial role in recruiting and retaining participants; thus, they are key to bringing the Global Compact to scale. In addition, as the sustainability agenda has evolved, the Local Networks must also evolve to help the GC initiative achieve maximum positive impact.

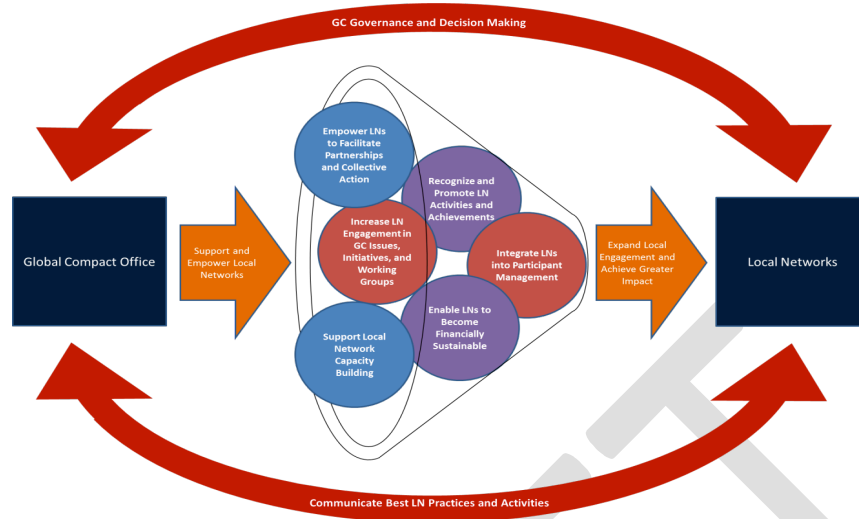


In order to adjust to the ever-changing sustainability landscape and also bring the GC initiative to scale, the Global Compact's vision is that by 2016 local engagement will have been expanded and the standard will be set for a majority of Local Networks to have the capacity to facilitate transformative actions and solutions that impact the post-2015 development agenda, and support widespread advances in corporate sustainability performance. This also has to be reflected in the local networks' own governance, disclosure, and operations.

In order to support the future vision of the Local Networks, the Global Compact as a whole will reorient itself to empower and support LNs and expand GC local engagement into underserved areas where corporate sustainability impact can be greater.



## Vision of the Global-Local Relationship



## Local Network Strategic Priority Setting

During 2014-2016, the Global Compact Office and Local Networks team will need to prioritize Local Network activities to be performed. While certain level of activities will be undertaken across all Local Networks, strategic network priority setting will be utilized according to the following criteria:

- Market relevance;
- Geopolitical relevance;
- Potential for greatest impact; and
- Contextual considerations, situations, and circumstances.

## Goals and Objectives

Strategic Goal 2.1	Empower and Support the Local Networks
Objective 1	Better involve local networks in the overall governance of the Global Compact and in the decision making processes that affect LNs and their work.
Objective 2	Strengthen the skills and competencies of LNs aimed at increasing their performance in supporting GC participants in mainstreaming the Ten Principles in business activities and catalyzing actions in support of broader UN goals.
Objective 3	Recognize, promote and communicate outstanding practices developed by Local Networks, both internally and externally.
Objective 4	Enhance communication between the GCO and Local Networks through systematic mechanisms.
Objective 5	Integrate Local Networks into the participant engagement process.
Strategic Goal 2.2	Expand GC Local Engagement
Objective 6	Increase the total number of Local Networks to achieve global coverage.

### Strategic Goal 2.1: Empower and Support the Local Networks

#### Objective 1: Better involve Local Networks in the overall governance of the Global Compact and in the decision making processes that affect LNs and their work.

Both the Local Networks and the Global Compact Office want LNs to have a greater voice in the initiative, focusing on issues that affect Local Networks' operations. This calls for stronger links and better



communication between LNs, the Global Compact Office, and the Global Compact Board. Currently, Local Networks have a minor consultative role in global decision making with respect to integrity measures, issues and initiatives, fundraising, participant management, and key thoughtware documents.

In order to increase the ability of Local Networks to provide input and recommendations in key global areas of decision making, the Global Compact will establish a Local Networks advisory group that can advise and report on Local Network perspectives and issues to the GC Office and GC Board. This body will provide input and keep Local Networks updated on issues that affect LNs and their work, and the chair of the advisory group will hold a formal seat on the GC Board. The intent of this body is to represent Local Networks as a whole and from a regional perspective, as opposed to representing any individual Local Network. Specific details regarding the composition of the board, nomination and rotation processes, mandate, is being currently developed to be discussed at the upcoming ALNF.

By 2016, successfully integrate the LN advisory group into the UN Global Compact's overall governance<sup>3</sup>

**Objective 2: Strengthen the skills and competencies of LNs aimed at increasing their performance in supporting GC participants in mainstreaming the Ten Principles in business activities and catalyzing actions in support of broader UN goals.**

If Local Networks are to be truly empowered and become a transformative force in the local implementation of the ten principles, they must increase their capacity to support their participants; contribute to and derive value from the GC initiatives, issue platforms, and working groups; and become active facilitators of UN-business partnership, collective action, and policy dialogue.

REGION	STATUS			
	FORMAL	ESTABLISHED	EMERGING	TOTAL
AMERICAS	12	2	5	19
ASIA/OCEANIA	12	2	4	18
AFRICA	5	6	6	17
MENA	4	0	6	10
Europe	22	8	7	37
<b>TOTAL</b>	<b>55</b>	<b>18</b>	<b>28</b>	<b>101</b>

As of January 2013, out of 101 LNs, 55 (54%) have a formal status. By 2016, through capacity building efforts, ensure that 75% of LNs would have a formal status.<sup>4</sup> One of the requirements for a LN to have a formal status is to sign a Memorandum of Understanding<sup>5</sup> with the UN Global Compact. This MoU outlines the roles and responsibilities of Local Networks including its commitment to transparency, accountability, and robust governance.

**Objective 3: Recognize, promote, and communicate outstanding practices developed by Local Networks, both internally and externally.**

In order to stimulate engagement by Local Networks and create impact globally through local implementation, it is important to both identify best practices as well as communicate these as models to be followed and implemented by other networks. External communication and promotion of these practices is important to build the brand of the Global Compact and highlight to the global marketplace the impact being made at the local level, while internal promotion and communication is necessary to help Local Networks identify the most impactful activities and implement them in multiple markets to achieve greater scale.

<sup>3</sup> More detailed strategy and action plan can be found in Annex B.

<sup>4</sup> More detailed strategy and action plan are elaborated in Annex B.

<sup>5</sup> More detailed information on the Memorandum of Understanding between the UN Global Compact and Local Networks are elaborated in Annex B.

#### **Objective 4: Enhance communication between the GCO and Local Networks through systematic mechanisms.**

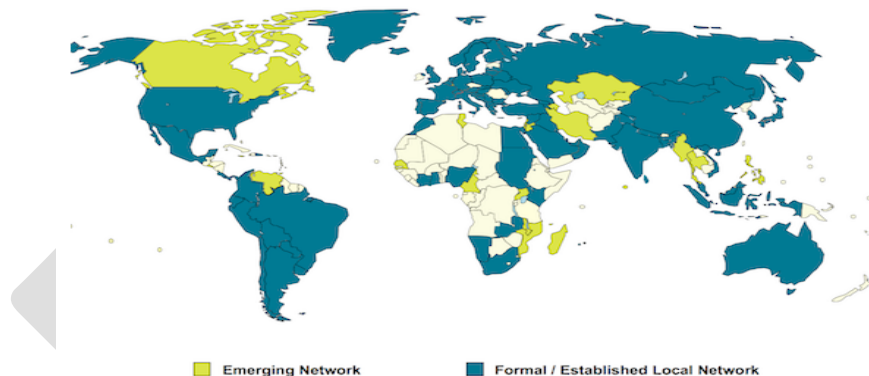
As the number of Local Networks continues to expand over 100 globally into different regions and cultural contexts, strong communication between Local Networks and with the Global Compact Office will become increasingly important. In order to achieve greater impact from local implementation of the ten principles, the initiative must be able to both convey a global perspective and approach from the GCO down to the Local Networks while identifying best practices and activities at a local level and implementing them globally.

#### **Objective 5: Integrate Local Networks into the participant engagement process.**

In order to provide seamless engagement with participants and maximize the value proposition to current and existing participants, the Local Networks must be fully integrated into the GCO PE process. This includes technological integration with respect to participant data.

#### **Strategic Goal 2.2: Expand GC Local Engagement**

In order to truly achieve scale and create impact globally, the Global Compact must continue to expand the creation of Local Networks into those countries and regions of the world where they do not currently exist. Currently, the coverage of Local Networks is light in certain regions, including countries and markets where implementation of the Global Compact's Ten Principles can achieve the greatest potential impact. Especially, the Global Compact would make a concerted effort to introduce and expand Global Compact local engagement, especially in Africa by supporting Local Networks, engaging its participants, and reaching out to governments.



#### **Objective 6: Increase the total number of Local Networks to achieve global coverage.**

While there are currently more than 100 Local Networks established globally, there exists an opportunity to launch additional networks to expand the coverage of the Global Compact to underserved areas. Using the following strategy, the Global Compact will launch additional networks during the next three years:

- Identify current GC participants in countries with no Local Network, and use this information to set regional priorities;
- Identify strategic countries, regions and markets where the Global Compact has low visibility and activity;
- Identify champion companies and potential secretariats to host new networks; and
- Provide support to the secretariats during the launch of the networks.

Between 2014 and 2016, launch 3 LNs every year in strategic countries, regions and markets <sup>6</sup>
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<sup>6</sup> More detailed action plan and indicators are found in Annex B.

### 6.3 Growing to Scale Through Effective Participant Engagement

The UN Global Compact has seen consistent growth in terms of the number of organizations endorsing the Ten Principles. The rate of growth has increased by approximately 10% per year since the launch of the initiative; this rate roughly doubles in years following major events such as the Leaders Summit, Annual Private Sector Forums, and the Rio+20 Corporate Sustainability Forum. With the number of participants steadily increasing globally, managing existing participant engagement, reporting and future recruitment goals becomes ever more complex.

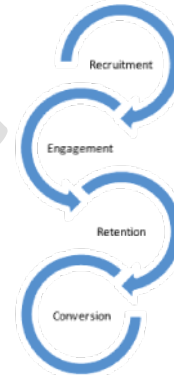
The Global Compact has set ambitious targets regarding the quantity of participants. In order to assure adequate resources are allocated and that the participant experience is perceived as beneficial, the vision of this Participant Engagement strategy is to:

- Increase the participant base to a critical mass, and
- Enhance levels of reporting and transparency among participants.

The transparency and accountability component of the Global Compact integrity measures comprise an essential aspect of the commitment that companies make to the Ten Principles. Reporting on sustainability efforts provides companies the opportunity to more fully realize the steps that are taken to implement the principles, and by doing so they make their commitment a public statement. Since the introduction of the Communication on Progress (COP) policy the Global Compact has expelled over 4,000 companies for failure to disclose their progress. In the past several months the net growth of the Global Compact has stagnated as the number of companies joining per month mirrors the number being expelled.

Moving into the next growth stage of the Global Compact, three immediate goals are to

- Increase the participant base globally while decreasing the delisting rate;
- Enhance the relationship with participants at different stages of engagement; and
- Increase the likelihood of participant “conversion” to higher stages of engagement and reporting.



Based on extensive consultation and review of current participant management and COP policies, a strategic four prong participant lifecycle, centered on recruitment, engagement, retention and conversion will serve as a basis to create an operational structure to reach target growth rates. This structure will leverage internal Global Compact resources and the capacity of Local Networks, both of which will need to be scaled up to accommodate the increased focus on participant engagement.

The Global Compact will create a participant relationship management function, leveraging Local Networks, to engage proactively with signatories. This structure will be established to support those signatories that are not engaged with Global Compact LEAD. The relationship management team will set operational priorities around COPs, integrity and conversion. A relationship management team will be developed to specifically serve the needs of participants and strengthen the in-house knowhow at every level of engagement. The purpose behind this team structure is for signatories to have one touch point at the Global Compact who can assist them with their operational needs (i.e. contributions and COPs) while identifying ways to best enhance their level of engagement (i.e. through issue area and local network engagement). Additionally, relationship managers will support the work of the Local Networks team to assist on the ground capacity to support participants, particularly SMEs. Implementing such a model will allow for better monitoring of participant

activities, enabling the Global Compact to measure aggregate progress in advancing engagement in the initiative.

In addition to the proactive relationship management angle, a strategic recruitment strategy will be introduced focused on three specific pillars – multinationals, brand ambassadors and Local Networks – in order to increase participant base globally. Efforts will be made to increase the number of participants from under-represented countries, regions, and industries.

### Goals and Objectives

<b>Strategic Goal 3.1</b>	<b>Support initiative through reaching scale by improving participant engagement</b>
Objective 1	Enhance and restructure internal operational capacity to successfully manage the new approach to participant engagement.
Objective 2	Develop technology infrastructure to integrate all aspects of the participant lifecycle (recruitment, engagement, retention and conversion).
Objective 3	Enhance communication between the UN Global Compact and participants through systematic mechanisms.
<b>Strategic Goal 3.2</b>	<b>Introduce effective recruitment strategies to go to scale</b>
Objective 4	Increase the total number of participants through strategic recruitment.
<b>Strategic Goal 3.3</b>	<b>Improve quality of implementation by increasing participant retention</b>
Objective 5	Reduce the number of companies expelled from the Global Compact for failure to submit a Communication on Progress (COP).
Objective 6	Increase number of companies reporting at the Advanced level.

#### **Strategic Goal 3.1: Support initiative through reaching scale by improving participant engagement**

##### **Objective 1: Enhance and restructure internal operational capacity to successfully manage the new approach to participant engagement.**

As the initiative continues to grow, the need to evaluate operational infrastructure becomes more pressing. In order to best engage and retain participants, a new streamlined relationship management model will be introduced. The purpose behind the structure is for participants to have one touch point at the Global Compact who can assist them with their operational needs (i.e. contributions and COP submission) while identifying ways to best enhance their level of engagement (i.e. through issue areas, local networks and advanced level reporting).

##### **Objective 2: Develop technology infrastructure to integrate all aspects of the participant lifecycle (recruitment, engagement, retention and conversion).**

Technology infrastructure plays a critical part in the effective management of the participant lifecycle. The new structure will have a number of implications on technology. There are different approaches to monitoring participant activities; the UN Global Compact will make the appropriate investments for ensuring this system is effective, streamlined and able to provide the needed functionality for better tracking participants and their interactions and engagement with the office. This internal restructure presents an opportunity to develop participant lifecycle monitoring capabilities via existing technologies (e.g. Customer Relationship Management – CRM).

##### **Objective 3: Enhance communication between the UN Global Compact and participants through systematic mechanisms.**

The new participant engagement structure will require an articulate and strategic communications strategy. It will be critical that the communication materials effectively elaborate the value proposition of engaging

and contributing to the Global Compact.

### **Strategic Goal 3.2: Introduce effective recruitment strategies to go to scale**

#### **Objective 4: Increase the total number of participants through strategic recruitment.**

To achieve transformation and reach a critical mass of companies the Global Compact needs to strategically recruit at a faster pace. To date, the Global Compact has 7,000 business participants, and with an average new participant growth rate of 80-100 companies per month, the initiative would fall short of the 20,000 goal by 2020 by nearly 5,000 signatories<sup>7</sup>.

Additionally, certain geographic areas are under-represented in the Global Compact's participant base. Focused efforts will be made in 2014-2016 to increase their representation.

The following chart provides an overview of the three-prong recruitment strategy, intended to reach the Global Compact's growth and geographic representation objectives:



The Global Compact Office will support the Local Networks to recruit new participants and identify opportunities to promote the Global Compact in under-represented countries and regions.

By 2016, recruit a total of 10,000 business participants (based upon the current de-listing rate: 1,000 per year), and reach to 13,000 business participants<sup>8</sup>

### **Strategic Goal 3.3: Improve quality of implementation by increasing participant retention**

#### **Objective 5: Reduce the number of companies expelled from the Global Compact for failure to submit a Communication on Progress (COP).**

Increased standards on integrity measures and disclosure through the Global Compact COP policy has had a two-fold effect on the initiative: 1) the implementation of the differentiation program with companies now reporting at the advanced level, and 2) increased number of expelled participants due to failure to communicate, with approximately 1,000 participants being expelled per year.

<sup>7</sup> These estimates do not take into account the current delisting rate.

<sup>8</sup> More detailed action plan and indicators are elaborated in Annex C.

Guidance, training, increased global and Local Network capacity to support participants in submitting their COPs, and other actions will be critical to increase the frequency and quality of GC participant reporting.

By 2016, decrease the percentage of participants in the Learner category (most vulnerable to be de-listed) to below 10% from previous year COP company submission.<sup>9</sup>

**Objective 6: Increase number of companies reporting at the Advanced level.**

The GC Advanced level aims to create a higher standard for corporate sustainability performance and disclosure. Companies have an opportunity to identify themselves as GC Advanced by demonstrating that they have adopted and reported on a range of sustainability practices, many of them based on core United Nations and Global Compact resources (e.g. the Blueprint for Corporate Sustainability Leadership, the Guiding Principles on Business and Human Rights and the Anti-Corruption Reporting Guidance). Reporting at the advanced level provides additional evidence of the extent to which a company has committed to implement sustainability principles into their strategies and operations.

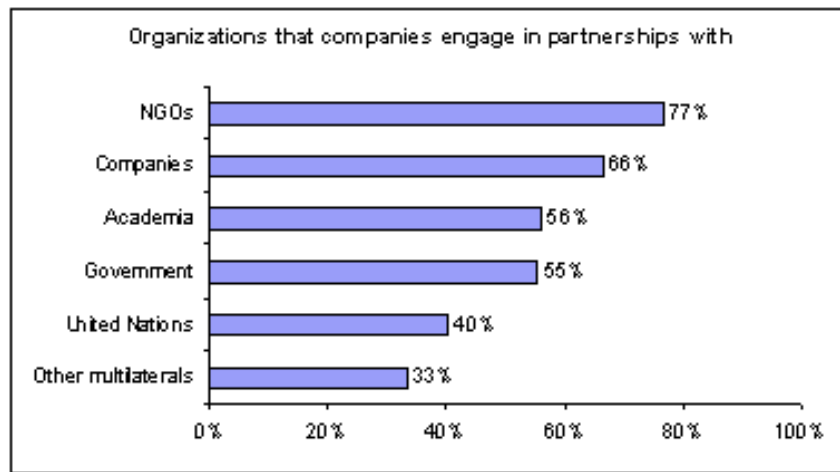
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<sup>9</sup> More detailed action plan and indicators are found in Annex C.

## 6.4 Engaging Business in support of UN Goals and Issues

Since its inception, the UN Global Compact plays a central role in advancing the UN-Business agenda stemming both from its General Assembly Mandate and further reinforced with the recognition contained in the Rio +20 outcome document. As the main UN interface with business, the Global Compact is uniquely positioned to engage the private sector in taking action to support UN goals and issues and to support the UN System in more effectively engaging with the private sector.

The UN Global Compact's work in this area is anchored in the initiative's second objective, which asks participants to take action in support of UN goals, including through partnership with others. By leveraging complementary strengths and capabilities, the public and private sectors can overcome challenges that are too complex for one sector to address alone.



<Source: UN Global Compact Annual Implementation Survey 2012  
with responses from 1,712 companies in 113 countries>

In order to support GC participants in enhancing the impact of their partnerships, the UN Global Compact leads various activities aimed at supporting GC participants in all phases of partnership development and implementation with a view to fostering more transformational UN-Business partnerships. Various matchmaking, capacity-building and integrity projects and initiatives have also been initiated by the UN Global Compact and the initiative remains well-positioned to further advance this work.

Moving forward, the Global Compact's work in this area will focus on increasing the scale and impact of business contributions with the creation of a new architecture for business engagement in support of UN goals. The Global Compact will continue to engage business in contributing to UN events and processes including by providing private sector input to the Post-2015 Development Agenda process. The GCO will also enhance support and guidance to GC participants and the UN system and continue to support multi-stakeholder initiatives launched by the Secretary-General.

### Goals and Objectives

Strategic Goal 4.1	Improve the quality and quantity of partnerships undertaken by GC participants to advance UN goals.
Objective 1	Develop a new business engagement architecture in support of UN goals, aligned with the Post-2015 Development Agenda.
Objective 2	Build the capacity of GC Local Networks to support partnerships.
Objective 3	Provide training, resources and brokering support to GC participants to support them in their partnership efforts.

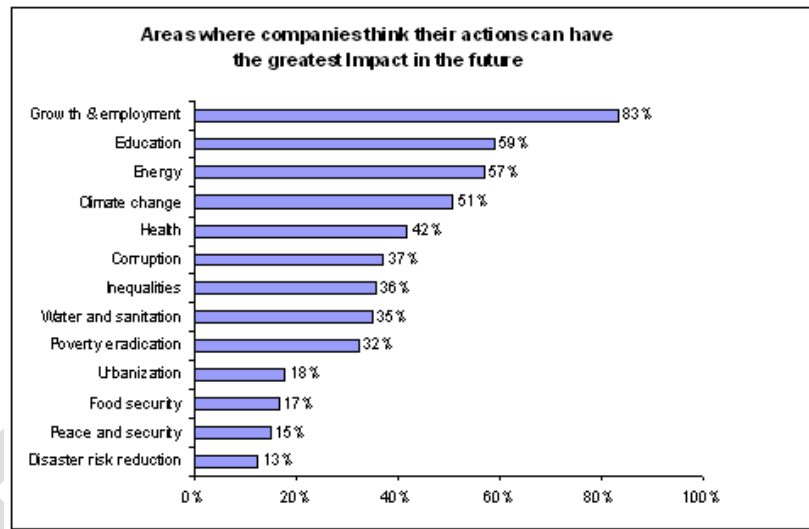


<b>Strategic Goal 4.2</b>	<b>Enhance the capacity of the UN System to partner more effectively with the private sector.</b>
Objective 4	Develop and share partnership tools and resources across the UN.
Objective 5	Organize successful events, webinars and other opportunities to build capacity and connect the private sector with the UN.
Objective 6	Support private sector engagement in multistakeholder initiatives launched by the Secretary-General.

**Strategic Goal 4.1 Improve the quality and quantity of partnerships undertaken by GC participants to advance UN goals.**

**Objective 1: Develop a new business engagement architecture in support of UN goals, aligned with the Post-2015 Development Agenda.**

The Global Compact Office will play an important role in engaging the private sector in the post-2015 development agenda with a view to influencing the process so the new goals are relevant for the private sector. By working to ensure the voice of the private sector contributes to the agenda, the Global Compact has an important opportunity to scale-up existing efforts and to encourage greater corporate engagement to advance UN priorities and goals.



<Source: UN Global Compact Annual Implementation Survey 2012 with responses from 1,712 companies in 113 countries>

**Objective 2: Build the capacity of GC Local Networks to support partnerships.**

As evidence demonstrates that most partnerships are developed and implemented at the local-level, in order to provide more targeted, context-specific support to GC participants throughout all phases of the partnership lifecycle, the GCO will focus on capacity-building of GC Local Networks. Numerous GC Local Networks have expressed a strong interest in supporting partnership brokering in order to support their participants in bringing to life their commitment to the Global Compact but lack the necessary skills and resources to do so. By enhancing Local Network capacity in this area, the GCO will be able to provide a critical resource to GC participants and help enhance both the quantity and quality of their partnerships. This process will also serve to deepen the engagement of GC LEAD subsidiaries in GC Local Networks, reinforcing another important priority of the Global Compact Office between 2014-2016.

**Objective 3: Provide training, resources and brokering support to GC participants to support them in their partnership efforts.**

Additional efforts will be made to enhance the partnership platform [business.un.org](http://business.un.org) and to develop and showcase a range of new partnership resources, training and services to GC participants to assist them in the design and implementation of more transformational partnerships. Building on the work of the GC LEAD Task Force on UN-business partnerships, a greater focus will be given to leveraging the Global Compact's partnership work across the range of issue platforms. This will also involve development of a centralized Global Compact Action/Partnership Hub which will provide partnership matchmaking, inspiration and resources across the range of GC issue areas.

**Strategic Goal 4.2 Enhance the capacity of the UN System to partner more effectively with the private sector.**

**Objective 4: Develop and share partnership tools and resources across the UN.**

Building on the range of tools and resources already developed by the UN Global Compact, the GCO will continue to create new resources to support the UN to more effectively engage with companies along the full spectrum of engagement opportunities. A continued emphasis will be placed on issues of integrity, accountability, monitoring and evaluation and knowledge-sharing system-wide and a new Operational Handbook for UN-business partnerships will also be rolled-out.

Enhancements will also be made to the "UN-Business Focal Point", a quarterly e-newsletter designed to enhance communication and collaboration among UN staff working with business with a view to more effectively sharing good practices and lessons on partnership activities across the UN system. The Global Compact will continue to take stock of partnership trends and developments system-wide on a biennial basis with the development of the Secretary-General's Report to the General Assembly under the item "Towards Global Partnerships".

**Objective 5: Organize successful events, webinars and other opportunities to build UN capacity and connect the private sector with the UN.**

The GCO will continue to convene successful annual UN System Private Sector Focal Points Meetings, bringing together UN colleagues, private sector representatives and partnership experts to share challenges and lessons learned to further enhance the impact of UN-business collaboration. These annual events are an important anchor for the UN Private Sector Focal Points Network and help to support new policy developments across the Organization. The UN Private Sector Forum will continue to be an important high-level event organized by the UN Global Compact Office together with UN partners on the occasion of the General Assembly debate so the voice of the private sector can contribute to inter-governmental negotiations and to inspire individual and collective commitments by business towards UN goals. This event provides CEOs and Heads of UN Agencies with a unique forum for discussion with a view to enhancing their collaborative efforts. The GCO will also continue to support the UN to more actively involve the private sector in UN intergovernmental meetings and summits. For example, the Fourth UN Conference on the Least Developed Countries, held in May 2011, saw a major innovation with the introduction of the Private Sector Track. In June 2012, the Rio+20 Corporate Sustainability Forum brought over 2,000 private sector representatives and other stakeholders in support of the UN Conference on Sustainable Development – Rio+20.

**Objective 6: Support private sector engagement in multistakeholder initiatives launched by the Secretary-General.**

The work of the UN Global Compact Office will continue to support the priorities of the UN Secretary-General as many of the GC's own initiatives were launched by him. In addition, the GCO will continue to provide

support focused on private sector engagement in his other priority initiatives including Sustainable Energy for All, Every Woman Every Child and Education First.

A significant effort will be made by the GCO to develop, launch and roll-out an engagement platform for the private sector to advance Education First in close collaboration with the Secretary-General's Special Envoy on Education.

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## 7 Implementing a Sustainable Funding Model

While the Global Compact has developed innovative issue platforms and working groups, the lack of sufficient financial resources constrains the initiative. As the Global Compact has grown, so have its financial needs and requirements. The initiative is working to support the sustainability commitments of more than 7,000 corporate participants and 3,500 non-business stakeholders in 140 countries. The Global Compact receives no funding from the regular budget of the United Nations. The initiative's expenses for carrying out its activities are funded by voluntary contributions from Member States as well as the private sector.

Since the initiative's inception, Member States have provided financial support for the initiative's operations and activities through voluntary contributions to a Trust Fund. To date, the initiative has received financial contributions from 16 Member States: Brazil, Chile, China, Colombia, Denmark, France, Germany, Italy, Korea, the Netherlands, Norway, Spain, Sweden, Switzerland, Turkey and the United Kingdom.

GC participants provide private sector funding through voluntary contributions to the Foundation for the Global Compact. While contributions from the private sector have grown steadily in recent years, only a small minority of participants have made financial commitments to support the Global Compact.

- Only 12.75% of GC business participants made a contribution to the Foundation in 2011;
- Only 30% of "champion" companies (identified in late 2011 for 2012 campaign) have given in 2012-to-date;
- Only 36% of companies requesting use of the "We Support" logo make a financial contribution to the Foundation.

The financial viability of many Local Networks could also be improved, and many require additional capacity and financial sustainability to support their participants, drive local implementation of the GC's Ten Principles, and achieve greater impact.

### Strategy

A key component of the strategy for 2014-2016 is the development of a new funding model to significantly increase and diversify revenue streams to the Trust Fund and the Foundation for the Global Compact, to ensure the future growth and financial viability of the initiative as we move towards the goal of 20,000 participants by 2020. The Global Compact will continue to maintain and expand the number of Donors by inviting other Governments, from the North and the South, to consider making a contribution to the Trust Fund. Peer persuasion by Governments is an important part of realizing this goal of additional donors. The Global Compact Office encourages the existing Government contributors to the Trust Fund to help encourage other Governments to join them in contributing to the Trust Fund. The above considerations also suggest the need for a funding model based on greater private sector contributions – with the goal of all business participants becoming annual Foundation contributors. Governments have supported and encouraged the Global Compact in seeking additional private sources of funding through the Foundation.

The new funding model vision is for the Global Compact to be funded from a mix of sources that ensures an ability to meet the needs defined by the UNGC's strategy over the long term. This vision will be supported by the following strategic goals:

1. Continue to **seek and maintain contributions from Governments**;
2. **Enhance private sector funding** through the Foundation
  - a) Increase **annual contributions** by participants using engagement mechanisms
  - b) Enhance financial resources through **other funding sources**
3. **Collaborate with Local Networks** to increase both global and local funding.