



United Nations Global Compact
Strategy 2014 - 2016

Prepared by the UN Global Compact

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1 Executive Summary

The United Nations Global Compact works 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 in innovative ways towards two main objectives:

1. Mainstream the Global Compact’s Ten Principles in business strategies and operations around the world, and
2. Catalyse business action in support of UN goals and issues.

Following more than a decade of building up principles and partnerships, the Global Compact is today the world’s largest voluntary initiative to advance corporate sustainability, with 8,000 corporate participants engaging in issue platforms and local networks. However, to achieve the vision of the Global Compact, the initiative must grow to scale and reach critical mass. As a guidepost, the UN Secretary-General has set the target of 20,000 Global Compact participants by 2020.

As the main interface with businesses that have publicly committed to UN values and principles, the Global Compact works to support companies in collaborating with the UN and to increase the impact of business contributions to UN goals and issues. For 2014-2016, the goal is to move the initiative from incremental progress to transformational action. Contributing to and aligning with the UN process for setting the post-2015 development agenda is therefore at the heart of the strategy as a key complement to, but not a substitute for, corporate respect for the Ten Principles.

Global Compact Strategy 2014-2016

During the next three years, the Global Compact aims to **accelerate** the initiative’s transition from incremental progress implementing corporate sustainability to **transformational action** with significant impact across the financial, environmental, social and ethical realms.

The 2014-2016 strategy explicitly addresses how to achieve scale, with a focus on increasing the participant base, i.e. 13,000 business participants by 2016, while also achieving greater impact aligned to the Ten Principles. Growing to scale can only work if a focus on principles and related quality aspects are pursued at the same time. Only quality can drive quantity in a sustainable manner.

Local Networks play a key role in this endeavor and will be instrumental in taking the initiative to scale, as well as in ensuring greater public accountability through participants’ annual Communications on Progress and other integrity measures.

To achieve scale and transformation, while maintaining quality and impact, the following overarching goals have been identified.

Effective Participant Engagement: Improve participant engagement by enhancing internal operating capacity, developing effective technology infrastructure, and improving communication with participants; and introduce effective recruitment strategies to go to scale.

Accelerate the Global Compact’s transition from incremental progress implementing corporate sustainability to transformational action with significant impact across the financial, environmental, social, and ethical realms, by achieving the following goals:

1. **Effective Participant Engagement**
2. **Empower Local Networks**
3. **Ensure Coherence of the Global Portfolio of Issues & Enhance the Quality of Implementation**
4. **Engage Responsible Business in Support of UN Goals and Issues**
5. **Strengthen the Governance Framework and Accountability**
6. **Develop a Sustainable Funding**

Empower Local Networks: Empower and support the Local Networks through improved communication and IT platform and capacity-building; and expand local engagement by companies by launching at least three new Local Networks annually in order to expand the coverage of the Global Compact to underrepresented areas, especially in Africa.

Ensure Coherence of the Global Issues Portfolio: 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 goals and issues; and bring the established key Global Compact issue platforms to scale.

Engage Responsible Business in Support of UN Goals and Issues: Improve the quality and quantity of partnerships undertaken by Global Compact participants to advance UN goals and issues; enhance the capacity of the UN system to partner more effectively with the private sector; develop a vibrant Global Compact Partnerships Hub; and support the UN Secretary-General's priorities. Related, the Global Compact will be actively involved in the UN Post-2015 development process, relaying the perspectives of enlightened business – both in terms of the possible nature and scope of new-era global objectives, as well as advancing innovative implementation models and mechanisms. Especially, we will focus on advancing and disseminating the *Post-2015 Business Engagement Architecture* via UN processes, issue platforms and workstreams, and Local Networks.

To achieve transformation the Global Compact needs to grow further. Governance & Accountability and Funding are fundamental elements in sustaining growth and in reaching the Global Compact's goals.

Strengthen the Governance Framework & Accountability: Enhance governance of Local Networks with the goal of 75 per cent of Local Networks having a "formal" status; and improve interaction between the Board, Governments and Local Networks.

Develop a Sustainable Funding Model: Identify effective collaboration models with Local Networks; ensure inclusive financial accountability, i.e. Governments and other stakeholders including businesses; enhance voluntary private contributions; and seek and maintain contributions from Governments.

2 Making Corporate Sustainability a Transformative Force

Since launching in 2000, the 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, 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 Global Compact seeks to make corporate sustainability a transformative force in achieving a shared, secure and sustainable future.

Global Compact Progress and Portfolio

The Global Compact was launched 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 this one phrase, a global movement was born. What began as a small initiative, comprised of just 40 companies, is today the world’s largest platform to advance corporate sustainability – calling on business everywhere to deliver long-term value in financial, social, environmental and ethical terms. In essence, the Global Compact asks businesses to do no harm, make a difference, and work with others. The Ten Principles of the Global Compact are at the heart of the initiative.

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, labour, civil society and the UN can effectively collaborate;
- Developing either alone or in partnership guidance on the implementation of the principles and related areas;
- Creating issue platforms to advance specific dimensions of the Ten Principles – 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 responsible business to major UN summits and negotiations.

Today, the Global Compact counts approximately 8,000 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 4,000 non-business signatories play important roles, including holding companies accountable for their commitments and partnering with business on common interest causes.

The Global Compact employs a range of approaches for engaging companies and driving implementation of the Ten Principles, taking into consideration that participants are at varying stages of corporate sustainability performance. 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. The Global Compact is also an innovation lab, finding new and creative ways to engage business to support UN goals.

To further specific aspects of the Ten Principles and to promote action in support of UN goals, a number of issue platforms, sets of principles and global working groups have been developed and refined. Many of these platforms have methodologies for engagement, following the “commit, act, report” model. The following issue platforms, principles and workstreams are part of the 2014-2016 strategy, each offering enormous potential to drive collective, widespread and specific action and partnerships:

- **Business and Education** promotes the Framework for Business Engagement in Education (developed jointly by the Global Compact, UNICEF, UNESCO and UN Special Envoy for Global Education) that facilitates responsible business engagement in education.
- **Business for Peace** provides a platform which will help expand and deepen private sector action in support of peace in the workplace, marketplace and local communities.
- **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.
- **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.
- **Global Compact Business Partnerships Hubs** identify and foster country-level actions and partnerships, with a Water Action Hub, Social Enterprise Hub, Climate and Energy Hub, Anti-Corruption Hub, and UN-Business Partnership currently being piloted.
- **Global Compact LEAD** supports the most committed Global Compact participants in their efforts to achieve higher levels of corporate sustainability performance.
- **Global Working Groups** include the Human Rights and Labour Working Group, Working Group on the 10th Principle Against Corruption, and the Advisory Group on Supply Chain Sustainability.
- **Sustainable Agriculture & Food** advances the role of business in delivering practical, effective and scalable solutions to meet the global challenges of sustainable agriculture and food security.
- **Women’s Empowerment Principles** help the private sector advance gender equality in the workplace, marketplace and community. A collaboration with UN Women, over 600 CEOs have signed a statement of support for the principles.
- 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 to advance corporate responsibility and act on sustainability issues at the ground level. Networks serve an essential role in rooting global norms, issue platforms and campaigns within a national context, provide a safe space for learning and dialogue on corporate responsibility and offer an important base to jump-start collective action on the ground. The Global Compact supports and builds the capacity of such networks, and facilitates knowledge sharing among them.

In addition to advancing the Ten Principles, 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 and workstreams, including Business for Peace, Caring for Climate, the CEO Water Mandate, the Women's Empowerment Principles and the Children's Rights and Business Principles, were launched by the UN Secretary-General. Substantial efforts are made to also support other multi-stakeholder initiatives launched by the UN Secretary-General, 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 – which is publicly available at business.un.org which the Global Compact launched and coordinates.

With the Millennium Development Goals 2015 deadline approaching, the Global Compact was tasked with helping to bring responsible business perspectives and actions to the post-2015 global development agenda. This is an enormous opportunity to scale up current efforts and align them within an architecture that will better enable business to contribute to UN priorities – such as water, climate, food, equality, decent jobs, and education – at unprecedented levels as a key complement to their corporate responsibility. During the Global Compact Leaders Summit 2013, the UN Secretary-General unveiled a *Post-2015 Business Engagement Architecture* to allow business to contribute to UN goals at unprecedented levels. The Architecture supports public policy priorities, UN goals and the post-2015 agenda, both in conceptual and operational terms. It builds on over a decade of learning and innovation, and will serve as a concrete engagement pathway for the private sector. It also offers a direct link between global and local activities and an explicit invitation for all global business-led organizations to join.

Now, as laid out in the strategy presented here, the Global Compact is preparing to fully move into the "action" phase, aiming to drive implementation and collaboration by businesses to advance 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 beyond their corporate responsibility to respect universal principles.

Addressing the Fundamentals

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

First, failing or weak governance and violence 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 fulfill 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 motivation for 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.

3 Global Compact Vision and Value Proposition

Vision & Objectives

The 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

Size and scale. The Global Compact is the world's largest corporate responsibility and sustainability initiative with over 12,000 signatories (approximately 8,000 from business in 140 countries across all industry sectors). It provides a unique platform for companies and other stakeholders to signal their high level commitment to respect and support the universal principles and UN goals/global issues.

Universality and legitimacy. Derived from UN Conventions and Declarations enjoying widespread consensus among 193 UN Member States, the Global Compact and its Ten Principles provide a normative framework with the highest legitimacy and universality to guide their own corporate responsibility and sustainability practices.

Working with the UN. With the mandate from the UN General Assembly to promote UN values and responsible business practices among the UN System and the global business community, the Global Compact provides unique opportunities for the UN and responsible business to interact and collaborate.

Unique engagement and collective action. To help companies achieve higher levels of corporate sustainability performance, the Global Compact offers engagement opportunities across the full spectrum of corporate responsibility and sustainability at the global and local levels (in 100 countries), including opportunities via country networks, global issue platforms, issue working groups and technology-enabled business partnership hubs. In all of these, the Global Compact provides a safe space for learning, dialogue and collective action with stakeholders.

Disclosure and transparency. The Global Compact's disclosure framework (the Communication on Progress, COP) provides a public mechanism that is aligned with all major reporting frameworks for greater transparency and accountability on progress towards corporate responsibility and sustainability.

Defining Characteristics of the 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

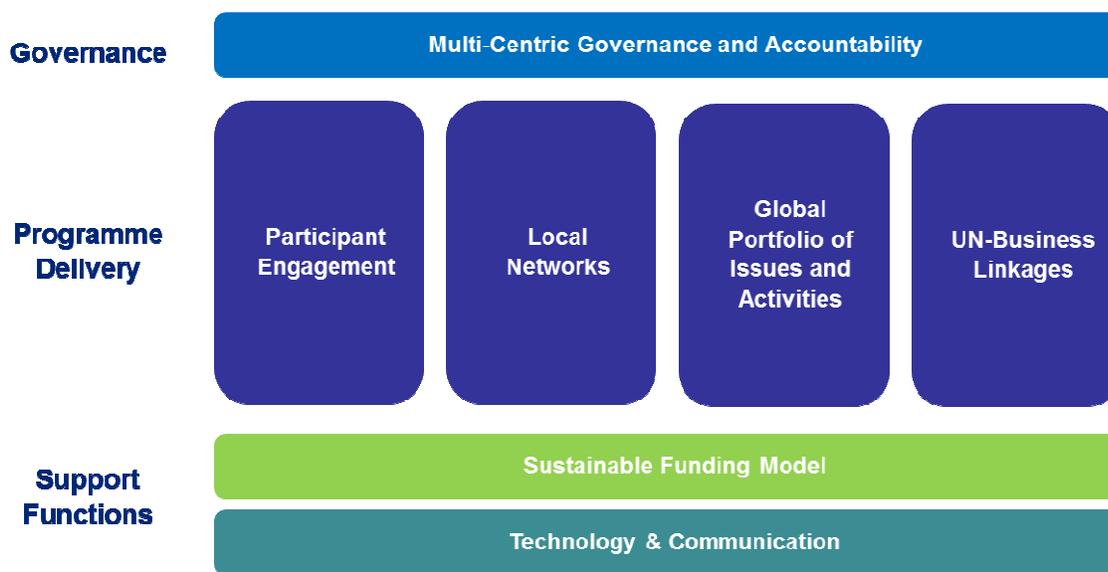
Voluntary yet accountable: bringing accountability and transparency to voluntary business efforts, through annual reporting requirements and the removal from the initiative of companies that fail to communicate progress;

Global issue platforms, sets of principles and technology-enabled business partnership 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; and

Repository of tools and guidance on corporate sustainability: offering a wide range of materials to help businesses of all levels and sizes to implement the Ten Principles and engage in action and partnerships.

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 Global Compact will focus on the following 4 overarching goals corresponding with the four areas of programme delivery indicated above. The four overarching goals are divided into 10 detailed strategic outcomes. This strategy document uses these as its framework.

Overarching Goal 1	Growing to Scale (13,000 business participants by 2016) Through Effective Participant Engagement
1.1	Introduce effective recruitment strategies to go to scale
1.2	Improve participant engagement capacity by enhancing internal operating capacity, developing effective technology infrastructure, and enhancing communication with participants
1.3	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 (COP)
Overarching Goal 2	Empower Local Networks
2.1	Empower and support the Local Networks through improved communication and IT platform, capacity building, and enhanced governance in order to achieve 75 per cent of Local Networks with formal status
2.2	Expand Global Compact Local Engagement by launching at least 3 new Local Networks annually to expand the coverage of the Global Compact to underrepresented areas, including Africa

Overarching Goal 3	Ensuring Coherence of the Global Portfolio of Issues & Enhancing the Quality of Implementation
3.1	Position the Global Compact as the premier platform for business to learn, engage in dialogue, take action and disclose progress regarding corporate sustainability and commitments in line with the Ten Principles and furtherance of UN goals.
3.2	Accelerate significant uptake of participants in key established Global Compact Issue Platforms (e.g. increase the number of respective signers by 25-50 per cent)
Overarching Goal 4	Engaging Responsible Business in Support of UN Goals and Issues, especially in line with the Post-2015 Development Agenda
4.1	Improve the quality and quantity of partnerships undertaken by the Global Compact participants to advance UN goals – especially in relation to the Post-2015 agenda
4.2	Advance and disseminate the <i>Post-2015 Business Engagement Architecture</i> via UN processes, Local Networks, and Global Compact Issue Platforms and issue workstreams
4.3	Enhance the capacity of the UN System to partner more effectively with the private sector
4.4	Develop a vibrant Global Compact Business Partnership Hub

5 Programme Delivery

5.1 Growing to Scale Through Effective Participant Engagement

The 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 cent per year since the launch of the initiative; this rate roughly doubles 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 comprises 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 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 better 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.

Outcomes and Objectives

Strategic Outcome 1.1	Introduce effective recruitment strategies to go to scale
Objective 1	Increase the total number of participants through strategic recruitment.
Strategic Outcome 1.2	Improving participant engagement capacity
Objective 2	Enhance and restructure internal operational capacity to successfully manage the new approach to participant engagement.
Objective 3	Develop technology infrastructure to integrate all aspects of the participant lifecycle (recruitment, engagement, retention and conversion).
Objective 4	Enhance communication between the Global Compact and participants through systematic mechanisms.
Strategic Outcome 1.3	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 COP.
Objective 6	Increase number of companies reporting at the GC Advanced level.

Strategic Outcome 1.1: Introduce effective recruitment strategies to go to scale

Objective 1: 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 8,000 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 signatories¹. 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:

Multinationals	“Brand Ambassadors”	Local Networks
<ul style="list-style-type: none"> • Focus on large <u>multinationals and publicly traded companies</u> • Suggested targets: <ul style="list-style-type: none"> • Dow Jones Sustainability Index • Fortune 500 • Companies already engaged in sustainability 	<ul style="list-style-type: none"> • Work with key <u>stakeholders who are/can be GC brand ambassadors</u> • Suggested targets: <ul style="list-style-type: none"> • Participants and LEAD participants with large supply chains • Large regional companies • Business associations 	<ul style="list-style-type: none"> • Depending on LN <u>capacity, guide or co-lead with LN national recruitment strategies</u> • Suggested targets: <ul style="list-style-type: none"> • Regional companies headquartered in country • Large national companies • SME’s

¹ These estimates do not take into account the current delisting rate.

The Global Compact 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 delisting rate: 1,000 per year), and reach 13,000 business participants
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Strategic Outcome 1.2: Improve participant engagement capacity

Objective 2: 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 3: 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. There are different approaches to monitoring participant activities; the 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 to strength the relationship management team presents an opportunity to develop participant lifecycle monitoring capabilities via existing technologies (e.g. Customer Relationship Management – CRM).

Objective 4: Enhance communication between the 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 Outcome 1.3: 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 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 programme with companies now reporting at the GC Advanced level and 2) an increased number of expelled participants due to failure to communicate, with approximately 1,000 participants being expelled per year.

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 Global Compact Participant Reporting.

By 2016, decrease the percentage of participants in the Learner category (most vulnerable to be de-listed) to less than 10 per cent from previous year COP company submission.
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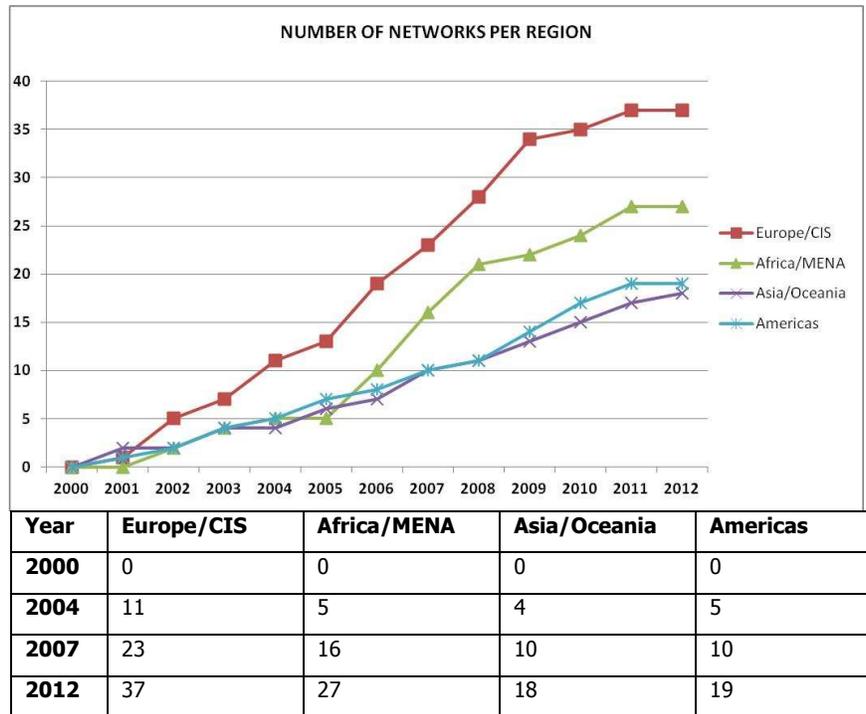
Objective 6: Increase number of companies reporting at the GC Advanced level.

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.

5.2 Empower 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 the implementation of the ten principles, while also creating opportunities for multi-stakeholder engagement and collective action.

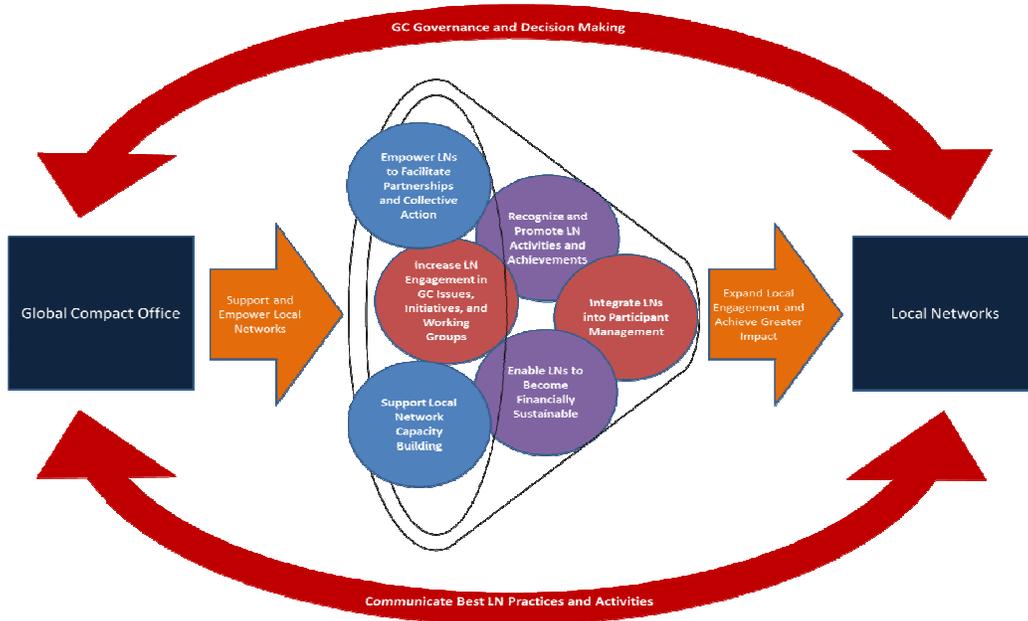
Local Networks now number more than 100 around the world. Among other things, the networks play a crucial role in recruiting and retaining participants; thus, they are key to bringing the Global Compact to scale. In addition, as the sustainability agenda evolves, the Local Networks must also evolve to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



The Global Compact’s vision is that, by 2016, local engagement will have been expanded and the majority of Local Networks will have the capacity to facilitate transformative actions and solutions that impact the post-2015 development agenda, as well as support widespread advances in corporate sustainability performance. This will also have 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 Local Networks and expand Global Compact 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 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.

Outcomes and Objectives

Strategic Outcome 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 Local Networks and their work.
Objective 2	Strengthen the skills and competencies of Local Networks aimed at increasing their performance in supporting Global Compact participants in mainstreaming the Ten Principles in business activities and catalyzing actions in support of broader UN goals. <i>(Cross Referencing Overarching Goal 3)</i>
Objective 3	Recognize, promote and communicate outstanding practices developed by Local Networks, both internally and externally.
Objective 4	Enhance communication between the Global Compact and Local Networks through systematic mechanisms.
Objective 5	Integrate Local Networks into the participant engagement process. <i>(Cross Referencing Overarching Goal 1)</i>
Strategic Outcome 2.2	Expand Global Compact Local Engagement
Objective 6	Increase the total number of Local Networks to achieve global coverage.

Strategic Outcome 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 Local Networks and their work.

Both the Local Networks and the Global Compact want Local Networks 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 Local Networks, the Global Compact, 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 thought leadership documents.

In order to increase the ability of Local Networks to provide input and recommendations in key global areas of decision making, a Local Networks Advisory Group was established in 2013 with a view to advising and reporting on Local Network perspectives and issues to the Global Compact and its Board. This body provides input and keeps Local Networks updated on issues that affect Local Networks and their work, and the chair of the advisory group holds a formal seat on the Global Compact 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.

By 2016, successfully integrate the Local Networks Advisory Group into the Global Compact's overall governance.

Objective 2: Strengthen the skills and competencies of Local Networks aimed at increasing their performance in supporting Global Compact 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 Global Compact 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
TOTAL	55	18	28	101

As of January 2013, out of 101 Local Networks, 55 (54 per cent) have a formal status. By 2016, through capacity building efforts, ensure that 75% of Local Networks have a formal status. One of the requirements for a Local Network to have a formal status is to sign a Memorandum of Understanding with the Global Compact. This MoU outlines the roles and responsibilities of a Local Network, 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. 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.

Objective 4: Enhance communication between the Global Compact and Local Networks through systematic mechanisms.

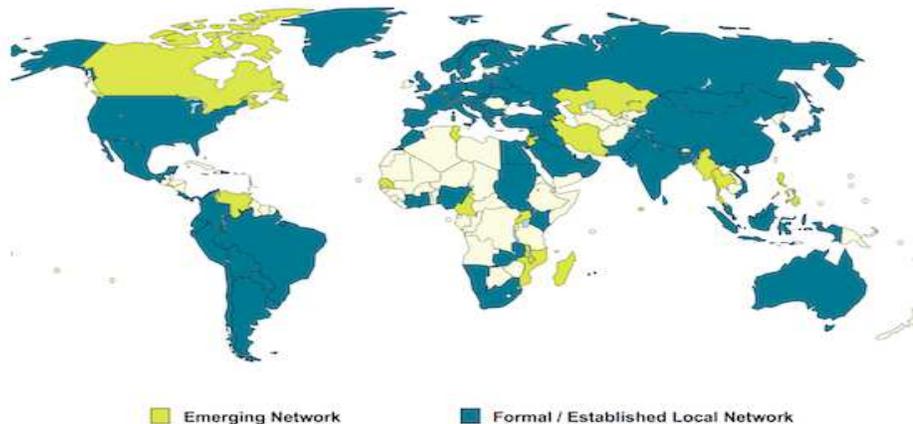
As the number of Local Networks continues to expand to over 100 globally into different regions and cultural contexts, strong communication between Local Networks and the Global Compact will become increasingly important. In order to achieve greater impact from local implementation of the ten principles, the initiative must be able to both convey a global perspective and approach down to the Local Networks. This will also involve identifying best practices and activities at a local level and then 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 will be fully integrated into the Global Compact’s overall participant engagement process. This includes technological integration with respect to participant data.

Strategic Outcome 2.2: Expand Global Compact 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 networks 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. The Global Compact will 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, including Africa. Using the following strategy, the Global Compact will launch additional networks during the next three years:

- Identify current Global Compact 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 three Local Networks every year in strategic countries, regions and markets.

5.3 Ensure Coherence and Greater Impact of the Global Portfolio of Issues

Since the inception of the initiative, the Global Compact has sought to be the leader on corporate responsibility issues within the comparative advantage of the UN. The Global Compact derives and delivers value from its expansive reach, particularly its extensive global multi-stakeholder network comprised of more than 12,000 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 UN 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 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, as well as at the local level through Local Networks. Issues have been and will continue to be selected based on specific criteria, as shown in the sidebar.

The Global Portfolio of Issues with Respect to the Ten Principles

The 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 Global Compact asks companies to embrace, support and enact, within their sphere of influence, this core set of values. The Global Compact's issue work is deeply rooted in the Ten Principles.

Working Groups, Issue Platforms, and Specialized Workstreams

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 Global Compact participants to advance an issue, solicit more specific action-oriented commitments, promote awareness raising, learning, and dialogue, facilitate collaboration,

Global Compact Criteria for Issue Engagement

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

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 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.

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 will not be undertaken by the Global Compact alone. The Global Compact’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 will continue to collaborate closely with these initiatives in 2014-2016, featuring them prominently across a number of the issue workstreams.

<p>Principles for Responsible Initiative (PRI): The United Nations-supported 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>Principles for Responsible Management Education (PRME): 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 Global Compact continues to grow in both scope and scale, issue integration and differentiation will be increasingly important. New and existing Global Compact 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 to be on

the leading edge of corporate sustainability, integration of issue areas 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. Recognizing the diverse needs of our participants, issue platforms, specialized workstreams and Local Networks offer differentiated engagement opportunities for participants at varying levels of corporate sustainability implementation.

Specific issue platforms within the Global Compact's portfolio contribute to issue integration across the board 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 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, Global Compact 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 UN 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 unmatched 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 COP Differentiation Programme categorizes COPs submitted by business participants based on their level of disclosure on progress made in integrating the Global Compact principles and contributing to broader UN goals. COPs 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 Global Compact LEAD in that all LEAD companies must report at the GC 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 Global Compact’s issue work is advanced through working groups, specialized workstreams, issue platforms and LEAD Taskforces, as well as collaboration with special initiatives. Each model has key distinguishing features, functions, and operational modalities.

	Social (Global Compact Principles 1–6)	Environmental (Global Compact Principles 7-9)	Governance (Global Compact Principle 10)	Cross-Cutting (Global Compact Principles 1-10)
Issue Platforms	<ul style="list-style-type: none"> - Women’s Empowerment Principles - Children’s Rights and Business Principles 	<ul style="list-style-type: none"> - Caring for Climate - CEO Water Mandate 		<ul style="list-style-type: none"> - Business for Peace
Issue Working Groups and Special Workstreams	<ul style="list-style-type: none"> - Human Rights & Labour - Indigenous Peoples’ Rights - Peoples with Disability - Poverty Footprint - Business and Education 	<ul style="list-style-type: none"> - Food and Agriculture Business Principles 	<ul style="list-style-type: none"> - Anti-Corruption - Rule of Law 	<ul style="list-style-type: none"> - Supply Chain Sustainability - Lawyers as Leaders - Social Enterprises & Impact Investing - Private Sustainability Finance
GC LEAD Cross-Cutting Taskforce				<ul style="list-style-type: none"> - Board Oversight - ESG Briefing - Post-2015 Goal Setting

Sister Initiatives				<ul style="list-style-type: none"> - Principles for Responsible Investment - Principles for Responsible Management - Global Compact Cities Programme - Sustainable Stock Exchange
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Types of Engagement Mechanisms	Modalities, Functions and Key Features
Issue Platforms	<ul style="list-style-type: none"> - A set of principles or framework of understanding based upon the notion of respect and support - Require explicit commitment of participants to advance a particular issue as part of a defined community - Require reporting & accountability mechanism - Require some forms of governance, including a secretariat and funding model - Advance learning, dialogue and action - Provide strategic advice, guidance, coordination and coherence for the Global Compact's work in an issue area - Require multi-stakeholder involvement
Issue Working Groups & Specialised Workstreams	<ul style="list-style-type: none"> - A group of Global Compact participants and other stakeholders who come together to advance an issue area with a focus on learning, dialogue, and possible action - Provide strategic advice, guidance, coordination and coherence for the Global Compact's work in an issue area - Act as a clearinghouse for practices, tools, etc. - Have a loosely defined governance structure
Global Compact LEAD Cross-Cutting Taskforces	<ul style="list-style-type: none"> - Focus on the implementation of one or more specific elements of the Blueprint - Demand driven by LEAD companies and approved by the Steering Committee - Go above and beyond existing initiatives within the Global Compact and elsewhere - Time-bound (ideally 6-12 months) - Commit to and develops concrete deliverables - Activities within a priority area develop from learning to action - Involve collaboration with the UN system and Special Initiatives where relevant
Sister Initiatives	<ul style="list-style-type: none"> - Drivers of corporate sustainability through non-business stakeholders; support infrastructure for companies who implement CS - Different stakeholders whose roles and responsibilities are elaborated and refined over time - Potential to go to scale and be transformative - Independent membership from the Global Compact participant base - More elaborate governance structure beyond a basic steering group - Self-sustaining funding for activities

Outcomes and Objectives

Strategic Outcome 3.1	Position the Global Compact as the premier platform for business to learn, engage in dialogue, take action and disclose progress regarding corporate sustainability and commitments in line with the Ten Principles and furtherance of UN goals.
Objective 1	Drive corporate sustainability leadership and higher levels of corporate sustainability performance through the LEAD initiative.
Objective 2	Contribute to and align with the UN process for setting the post-2015 development agenda.

Strategic Outcome 3.2	Accelerate significant uptake of participants in major Global Compact Issue Platforms (e.g. increase the number of respective signers by 25-50 per cent)
Objective 3	Build operational linkages across issue areas and further establish the Global Compact as an integrated value platform.
Objective 4	More effectively utilize Local Networks to advance the Global Compact's issue work (cross-referenced in Goal 2)

Strategic Outcome 3.1.: 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 Global Compact will continue to innovate 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 in order to attract leading organizations by providing unique engagement opportunities, activities, and Task Forces intended to drive leadership in corporate sustainability and achieve wide-scale impact.

Objective 2: Contribute to and align with the UN process for setting the post-2015 development agenda.

This process is an important aspect of the 2014-2016 issue strategies and the Global Compact is contributing extensively across its issue portfolio and through its Local Networks and LEAD initiative to the post-2015 process. Moreover, with the launch of the *Post-2015 Business Engagement Architecture*, the Global Compact aims to align its issue portfolio closely with the outputs of the post-2015 process.

Strategic Outcome 3.2.: Accelerate significant uptake of participants in major Global Compact Issue Platforms (e.g. increase the number of respective signers by 25-50 per cent)

Objective 3: Build operational linkages across issue areas and further establish the Global Compact as an integrated value platform.

One of the Global Compact's strengths is that it is an integrated value platform – offering opportunities across a range of issues. Thus, as the number of Global Compact 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 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 has recognized the value of these meetings for capacity building and coherence. Starting in 2014, the Global Compact will institutionalize these meetings by holding them regularly, every six to eight weeks.

During the period 2014-2016, other key opportunities for further integration are being explored, including 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 and the annual implementation survey.

Objective 4: 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 Global Compact’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, connecting Local Network working group activity with global working group activity, as well as performing more systematic and coherent outreach to Local Networks for issue briefings and issue engagement opportunities. The idea of introducing a Local Network issue champion programme has been proposed, but a range of other modalities will also be explored.

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

5.4 Engaging Responsible Business in Support of UN Goals and Issues, especially in line with the Post-2015 Development Agenda

Since its inception, the Global Compact has played a central role in advancing the UN-Business agenda, a role which stems from its General Assembly Mandate and has been further reinforced with 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 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 either sector to address alone.

In order to support Global Compact participants in enhancing the impact of these partnerships, the Global Compact leads various activities aimed at supporting participants in all phases of partnership development and implementation with an emphasis on fostering more transformational UN-Business partnerships. Various matchmaking, capacity-building and integrity projects and initiatives have also been initiated by the Global Compact, which 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 an architecture for business engagement in support of UN goals. The Global Compact will continue to engage business in contributing to UN events and processes by providing private sector input to the Post-2015 Development process. The Global Compact will also enhance support and guidance to its participants and the UN system and continue to support multi-stakeholder initiatives launched by the UN Secretary-General.

Outcomes and Objectives

Strategic Outcome 4.1	Improve the quality and quantity of partnerships undertaken by Global Compact participants to advance UN goals – especially in relation to the Post-2015 agenda
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Objective 1	Provide training, resources and brokering support to Global Compact participants to support them in their partnership efforts
Strategy Outcome 4.2	Advance and disseminate the <i>Post-2015 Business Engagement Architecture</i> via UN processes, Local Networks, and Global Compact Issue Platforms and issue workstreams
Objective 2	Build the capacity of Global Compact Local Networks to support partnerships
Strategic Outcome 4.3	Enhance the capacity of the UN System to partner more effectively with the private sector
Objective 3	Develop and share partnership tools and resources across the UN
Objective 4	Organize successful events, webinars and other opportunities to build capacity and connect the private sector with the UN
Objective 5	Support private sector engagement in multi-stakeholder initiatives launched by the UN Secretary-General
Strategic Outcome 4.4	Develop a Vibrant Global Compact Business Partnership Hub
Objective 6	Place a renewed focus on collective action and commitments and continue to provide specific engagement opportunities for Global Compact participants to advance corporate sustainability issues

Strategic Outcome 4.1 Improve the quality and quantity of partnerships undertaken by Global Compact participants to advance UN goals – especially in relation to the Post-2015 agenda

Objective 1: Provide training, resources and brokering support to Global Compact participants to support them in their partnership efforts

Additional efforts will be made to enhance the partnership platform business.un.org as well as developing and showcasing a range of new partnership resources, training and services to assist participants in the design and implementation of more transformational partnerships. Building on the work of the Global Compact 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.

Strategy Outcome 4.2: Advance and disseminate the *Post-2015 Business Engagement Architecture* in support of UN goals, aligned with the Post-2015 Development Agenda via UN processes, Local Networks, and Global Compact Issues

The Global Compact 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 to 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.

The *Post-2015 Business Engagement Architecture* will serve as the foundation for this strategy. The Architecture presents a strategic and implementable model that demonstrates how respecting and supporting universal sustainability principles can maximize the contribution of business for the benefit of all. The Architecture advances implementation platforms and infrastructure, while also proposing the expansion of a global platform to register corporate commitments. The Architecture includes a set of Post-2015 action recommendations for all major stakeholder groups – including business, civil society, and government – outlining their role in deepening and broadening business engagement.

Objective 2: Build the capacity of Global Compact Local Networks to support partnerships.

As evidence has shown that most partnerships are developed and implemented at the local level, in order to provide more targeted, context-specific support to participants throughout all phases of the partnership lifecycle, the Global Compact will focus on capacity-building of Local Networks. Numerous Local Networks

have expressed a strong interest in supporting partnership brokering to help participants bring to life their commitment to the Global Compact, but have also expressed that they lack the necessary skills and resources to do so. By enhancing Local Network capacity in this area, the Global Compact will be able to provide a critical resource to Global Compact participants and help enhance both the quantity and quality of participants' partnerships. This process will also serve to deepen the engagement of LEAD subsidiaries in Local Networks, reinforcing another important priority of the Global Compact between 2014-2016.

Strategic Outcome 4.3 Enhance the capacity of the UN System to partner more effectively with the private sector.

Objective 3: Develop and share partnership tools and resources across the UN.

Building on the range of tools and resources already developed by the Global Compact, the initiative will continue to create new resources to support the UN in more effectively connecting with companies along the full spectrum of engagement opportunities. A continued emphasis will be placed on issues of integrity, accountability, monitoring and evaluation, as well as knowledge-sharing system-wide. 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 focus on 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 UN Secretary-General's Report to the General Assembly under the item "Towards Global Partnerships".

Objective 4: Organize successful events, webinars and other opportunities to build UN capacity and connect the private sector with the UN.

The Global Compact 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 in order 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 Global Compact together with UN partners on the occasion of the General Assembly debate so that the voice of the private sector can contribute to inter-governmental negotiations and 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 focus on enhancing their collaborative efforts. The Global Compact 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 5: Support private sector engagement in multi-stakeholder initiatives launched by the UN Secretary-General.

The work of the Global Compact will continue to support the priorities of the UN Secretary-General as many of the Global Compact's own initiatives were launched by him. In addition, the Global Compact will continue to provide support focused on private sector engagement in the UN Secretary-General's other priority initiatives including Sustainable Energy for All, Every Woman Every Child and Education First. A significant effort will be made by the Global Compact to develop, launch and roll-out an engagement platform for the private sector to advance Education First in close collaboration with the UN Secretary-General's Special Envoy on Education.

Strategic Outcome 4.4: Develop a robust Global Compact Partnership Hub

Objective 6: Place a renewed focus on collective action and commitments and continue to provide specific engagement opportunities for Global Compact participants to advance corporate sustainability issues.

The Global Compact has always placed importance on innovation and welcomed experimentation in its approach to issues. Key methodologies that have been regularly employed in past strategies include learning, dialogue and collective action. During the early years of the initiative, the Global Compact 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 to provide, as they have done through the annual implementation survey. In recent years, the importance of collective action and the link to public policy development has received growing emphasis as an important complement to promoting change at the individual organizational level. The Global Compact's strategy across its issue portfolio reflects this evolution, with collective action initiatives and platforms receiving renewed emphasis during 2014-2016, along with an increased focus on facilitating specific engagement opportunities for Global Compact participants to advance an issue as well as soliciting more specific action-oriented commitments from participants.

Developments in technology have enabled new forms of cost-effective interaction, which have then been leveraged by the Global Compact to create action hubs (the Global Compact Business Partnerships Hub), 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.

6 Strengthen the Governance Framework and Accountability

The Global Compact's governance framework was last reviewed during 2004-2005 and culminated in the adoption by the UN 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 triennial Leaders Summit, Global Compact Board, Local Networks, the Annual Local Networks Forum, the Global Compact Government Group, and the Global Compact. Terms of Reference 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 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.

At the urging of Government contributors to the Global Compact Trust Fund, work was undertaken to revise the Terms of Reference for the Global Compact Government Group with a view to increase the participation of other supportive Governments in the group.

Under the heading of governance, as well as secretariat support for the various entities within the Global Compact governance framework, the Global Compact also locates management of its brand through administration of its logo policy and its dialogue facilitation process, as well as 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 COP, 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.

7 Develop a Sustainable Funding Model

While the Global Compact has developed innovative issue platforms, working groups and specialized workstreams, 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 8,000 corporate participants and 4,000 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 17 Member States: Brazil, Chile, China, Colombia, Denmark, Finland, France, Germany, Italy, Korea (the Republic of), the Netherlands, Norway, Spain, Sweden, Switzerland, Turkey and the United Kingdom.

Global Compact 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 15.5% of Global Compact business participants made a contribution to the Foundation in 2013;
- Only 40% of Global Compact business participants in the FT500 made a contribution to the Foundation in 2013; and
- Only 33% of companies requesting use of the "We Support" logo in 2012 and 2013 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 in order to support their participants, drive local implementation of the Global Compact'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, in order 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 contributors 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 contributors. The Global Compact encourages the existing Government contributors 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 ensure an ability to meet the needs defined by the Global Compact'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 and coordinate with Local Networks** to raise increased global and local funding

8 The Global Compact's Partners

Our vision of a sustainable and inclusive global economy can be realized only when we collaborate with other like-minded stakeholders committed to embedding the universally-recognized Ten Principles in the private sector. Recognizing the power of collaboration and collective action, the Global Compact works closely with a range of organizations around the world to engage our 8,000 corporate participants and 100 Local Networks. Due to the network-based character of the initiative, a comprehensive mapping of the types of relationships and sub-networks would be ideal to understand the complex universe of the Global Compact's partners. The linear mapping of its relationships aims to capture as many examples as possible of organizations that the Global Compact has worked with in deep collaboration.

Sustainability Coalition: The Global Compact launched a Sustainability Coalition with the **World Business Council for Sustainable Development (WBCSD)** and the **Global Reporting Initiative (GRI)**. The Sustainability Coalition aims to promote and support corporate commitments and actions that advance UN goals elaborated in *Post-2015 Business Engagement Architecture*. The very distinct nature of these organizations presents considerable scope for building on complementary strengths and creating synergies: the Global Compact being an open action and learning network, the WBCSD being a membership-based organization dedicated to sustainable development, and GRI being the de-facto global standard on sustainability reporting.

Global Business Associations: The Global Compact works with major international Business Associations, such as the **International Chamber of Commerce (ICC)**, the **International Organization of Employers (IOE)**, the **World Economic Forum (WEF)**, the **Business for Social Responsibility (BSR)** and **WBCSD**, some of which are represented on the Global Compact Board. These business associations represent leading companies from around the world, and are well known for their thought-leadership and private-sector expertise on critical issues related to sustainable development and corporate citizenship.

NGOs / Philanthropic Organizations / Foundations: The Global Compact partners with a range of NGOs, philanthropic organizations and Foundations. These organizations serve to support the implementation of the Global Compact principles, while also helping to advance issue platforms and other workstreams. See an illustrative list of these organizations under **Partners on Global Compact Issues** below.

Trade Unions: The Global Compact works with a range of trade unions, such as **UNI Global Union** and **IndustriALL Global Union**.

Partners on Global Compact Issues: The Global Compact works with a range of civil society organizations, business associations, and UN entities to develop and implement global issue platforms and specialized workstreams where participants can demonstrate leadership on a particular sustainability challenge. These collaborations allow for opportunities to pool complementary expertise and resources, and

How the Global Compact Selects Partners

Since its inception, the Global Compact has emphasized the importance of cooperating with other organizations to avoid duplication and maximize synergies and positive impact. This approach will remain central to the initiative's strategy. The Global Compact uses the following principles in selecting organizations with which to collaborate:

1. The organization supports the mission and objectives of the Global Compact, including its Ten Principles and UN goals;
2. The organization has policies and processes in place to know and show its own sustainability performance;
3. The organization has a good reputation and is recognized as a leader in its field;
4. The organization has the willingness and capacity to deliver on its role in the collaboration within the timeframe set and with the specified quality; and
5. The Global Compact is interested to collaborate with relevant initiatives and organizations from around the world. It strives for geographic diversity and, especially in competitive contexts, to offer collaboration opportunities to a variety of organizations. In general, the UN Global Compact does not participate in exclusive collaborations.

help organize the business community around an issue in order to improve the enabling environment for making systemic changes.

	Social Issues	Environmental Issues	Governance Issues	Cross-Cutting Issues
Co-ownership of platforms	<ul style="list-style-type: none"> - International Trade Centre - ILO - Permanent Forum on Indigenous Issues - Office of the UN High Commissioner for Human Rights - Save the Children - UN Women - UNICEF 	<ul style="list-style-type: none"> - Food and Agriculture Organization - International Fund for Agricultural Development (IFAD) - Pacific Institute - UNEP - UNFCCC 		<ul style="list-style-type: none"> - BSR - Pearl Initiative - IFC - Realdania - RICS - Sustainia - the UN Foundation - UNDP - UNEP-FI
Project-based	<ul style="list-style-type: none"> - Academic Impact - Global Business Coalition for Education - Oxfam 	<ul style="list-style-type: none"> - 3GF - Carbon Disclosure Project - UNIDO - World Resources Institute - WWF 	<ul style="list-style-type: none"> - IRU - Extractive Industries Transparency Initiative (EITI) - Oslo Business for Peace Awards - UNODC - Transparency International - World Bank Institute 	

Knowledge Partners: The Global Compact works with a range of partners in developing specific tools and guidance materials. These include: **Accenture, AccountAbility, Bertelsmann Stiftung, Boston Consulting Group (BCG), Dalberg, Deloitte, GPPI, the International Integrated Reporting Council (IIRC)** and **KPMG**.

UN Agencies: The Global Compact works closely with other UN agencies, funds and programmes on various opportunities to address global challenges. Among these are the following: Office of the UN High Commissioner for Human Rights, UN Women, UNICEF, UNEP, UNFCCC, UNIDO and UNODC.

Sister Initiatives: The Global Compact works closely with its sister initiatives to embed corporate sustainability in other key value drivers – investors, educators, and cities. These sister initiatives include **the UN-supported Principles for Responsible Investment (PRI), the Principles for Responsible Management Education (PRME), the Sustainable Stock Exchange Initiative (SSE)** and the **Global Compact Cities Programme**.