



**United Nations**  
Global Compact

# UN GLOBAL COMPACT

## 2020 GLOBAL STRATEGY

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**OCTOBER 2016**

## EXECUTIVE SUMMARY

The UN Global Compact finds itself at a pivotal moment in time.

With the adoption of The 2030 Agenda for Sustainable Development, the world has in hand a comprehensive and integrated blueprint for global sustainability in economic, social, environmental – and ethical – terms. It is truly a roadmap for humanity.

It is widely accepted that all global and local stakeholders will need to mobilize and work together to achieve the ambitions of this agenda. And this will require the active engagement and participation of the international business community.

Indeed, as the world's largest business sustainability initiative, the UN Global Compact sees for itself a moral duty to help to bring about the necessary action and solutions to ensure that this global journey is successful and its gains permanent.

This 2020 Global Strategy is the essential first step. Based on the most extensive global consultation the Compact has ever undertaken, this document sets out a range of proposed actions and activities designed to both “deliver impact at scale” and create an organizational culture that aligns all Global Compact actors and affiliates in a new spirit of collaboration and partnership.

As well, this 2020 Global Strategy links the UN Global Compact's current and on-going thinking in relation to the initiative's vision to the year 2030 – the arc of the Sustainable Development Goals. The UN Global Compact's vision is to “Mobilize a global movement of responsible companies and organizations to create the world we want”.

The highlights of this 2020 Global Strategy are centered on the three “Must Win Battles” of creating sustainable Growth, optimizing the global Organization, and strengthening the overall Brand. The Strategy includes the following:

- Setting a long-term vision and ambition that seeks to fully leverage the UN Global Compact's normative authority while pursuing four focus areas: i) Responsible Business and Leadership Practices; ii) the Sustainable Development Goals; iii) Global/Local Platform and Connector; iv) Impact, Measurement, and Performance
- Strengthening Local Networks and their capacity for action and impact through enhanced global support, coordination, and a new “One Global Compact” culture that also seeks to raise standards of transparency and accountability across the organization
- Building a UN Global Compact “brand proposition” with deeper grounding in UN-business partnerships; a harmonized and relevant issue portfolio; and the tiering of services and offerings to speak to different levels of business-sustainability sophistication
- Positioning the UN Global Compact as a global “platform of platforms” to aggregate the good and promising work of other organizations and initiatives while also ensuring quality control and alignment with the core principles
- Proposing a new sustainable financial model that sets mandatory fees for companies of a certain size, while preserving the voluntary nature for smaller enterprise – forecasted to result in greater financial resources for both global and local operations across the initiative
- Enhancing the overall integrity of the UN Global Compact via a new due-diligence process and the development of performance-based metrics in relation to participation in leadership platforms

The UN Global Compact executive office believes that these and other strategic measures outlined in this 2020 Global Strategy will in many respects transform the UN Global Compact so that it, in turn, can effectively contribute to the transformation of our world – the overarching goal of the 2030 Agenda.

This Strategy has been endorsed by the UN Global Compact Board and is awaiting presentation to the incoming Secretary-General of the United Nations.

## 1 ABOUT THE UN GLOBAL COMPACT

In the year 2000, the “Global Compact” was initiated between the UN and business to help give globalization a more human face by underpinning economies and markets with universal principles. Under the leadership of Secretaries-General Kofi Annan and Ban Ki-moon, the United Nations Global Compact now stands as the world's largest corporate sustainability initiative, encompassing over 8,900 corporate participants and 4,000 non-business participants based in more than 160 countries.

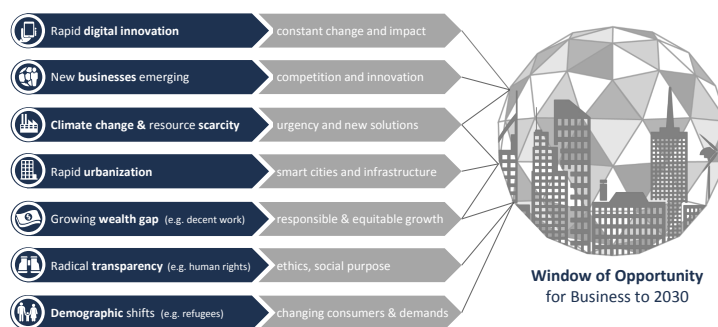
The UN Global Compact calls on companies everywhere to align their strategies and operations with ten universally accepted principles in the areas of human rights, labour, the environment, and anti-corruption and to report on their progress in doing so. In line with its mandate from the General Assembly, the UN Global Compact serves as the main UN initiative for engaging the private sector – convening and mobilizing business and other key stakeholders around key UN principles and issues and encouraging the development of partnerships to take action and deliver solutions. In the past sixteen years, the UN Global Compact has had a transformative effect on the approach of the UN and its Member States to business – advancing collaboration and cooperation in ways never before tested or achieved.

The Global Compact initiative consists of the UN Global Compact Office in New York that is a part of the UN system, as well as almost 80 multi-stakeholder Global Compact “Local Networks” across the world. The Executive Director of the UN Global Compact Office reports to the Secretary-General, via the Deputy Secretary-General, and is responsible for entering into Memos of Understanding with the Local Networks on an annual basis. The incoming Secretary-General will be the final decision-maker on this new global 2020 Strategy when he starts their transition into office during the fourth quarter. The UN Global Compact Board, chaired by the Secretary-General, is a multi-stakeholder advisory body that takes decisions on the initiative's integrity measures, including on entry and exit criterion for participants.

## 2 GLOBAL CONTEXT AND TRENDS

One year ago, all 193 Member States of the UN adopted a plan for achieving a better future for all – laying out a path over the next 15 years to end extreme poverty, fight inequality and injustice, and protect our planet. At the heart of the “UN 2030 Agenda” are the 17 Sustainable Development Goals (SDGs) and 169 related targets that address the most pressing economic, social, environmental, and governance challenges of our time. Never before has the world community stood so united behind such an ambitious agenda, and many companies have been part of the multi-stakeholder process leading up to its adoption. In this year's triennial UN Global Compact CEO Study on Sustainability, 87% of CEOs surveyed said they believe the SDGs provide an opportunity to rethink approaches to sustainable value creation and 90% feel a personal responsibility to ensure their company has a clear purpose and role in society.

The world in 2030 will look very different than it does today, with converging global trends creating a new context of expectations and opportunities for business to address global challenges. In parallel, increased business awareness and adoption of responsible business practices, along with renewed ambition to contribute to societal development, provides a unique opportunity for business to scale its ambition and impact:



Given these global and societal trends, there is no doubt that the UN Global Compact will have an important role to play in the next 15 years. It has a unique position as the link between the UN and companies everywhere, as the “translator” of the SDGs, and as a global convener of business, investors, civil society, labour organizations and, of course, governments and diverse UN agencies.

## 3 CURRENT STATE ASSESSMENT

### 100 Days in Office Review

Following the UN Global Compact's first ever leadership transition, and coinciding with its fifteenth year anniversary, the Executive Director commissioned a *First 100 Days in Office Review* during the third quarter of 2015. The review was primarily focused on analyzing the UNGC in New York, the initiative's global positioning within a quickly evolving sustainable business landscape, and assessing its preparedness to deliver on a new and ambitious UN 2030 Agenda.

A key component of the review was an analysis of organizational strengths, weaknesses, opportunities, and threats developed by the UNGC Executive Management team with input from DNV GL:



The SWOT analysis confirmed that the UN Global Compact's legitimacy from its positioning within the UN, unparalleled breadth/reach, and global/local structure provides a truly unique platform for engaging business. There is also a tremendous opportunity to inclusively lead the way on the SDGs by mobilizing both sustainability beginners and innovators. However, the UN Global Compact's vision and value proposition needed refining while the plateauing of participants and revenue presents a real danger to the long-term viability of the initiative. A new forward-looking strategy is necessary to set the direction for the organization as it transforms itself to address these areas.

### UNGC 2020 Strategy Process

The *First 100 Days in Office Review* identified a clear need for the UN Global Compact “to evolve from an entrepreneurial, fast-growing global initiative into a professional, mature global organization.” This UNGC 2020 Strategy provides the next stage of that work, and offers a lens through which the UN Global Compact and its stakeholders can view the current and future opportunity for the initiative to create game-changing impact on the private sector contribution to the 2030 Agenda. This strategy provides the basis for a clear timeline, 2017-2020, for the UN Global Compact to lead and catalyze action as the overarching “platform of platforms” for business, the UN system, and diverse stakeholders to deliver impact at scale.

The strategy process, conducted from March – October 2016 and supported by Accenture Strategy, has engaged more than 1,500 stakeholders across the entire UN Global Compact ecosystem. It was informed by consultations with more than 300 stakeholders, including the UN Global Compact Board, Executive Management Team, fellow UN agencies and partners, the Government Group and Group of Friends, LEAD companies, New York staff, as well as extensive and multi-channel consultations with Local Network representatives. These consultations with Local Networks included interviews of all Local Networks by Accenture and regional workshops facilitated by Accenture, as well as the

opportunity to provide comments to the draft strategy document, including proposed business models for all Local Networks. The strategy was also informed by a survey of more than 1,200 participants, analysis of management and financial data, and benchmarking relative to other global sustainability initiatives.

To ensure a strong global anchoring across the initiative, a “2020 Strategy Project Team” was established, including the Co-Chair of the Board, the Executive Director, the four Local Network members of the Board, as well as members of the Executive Management team from the UN Global Compact Office.

## 4 STAKEHOLDER FEEDBACK ON STRATEGIC DIRECTION

The outcome of this extensive stakeholder engagement process makes it clear that the unique DNA of the UN Global Compact consists of four main assets: i) the legitimacy and prestige of the initiative, ii) the fact that it is principle and norm based, iii) that it is inclusive and has a broad global reach, and iv) that it is part of the UN.

It is on this solid foundation that stakeholders would like to see the initiative pursue its Vision for 2030 to “mobilize a global movement of sustainable companies and stakeholders to create the world we want.”

The areas that stakeholders would like see the initiative focus on in its pursuit of the vision are first to step up even more as a champion and challenger of the private sector in advocating for responsible business and leadership practices. The Ten Principles must become a wider known standard for responsible business, fleshed out by more detailed principles and guidance, such as the Women's Empowerment Principles and the Guiding Principles on Business and Human Rights, as well as other standards and guidelines developed by respective UN agencies.

Next, stakeholders would like to see the UN Global Compact align the SDG agenda with business commitments and action, taking the lead in translating and advocating the goals to small and large companies across the world. They also have a clear expectation that the UN Global Compact will measure performance and impact related to the Ten Principles and SDGs and report on it based on the huge repository of COP reports that all participating companies must submit each year.

Finally, stakeholders would like to see the UN Global Compact elevate itself to become the central global platform that drives and displays best practices, solutions, tools, and guidelines for implementing the SDGs – based on local activities and the Local Networks across the world.

During the second quarter, a summary of the strategy document based on all these inputs from stakeholders and advice from the Board was sent to everyone who provided input during the consultation process. For the Local Networks, a section on a potential new shared revenue business model, based on mandatory fees for companies with revenue greater than \$50m USD was added. We have received excellent comments and ideas from various external stakeholders that we have integrated into this document, and in general the new strategy itself has been very positively received by all stakeholders. However, the idea of having a shared revenue model across the initiative globally has created significant concerns among Local Networks. Therefore, a revised shared revenue model – and a new model that splits global and local revenues – have been developed and are presented in section 6.

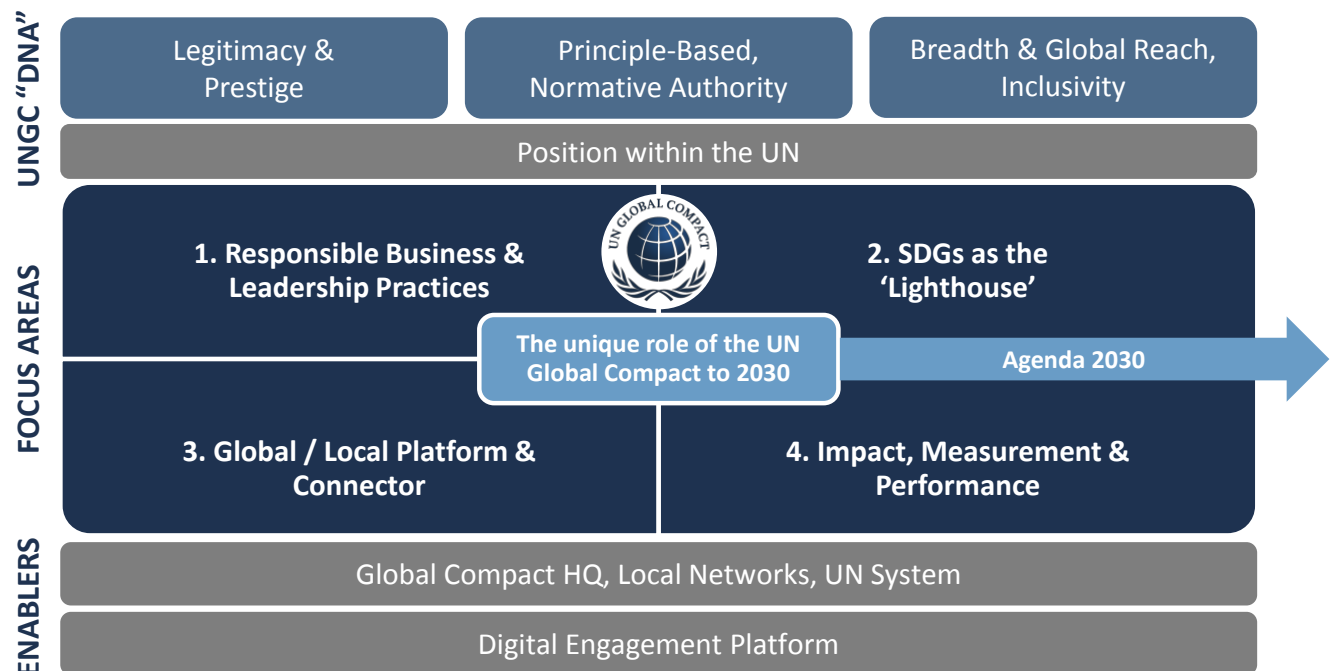
In conclusion, the entire stakeholder consultation process sends clear signals on how the UN Global Compact can build on its existing “DNA” to drive a major transformation in the business community towards powerful implementation of the SDGs, based on its strong UN principle and norm-based approach. The consultations also indicated that it is time for the UN Global Compact to step up and become the natural leader of an open, inviting, and solid “platform of platforms” to drive the SDGs across the global business community. This is great input, but also a tall order that will take significant transformation on two levels compared to where the initiative is today – on a global, *operational* level and on an *offerings* level, including the value proposition of the initiative.

## 5 MUST-WIN BATTLES (MWB) AND TRANSFORMATIONS

In the context of the current state assessment (section 3) and the stakeholder feedback on strategic direction (section 4), the UN Global Compact has an opportunity to update its vision and ambition towards 2030. Fulfilling the unique role that the initiative can play, through its global-local combination of the central office in New York and Local Networks, will demand renewed attention to the four main areas of feedback from stakeholder consultations:

- **Global Advocate for Leadership Practices:** The Global Compact can amplify its unique role as the legitimate authority in advancing and advocating for aspirational global standards related to complex business and social issues (e.g. carbon price, living wage, Guiding Principles), and helping leading businesses to convene and agree on universal principles.
- **SDGs as the “Lighthouse”:** With the Ten Principles as its foundation, a pivot towards the SDGs will position the Global Compact as the definitive voice and enabler of business contribution to the 2030 Agenda.
- **Global Platform & Connector:** The Global Compact can leverage its UN connection and neutrality to become a global/local “Platform of Platforms.” It will be important that credibility and quality is ensured for all materials sourced from other organizations in order to warrant the quality stamp of the Compact.
- **Impact & Performance:** The Global Compact can leverage its position as the largest and most inclusive network of companies to become the trusted authority on communicating impact and progress on responsible business.

These focus areas are underpinned by a strong central office in New York, a diverse and functional Local Network system, and a reimagined digital organization. A realistic assessment of the UN Global Compact's existing ability to deliver against each of these four focus areas suggests that radical change is required across the organization. Successful transformation will require commitment to this change, directed toward the vision and ambition for 2030; openness to reorganization and redirection of efforts towards a common mission; attention to critical activities in key areas of focus; and a mature, professional, business-driven culture with deep links to the UN.



## MUST-WIN BATTLES

To deliver its Ambition for 2030, the UN Global Compact must take bold action across the “Must-Win Battles” identified in the *100 Days in Office Review*, including reinventing its business model, optimizing UNGC New York operations, and strengthening Local Networks within a revitalized governance framework that facilitates teamwork across the global organization:

CREATING SUSTAINABLE

### GROWTH

- **STRENGTHEN THE VALUE PROPOSITION:** enhance both global and local value propositions for diverse participants
- **REINVENT BUSINESS MODEL:** develop a consistent and sustainable global/local business model

OPTIMIZING THE GLOBAL

### ORGANIZATION

- **OPTIMIZE UNGC NY OPERATIONS:** ensure UN Global Compact has the right competencies and capabilities
- **STRENGTHEN LOCAL NETWORKS:** provide support to improve & empower LNs to deliver the 'global-local' vision

CLARIFYING & STRENGTHENING THE

### BRAND

- **HARMONIZE ISSUE AREAS & LEAD:** streamline thematic focus areas and recognize proven leadership
- **ACCELERATE UN-BUSINESS PARTNERSHIPS:** foster strategic & impactful collaboration between UN and business
- **STRENGTHEN INTEGRITY:** expand integrity measures across the initiative, but also across the UN ecosystem

## TRANSFORMATIVE CHANGES

Based on the insights from the stakeholder consultations and discussions with the Executive Management team, the UN Global Compact should seek to fulfill its unique role in creating a sustainable and inclusive economy based on eight critical ambitions for the organization:



1. **Diffuse** the Ten Principles as the global standard of responsibility for business



2. **Lead** and catalyze the business contribution to the SDGs through engagement and innovation



3. **Establish** and promote other universal, aspirational standards, met by leading companies (e.g. carbon price)



4. **Communicate** and quantify the impact of responsible business in delivering the SDGs



5. **Deliver tangible impact** through a strong physical and digital global-local network



6. **Define** new multi-stakeholder partnerships connecting business, the UN, governments, and civil society (e.g. crisis response)



7. **Speak truth to power** as champion and challenger for business (i.e. celebrate and call out)



8. **Dare** to be different with a mature, professional, business-driven culture and deep links to the UN system

These ambitions are intended so serve as inspiration for a transformational process across the initiative and will be an important element of the “One Global Compact” project that will be initiated at this October's Annual Local Network Forum in Dubai to build trust, common values, and improve teamwork across the initiative globally.



## 6 MWB 1: CREATING SUSTAINABLE GROWTH

### Strengthen the Value Proposition

While the UN Global Compact is seen as having a compelling value proposition, the strategic review revealed the need to enhance the value for participants and stakeholders at both the global and local levels – especially in terms of the quality and delivery of UN Global Compact services and offerings. The enhanced value proposition will be a critical enabler of the reinvented business model and will encompass the following key areas:



**UN & Government Connection:** Connection with the broader UN system and global sustainable development agenda with options for increased dialogue with governments



**Content & Forums:** Access to a curated repository of leading guidance, tools/resources, and multi-stakeholder forums & collaboration across a wide audience



**Local Action:** Access to engage with Local Networks around the world to provide country-specific guidance and drive meaningful country-level and regional impact



**Events:** Invitations to regional/global events with opportunities to build partnerships, sponsor and speak at events



**Reporting:** Commitment to mandatory reporting requirement that builds credibility and substance to being a Global Compact participant



**Logos & Recognition:** Usage of Global Compact Logos as recognition of support and options for recognition on the Global Compact website and reports

### Reinvent the Business Model

The current UN Global Compact business model is not sustainable – neither today nor for the future growth of the organization. Based on the ambitions and objectives of the organization, and upon review of industry leading practices, the UN Global Compact is guided by the following principles as it develops and implements a sustainable funding model for the initiative:

- Develop a more robust **multi-stream revenue model** with the expansion of business participant fees, donor government contributions, philanthropic grants, and other sources to ensure a diversified and sustainable business model
- Implement a **tiered participation model** that tailors offerings and requirements to the specific needs of individual organizations with compelling value propositions for participants at all levels
- Institute **mandatory fees** for business participants set according to company revenue and desired level of engagement
- Maintain a **voluntary entry-level fee for SMEs** to ensure inclusivity, diversity in size, and continued participant growth
- Communicate to participants that the **UN Global Compact is one initiative** made up of both the central office in New York and the various Local Network offices around the world – with fees supporting both

The combination of moving to mandatory fees for larger companies – and streamlining the business model of the initiative – creates the opportunity for more sustainable income for both the Local Networks and the UNGC New York, which is why these two financial mechanisms must change at the same time. The result will be an increased financial income for the entire initiative, as only 20 percent of business participants are currently making a financial contribution.



## Expansion of the Global Compact Government Group

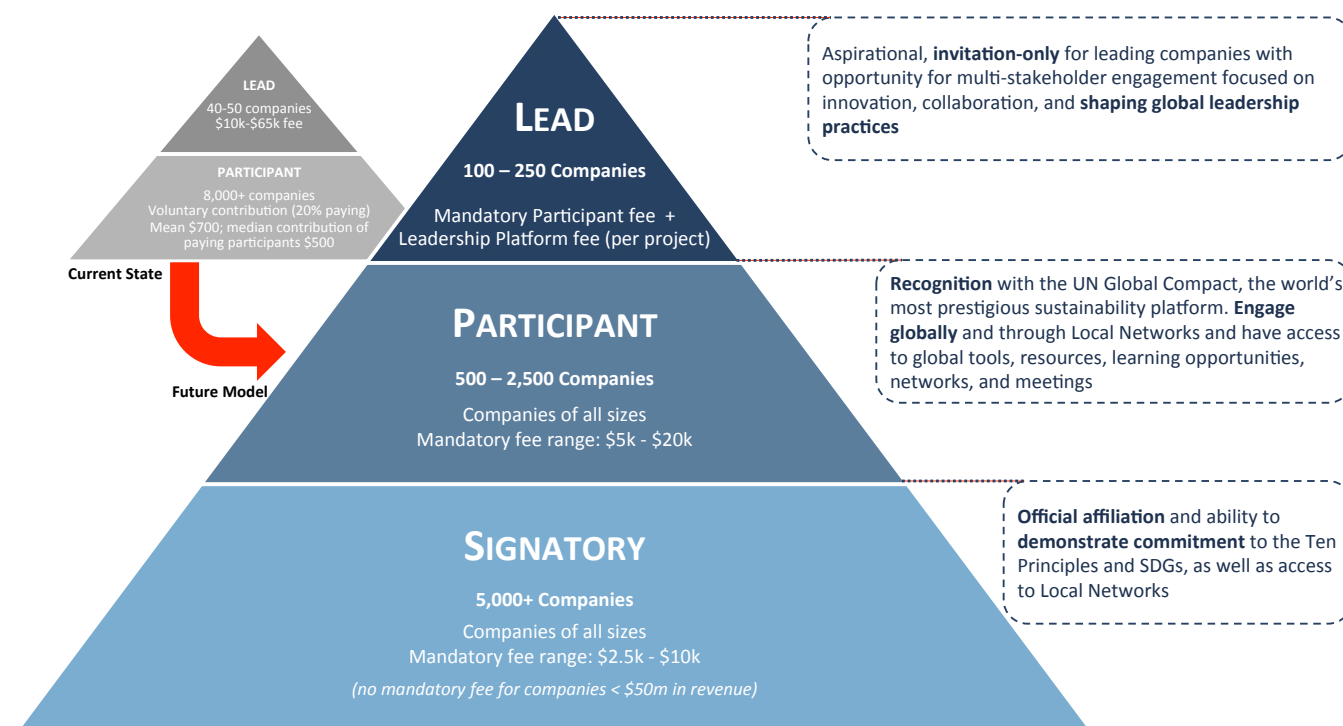
Broad-based Government support of the UN Global Compact will also remain important to the success of the initiative. As a public-private initiative, strengthening both public and private sector engagement and funding will be crucial. Contributions from a diverse range of Governments provides much needed financial support, but also sends an important signal of political support for the initiative.

Specifically, this important source of revenue for the UN Global Compact stems from voluntary public sector contributions from Member States to the UN Global Compact Trust Fund. In 2016, this amounted to approximately \$3 million USD. To date, the UN Global Compact Trust Fund has received contributions from 18 Member States. Moving forward, the UN Global Compact will pursue a range of activities aimed at expanding the number of Government contributors from both the global North and South. In addition, the UN Global Compact has begun exploring project-based contributions from Governments as a complement to their core contributions. Governments are also encouraged to support the development and strengthening of Global Compact Local Networks.

## Participant Tiers, Fee Structure, and Benefits

While expanding government and philanthropic funding is a top priority, the most urgent need is the introduction of a tiered participation model, where all large companies pay a mandatory fee that is specific to the organization's desired level of engagement. Small companies (<\$50m revenue) that simply seek to support the UN Global Compact's work, but have limited capacity to engage globally, are requested to make a voluntary contribution. Ideally, this fee structure will be implemented in a globally standardized manner to minimize administrative complexity and to more importantly present a simple, single compelling message about funding to business participants.

The UN Global Compact will have three tiers for participation:



- **LEAD:** The UN Global Compact will maintain an aspirational, invitation-only leadership tier, to shift focus to greater engagement and recognition of a broader group of sustainability leaders
  - A revitalized portfolio of Leadership Platforms that offer specific, compelling engagement opportunities will underpin a new proposition for leading companies. Participation in Leadership Platforms are priced individually and on an annual basis. With participation fees of \$20,000 per project per year, leading companies can tailor their engagement to their individual interest and needs at the specific point in time.
  - LEAD is transformed to a recognition scheme for companies that are recognized for sustainability strategies and performance, participate actively in at least two Leadership Platforms and report at the Advanced COP Level.
- **PARTICIPANT:** A new Participant level is established, with a mandatory annual fee
  - A new level of participation with the objective of converting existing companies to this new tier, with the offer of access to a new digital information and collaboration platform; increased networking and partnership opportunities; and a formal role in UN Global Compact-convened workshops, seminars and interactions with governments and the UN.
  - Mandatory participant fees are payable for all companies selecting to be categorized in this tier. Fees range from \$2.5k - \$20k according to the company's annual revenue.
- **SIGNATORY:** An entry-level, with mandatory fees for some, made available only to companies that do not wish to receive the full menu of benefits and opportunities available to them at the Participant level
  - Mandatory Signatory fees would be lower than Participant fees, from \$2.5K - \$10K according to annual revenues
  - To maintain inclusivity, small companies (annual revenue <\$50m), may be signatories with no fee
  - Subsidiaries of multinational corporations will be encouraged to engage with Local Networks and pay appropriate Local Network membership fees

With the introduction of the below mandatory fees, all UN Global Compact stakeholders must be prepared for an inevitable initial decrease of participants (and potentially Local Networks), but after thoughtful consideration, the UN Global Compact believes this is a necessary step to ensure the long-term viability of the initiative.

FEE LEVELS			
[Leadership Project fees are in addition to Participant Fees]			
Tier	Signatory Fee	Participant Fee	Leadership Project Fee (each)
>\$5b	\$10,000	\$20,000	\$20,000
\$1 - 5b	\$7,500	\$15,000	\$15,000
\$250m - 1b	\$5,000	\$10,000	\$10,000
\$50m - 250m	\$2,500	\$5,000	\$5,000
\$25 - 50m	Voluntary	\$2,500	\$2,500
<\$25m	Voluntary	\$500	\$2,500

The above participant tiers and associated fee structure are underpinned by a clear and enhanced value proposition, to be finalized during implementation, with clearly structured and communicated benefits by participation tier:

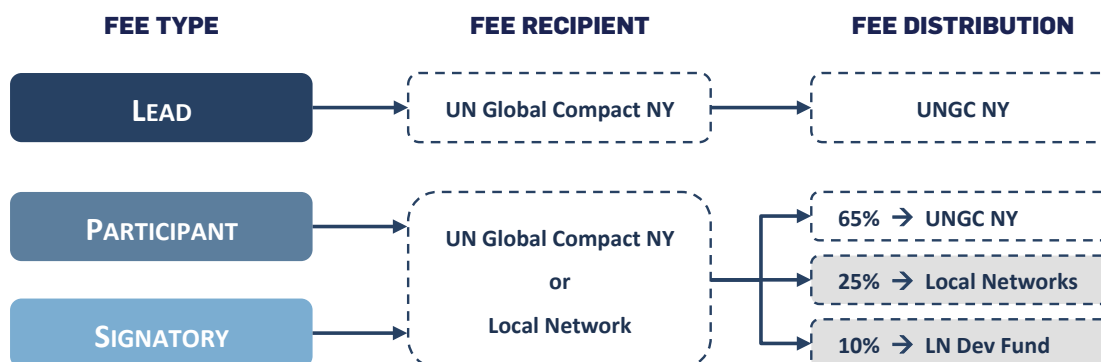
<b>UN Global Compact</b> Participant Tiers & Benefits		LEAD	PARTICIPANT	SIGNATORY
<b>COMMITMENTS</b>				
<b>Ten Principles</b>	Commit to the UN Global Compact Ten Principles	●	●	●
<b>SDGs</b>	Commit to have impact on the Sustainable Development Goals	●	●	●
<b>Reporting</b>	Commit to submit annual Communication on Progress [subject to review '17-18]	Advanced	Basic	Basic
<b>RESOURCES, TOOLS &amp; DIALOGUE</b>				
<b>Local Networks</b>	Access to engage with Local Network (additional fee for MNC subsidiaries & SMEs)	●	●	●
	Access to basic UNGC resources and materials	●	●	●
	Access to UNGC Compass, Global Solutions Platform & UN-Biz Partnership Hub	●	●	
<b>UNGC Platform</b>	Access to global learning material including leading tools, resources, webinars	●	●	
	Access to Leadership Platforms (for an additional fee)	●	[If Qualified]	
	Access to advisory role in development of future UNGC platforms	●		
<b>Global Events</b>	Invitations to attend and sponsor global UNGC events and UN side events	●	●	
	Preferred invitations to attend and speak at UNGC events, including WEF-Davos	●		
<b>RECOGNITION &amp; BRAND</b>				
<b>Logo</b>	Ability to show level of engagement and commitment to the UN Global Compact	"LEAD"	"Participant"	"Signatory"
<b>Website</b>	Company listing on the UN Global Compact website	●	●	●
	Company profiles on the UN Global Compact website	●	●	
	Expanded profiles of company, case studies, etc. on website and publications	●		

## Fee Collection and Distribution Models

There are several key factors to consider when operationalizing this new business model. Given the wide range in consistency and organizational maturity across Local Networks, it is important to develop a new Local Network Development Fund that is intended to support and fund capacity building within weaker existing networks, as well as provide seed funding for new networks.

To promote the idea that revenue generated from participants should flow to both to UNGC NY and LNs, and in response to specific concerns raised by diverse networks during the strategy consultation process, there are two options that LNs would choose from based on country and network specific circumstances:

## Revenue Sharing Model



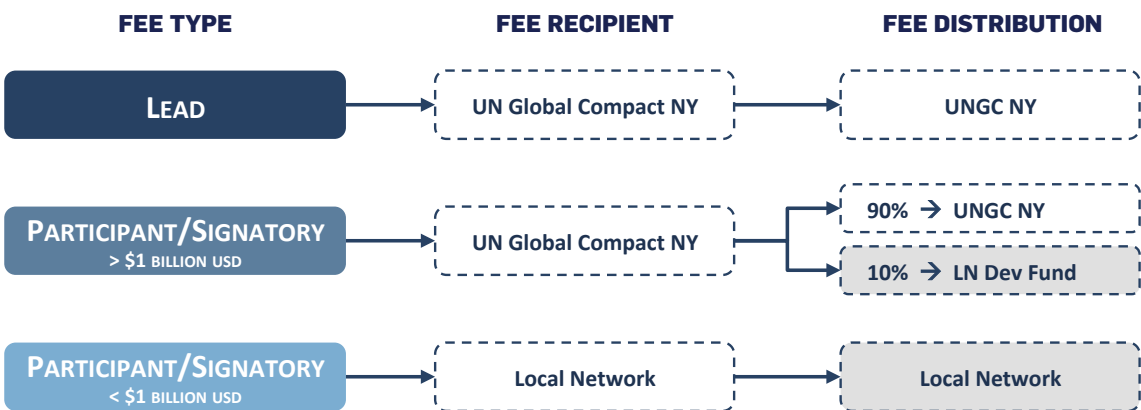
Under the revenue sharing model, UNGC New York or the LN collects mandatory signatory and/or participant fees from all companies >\$50m in annual revenue and distributes according to the revenue sharing model (guiding split levels: 65% UNGC NY, 25% LN, 10% LNDF).

The revenue sharing model will provide many benefits to the initiative, including:

- “One Global Compact” messaging to participants
- “Single check” for participants
- Economies of scale through investment in central participant relations & fundraising platform
- LNs do not need to develop separate billing and invoicing capabilities
- Clear commitment to supporting the LNs through capacity at UNGC NY
- UNGC NY ability to direct funding and support through Local Network Development Fund

The proposed revenue sharing percentages may vary based on the level of value and services being provided by Local Networks to participants in their country. However, it is important that LNs and their participants understand the integral value that UNGC New York provides and amounts shared with the office in New York should reflect that understanding.

## Global / Local Model



While the Revenue Sharing model may be preferred by networks that do not currently have infrastructure in place for revenue collection from participants, the Global / Local model *may* be preferred by more mature LNs that want to maintain participant relationship ownership locally and continue to collect fees. A Global / Local model would divide the portfolio of UN Global Compact business participants based on company revenue. Companies with >\$1b in annual revenue would primarily engage and pay directly to UNGC New York (LNs may charge multi-national corporation subsidiaries an additional fee for LN membership). Companies with <\$1b in annual revenue would primarily engage and pay directly to Local Networks.

The Global / Local model may be especially appealing to established, mature networks where participants directly (and/or only) engage with the LN (either by design or by preference).

The Global / Local Model will provide benefits including:

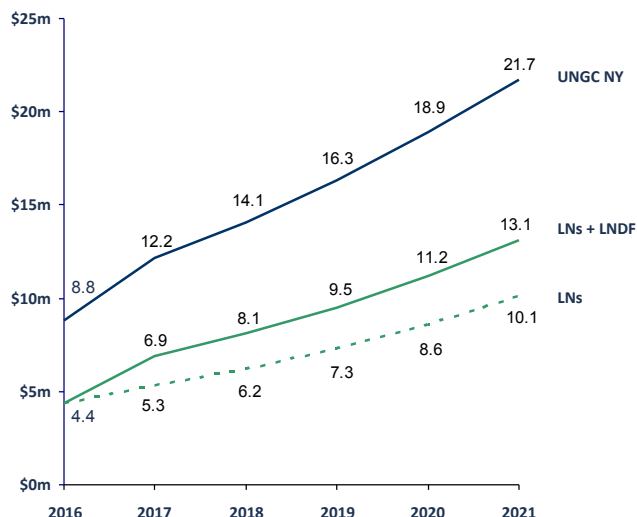
- Funds from mid-tier and SMEs will stay directly “in country”
- Provides greater LN ownership and flexibility
- Ensures LNs and UNGC NY provide viable value proposition to participants
- Reduced administrative burden of servicing smaller companies at UNGC NY

Given the wide scale changes that will be necessary, and the varying capacities of Local Networks for immediate implementation, operationalizing these new business models across Local Networks will follow a phased approach over the coming years.

## Financial Projections and Scenario Analysis:

Financial modeling projects that both UN Global Compact New York and Local Networks will experience significant increases in revenue from participant fees by 2020. Worst case scenarios that assume high delisting rates and low uptake of the participant tier project a more modest increase in revenue over time. The following initial projections do not include fees that Local Networks can continue to generate from other services, such as training. Actual financial results will naturally depend on the exact timing of implementation and final decisions regarding fee distributions.

**Projected UN Global Compact Participant Income: 2016-2021**  
Revenue Sharing Model - Annual contributions in \$m USD



### Revenue Sharing Projection

A Revenue Sharing model with a **65:25:10** distribution would result in material revenue increases for both UNGC NY and LNs, including the creation of a sizeable LN Development Fund

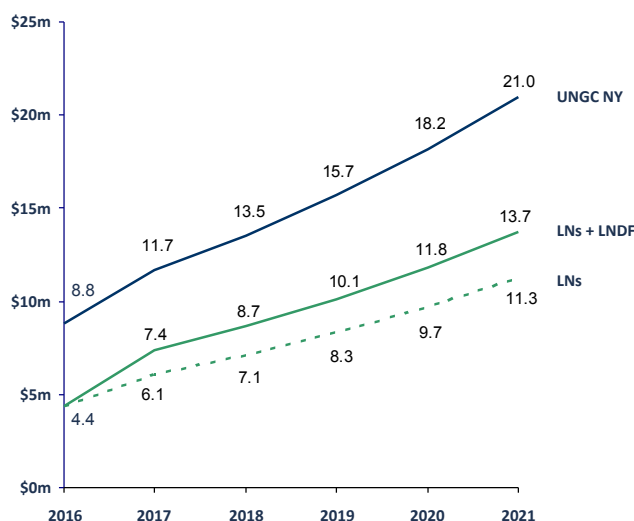
#### KEY ASSUMPTIONS

Company Revenue	Current	Future				
	Paying	Non-Paying De-list <sub>1</sub>	Total De-list <sub>2</sub>	Convert to Signatory	Convert to Participant	Convert to LEAD
>\$5b	31%	13%	9%	56%	30%	5%
\$1-5b	29%	20%	14%	53%	28%	5%
\$250m-\$1b	26%	23%	17%	51%	27%	5%
\$50m-\$250m	25%	25%	19%	53%	28%	0%
<\$50m	15%	0%	0%	95%	5%	0%

Notes:

1. Non-Paying De-list rate is the percentage of companies that do not currently make suggested voluntary contributions to HQ that would be de-listed for not paying the mandatory fee under the proposed model
2. Total De-list rate is the assumed percentage of all companies that will be de-listed for not paying the mandatory fee

**Projected UN Global Compact Participant Income: 2016-2021**  
Global/Local Model - Annual contributions in \$m USD



### Global/Local Projection

The Global/Local model, with companies paying directly to either UNGC NY or LNs would also result in material revenue increases for both, including the creation of a sizeable LN Development Fund

#### KEY ASSUMPTIONS

Company Revenue	Current	Future				
	Paying	Non-Paying De-list	Total De-list	Convert to Signatory	Convert to Participant	Convert to LEAD
>\$5b	31%	13%	9%	56%	30%	5%
\$1-5b	29%	20%	14%	53%	28%	5%
\$250m-\$1b	26%	23%	17%	51%	27%	5%
\$50m-\$250m	25%	25%	19%	53%	28%	0%
<\$50m	15%	0%	0%	95%	5%	0%

Notes:

1. Non-Paying De-list rate is the percentage of companies that do not currently make suggested voluntary contributions to HQ that would be de-listed for not paying the mandatory fee under the proposed model
2. Total De-list rate is the assumed percentage of all companies that will be de-listed for not paying the mandatory fee

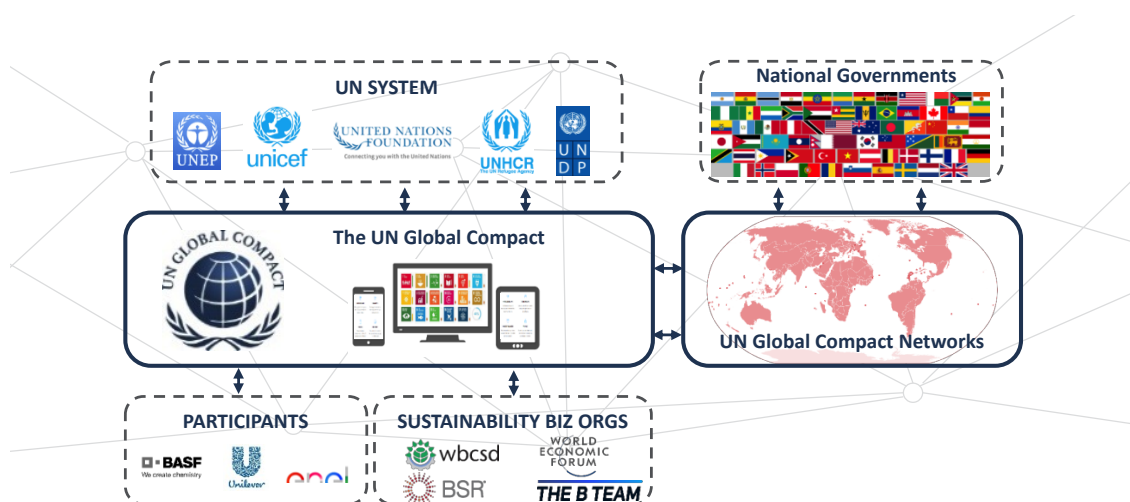
## 7 MWB 2: OPTIMIZING THE GLOBAL ORGANIZATION

### Optimizing the UNGC NY Organization

A number of capability gaps defined in the *100 Days Review* are already being addressed across the UN Global Compact Office in New York and the main priorities going forward include:

- **Enhance capabilities in participant relations and fundraising:** A new value proposition and funding model will demand specialized capabilities and increased resources to deliver greater engagement across the Global Compact's 8,900 business participants. A new Chief of Participant Relations & Fundraising has been hired to start on December 1<sup>st</sup>, 2016.
- **Refocus issue teams:** Meeting the ambition for the UN Global Compact to be a global advocate, curator, platform and connector focused on the SDGs demands a refocus away from investing in deep issue expertise and guidance. A new concept for Issue Platforms has been developed and is described in the Issue Area & LEAD harmonization section below.
- **Build digital competencies and technologies:** Introducing the "Platform of Platforms" will require a new set of digital and knowledge management competencies that will have to be built up across the office.
- **Build a global Local Network support organization:** A new global unit in the UN Global Compact office has been approved by the Secretary-General. It includes five positions as "Regional Liaisons" as described in the Strengthen Local Networks section below.
- **Invest in communications:** Strategic communications is a necessity and can highlight the impact of the UN Global Compact and participants to a broader audience.
- **Assess and prioritize internal processes:** To optimize and standardize across UNGC NY, including relations with Local Networks and other key stakeholders, a review of internal processes and ways of working will be required.

### Illustration of the "Platform of Platforms"



## STRENGTHEN LOCAL NETWORKS

This strategy has established four guiding principles that form the foundation of a reinvention of Local Networks, which achieves a balance of greater empowerment of networks and greater accountability to UN Global Compact New York:

- **Trust & Empowerment:** Empowerment, capacity building and accountability measures founded on respect and appreciation for collective impact and productive collaboration.
- **Growth & Maturity:** 'Right sized' portfolio that brings all networks to a standard baseline of quality; coordinated, transparent funding model to increase resources and support for Local Networks.
- **Governance & Accountability:** A new UN regional support structure anchored in the UNGC Office that will provide oversight and support for Local Networks; global funding set aside into a new Local Network Development Fund to provide seed funding for new and early-stage networks.
- **Quality & Consistency:** Aspirational standards and requirements for Local Networks; strengthened global governance; enhanced standards of transparency and accountability.

A new set of commitments from UNGC New York to support the development and evolution of Local Networks underpins the UN Global Compact's strategy for impact and achievement to 2030.

First, the UN Executive Office is in the process of approving a plan for the UN Global Compact Office in NY to have a fully fledged global support organization in place, including a Chief and five regional liaisons, which will be posted in various regions (Asia & Oceania, Africa, LATAM, MENA and Europe). Having a physical presence in each region will facilitate the building of capacity and sharing of best practices across existing local networks, as well as helping to establish new local networks in other UN Member States. This new structure will also allow for greater strategic alignment and more effective communication channels between UNGC New York and individual Local Networks within each of the five regions. Most importantly, this arrangement will also ensure that the UN Global Compact is always well represented at important regional meetings and is able to adequately engage companies of all sizes across the world to ensure that we are representing a truly global movement for responsible business.

Second, the Local Networks will be invited to join all of the upgraded Issue Platforms, as well as participating in shaping the focus of the platforms. Much of the issues work will be related to the "Making Global Goals Local Business" campaign and focus on local implementation of e.g. climate initiatives.

Finally, the establishment of a Local Network Development Fund, supported by a proportion of participant fees, will permit targeted investment of \$10m+ by 2021 across core functions; UNGC NY capacity for support and oversight; and as seed funding into early-stage Local Networks.



## 8 MWB 3: CLARIFYING AND STRENGTHENING THE BRAND

### Issue Area & LEAD Harmonization

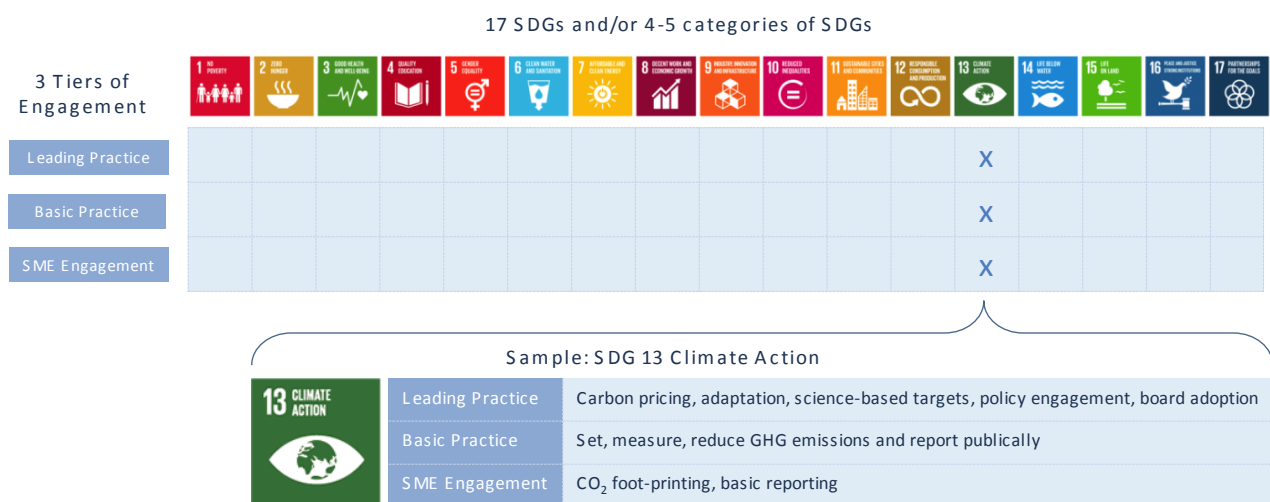
The issue areas are at the heart of the UN Global Compact. The solid, competent, norm-based approach to translating themes like climate change, human rights and anti-corruption have been the hallmark of the UN Global Compact for many years, and have attracted a wide range of companies, UN partners, and experts to the initiative's multi-stakeholder platforms. In light of the adoption of the 2030 Agenda for Sustainable Development, the Global Compact aims to update and refresh its programmatic work with a view to strengthen its role as a bridge between business and the UN and lead and catalyze the business contribution to the SDGs.

The new global engagement model is designed to provide a simplified and concise portfolio of activities that address global trends, developments and gaps in the corporate sustainability arena. Building on its legitimate authority in defining and advocating for corporate sustainability leadership standards and practices, the Global Compact will introduce a portfolio of platforms aimed at engaging companies toward the achievement of the SDGs. In 2017, the Global Compact will offer opportunities to engage in one **flagship platform** aimed at designing a Blueprint for SDG Leadership, four **cross-cutting platforms** on 1) breakthrough innovation, 2) innovative finance, 3) SDG leadership and reporting and 4) supply chain and the workplace, and four **thematic platforms** on 1) pathways for low-carbon development, 2) health and sustainable life-styles, 3) diversity and inclusion and 4) empowering vulnerable migrants and refugees.

The leadership platforms will be launched on 1 January 2017 and will be developed in consultation with LEAD companies, Local Networks, UN agencies, and relevant partners. The thematic orientation of the flagship platform will be reviewed every year and the substantive work of the platforms will be adjusted according to on-going priorities.



The 2017 flagship project will be the SDG Leadership Blueprint, which will aim to set expectations for how business can contribute to the SDGs. The Blueprint will define norms and guidance for what constitutes leadership practices under each area, what is expected from companies to be in basic compliance and what is expected from small and medium-sized companies. Under the Blueprint, companies will have the opportunity to express their support and commitments for individual or clusters of SDGs across a spectrum of performance – ranging from basic to leadership practices. The work undertaken within the Blueprint will help inform public positions taken by the Global Compact, develop an understanding of how to address the SDGs in their totality and in an integrated manner, and will serve as the basis for an annual business and SDG analysis.



The leadership platforms will run simultaneously for 2 to 3 years with standardized planning and reporting cycles and will aim at delivering specific outcomes in relation to the achievement of the SDGs. They will follow common characteristics including:

- Integrated thought leadership on clusters and combinations of SDGs with clear reference to the 10 Principles
- Engagement of UN partners, experts and Local Network representatives
- Ability to catalyze local action
- Fostering of partnerships between business, UN and other stakeholders

The platforms will be designed as an evolution of the existing initiative's programmatic work and will aim at engaging new sectors of business that have so far not been actively participating in the Global Compact.

## Broadening the LEAD Concept

Today, the UN Global Compact has 41 LEAD companies that form an exclusive group of very advanced sustainability companies. As part of the Issues Platform upgrade, the intention is to expand the LEAD group and link this status closely to the number of Issue Platforms in which qualified companies are participating. Consequently, companies will be considered LEAD companies if they meet the qualification criteria: have signed up for two or more platforms and commit to reporting at the COP Advanced Level. LEAD companies will have access to all leadership platforms including the flagship platform and will receive additional benefits such as an extended profiling on the Global Compact website, the use of the LEAD participant logo, an invitation for LEAD-only events and an advisory role for the development of future platforms.

## Streamlining the Engagement Model

The UN Global Compact will also streamline and strengthen its global engagement model with a view to building the new open "Platform of Platforms." This will offer opportunities for all participants to engage in the following:

- **Demonstrate commitments:** An automated online system housed on the Global Compact web portal allowing companies to publicly demonstrate their commitments to the 10 Principles and Statements developed by, for example, Caring for Climate, the Women's Empowerment Principles, the CEO Water Mandate and Business for Peace. Over time, the system will capture additional types of commitments including specific company goals and targets aligned with the SDGs.
- **Tools and Resources:** A new Global Compact digital hub will become a one-stop shop portal for business on the 10 principles and the SDGs with resources carefully curated and contextualized. The hub will profile content developed in-house as well as leverage relationships with other content providers from Local Networks, the UN and other strategic partners. A newly developed Compass will help companies navigate tools and resources based on their needs and priorities.
- **Learning and Sharing:** A series of 20-30 webinars, podcasts or expert meetings per year on topics of relevance to corporate sustainability, the 10 Principles and the SDGs ranging from goal setting, to social inclusion, decent work, preventive health and well-being, science-based targets, food systems etc. These opportunities will also be open to Local Networks and, to a large degree, will be developed with and feature the work of UN organizations, other business groups and experts from NGOs or service providers.
- **Leadership Platforms:** A portfolio of 8-10 platforms per year offered to an average of 20-40 participants per platform for an additional fee aimed at advancing business action on the SDGs and addressing some of the world's most pressing challenges.

## Accelerating Partnerships Between the UN and Business

Participants and stakeholders have highlighted a strong need for the UN Global Compact to play an even greater role as a partnership broker between business and the UN System at the global-level and the local-level via its Local Networks. The UN Global Compact will build on its unique positioning as the central entry point for business to the UN System and develop a well-resourced partnership function that will help guide GC participants to find UN partners with complementary knowledge, skills and resources.

The UN Global Compact will enhance support to GC participants to help them navigate the complexities of the UN System and broker connections. Building on lessons learned after many years of work in this area, the UN Global Compact will enhance its value proposition through:

- In-person and online strategic matchmaking including via the enhanced UN Business Action Hub;
- Compelling advocacy to inspire a new generation of more impactful partnerships;
- Improved coordination to build UN partnership capacity;
- Enhanced integrity measures and more effective ways of measuring and reporting on impact.

The UN Global Compact's issue area work will continue to be closely connected to UN implementing partners; country-level partnerships will scale up in alignment with GC Local Network SDG Action Plans and through stronger links to UN country teams; and a revitalized digital platform will enable the UN Business Action Hub to play an important role as a connector of the UN and Business.

With an institutional mandate as the Chair of the UN System Private Sector Focal Points Network, the Compact will also enhance coordination and capacity for private sector engagement across the UN system and strengthen its support to UN entities to develop and scale partnerships with business.

As more and more companies are interested in exploring opportunities to contribute to the SDGs, a new integrity challenge is emerging for the UN. Across the Organization, a consistent minimum standard doesn't exist for companies – either as suppliers or as partners to the UN – to ensure companies operate responsibly. The UN Secretary-General has issued Guidelines encouraging UN entities to require that the companies they partner with, have signed up to the UNGC 10 Principles, but this is not mandatory across the UN. This situation could potentially be a reputational risk for the UN and underlines the close link between forming partnerships with businesses and UN integrity requirements relating to responsible business conduct. The UN Global Compact aims to team up with UN agencies to address this potential risk.

## Strengthening Integrity

It is timely to consider strengthening the UN Global Compact's integrity measures as follows:

- Strengthened performance-based criteria will be introduced to determine eligibility for the UN Global Compact's leadership platforms and other high-profile engagement opportunities;
- An Integrity Committee and due diligence process has been developed to systematically gather and analyze information drawing on third party due diligence research and any major negative information found will be shared with the companies concerned;
- In some cases, the UN Global Compact HQ and Local Networks will be able to initiate dialogue facilitation with a company without waiting for a third party complaint;
- Consideration will also be given to revising the entry criteria for the UN Global Compact especially for companies in sensitive industries – in close consultation with the Board and Member States

In addition, the Global Compact will enhance support to the UN on integrity matters. This will include:

- Development of common partner selection criteria and partnership policies building on the existing Guidelines on UN-Business Cooperation
- Provision of centralized due diligence research tools and resources and facilitating better sharing of such information across the UN
- Coordinating a more coherent and resource-effective approach to integrity by enabling UN entities to apply Global Compact due diligence and integrity processes to their own partnership work
- Responding to UN Member State requests to enhance integrity and transparency through more systematic reporting and measuring of UN-Business partnership activity and impact across the organization.

## 9 NEXT STEPS AND GOALS FOR 2017

The ambitious direction set forth in this strategy requires a series of immediate actions for the upcoming year:

GROWTH	ORGANIZATION	BRAND
<ul style="list-style-type: none"> <li>▪ Successfully introduce mandatory fees for participants with revenue &gt;\$50m USD                             <ul style="list-style-type: none"> <li>– Roll-out in four waves during 2017</li> </ul> </li> <li>▪ Retain at least 60% of business participants in scope during the mandatory fee roll-out</li> <li>▪ Develop proactive recruitment strategy and action plan to increase the number of company participants by 10%</li> <li>▪ Initiate fundraising from Foundations aiming to raise \$300k USD</li> <li>▪ Maintain government funding level of \$3m USD while expanding the number of contributors to the UNGC Trust Fund</li> <li>▪ Formalize COP reporting format for SMEs to ensure smooth integration and retention</li> <li>▪ Continue to clarify and promote the value proposition for UNGC - and for LNs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Drive the “One Global Compact” culture &amp; values initiative, initiated in Dubai 2016</li> <li>▪ Successfully implement new, global LN support organization across all regions</li> <li>▪ Successfully implement new Participant Relations &amp; Fundraising unit within UNGC</li> <li>▪ Upgrade Communications &amp; Branding</li> <li>▪ Develop prominent digital capabilities</li> <li>▪ Map capabilities against the new 2020 Strategy within UNGC NY</li> <li>▪ Map capabilities against the new 2020 Strategy across the major LNs</li> <li>▪ Ensure close collaboration with the new Secretary-General and her/his staff</li> <li>▪ Increase collaboration across UN entities and strengthen role as Focal Point for UN-Business partnerships</li> <li>▪ Develop Global Compact Compass and Learning programme</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue to drive the “Making Global Goals Local Business” SDG campaign</li> <li>▪ Successfully introduce four new platforms on Solutions, Finance, Reporting, and Innovation on the SDGs</li> <li>▪ Revitalize and upgrade existing issues work into thematic platforms related to the SDGs and 10 Principles</li> <li>▪ Expand and transition the LEAD program into the new 9 Issue Platforms</li> <li>▪ Develop the 2017 Flagship Project: “Blueprint on Leadership for the SDGs”</li> <li>▪ Initiate the new, open “UNGC Platform of Platforms” as a strategic driver of digitalization for the entire global initiative</li> <li>▪ Strengthen capacity to support impactful global/local UN-Business partnerships</li> <li>▪ Publish annual UNGC Progress and Impact Report on the SDGs and 10 Principles</li> <li>▪ Implement upgrades to integrity measures</li> <li>▪ Continue upgrade of the UNGC brand to be more bold, innovative, and UN</li> </ul>

## 10 ROADMAP FOR SUCCESS 2017-2020


Successfully delivering the vision and ambition of the UN Global Compact to 2030 will depend on a 2020 roadmap that can pave the way to success in several 'must-win battles', aligned with the "Must-Win Battles" identified in the *100-Days Review*:

- **Creating Sustainable Growth:**
  - Enhanced engagement of participants: The Global Compact must secure greater engagement and involvement from participants to meet its ambition of catalyzing change and impact on society.
  - Secure, sustainable funding model: Secure funding will depend on making the case for contributions – mandatory or voluntary – demanding a clear value proposition and active engagement.
  - Aspirational voice of business: The initiative must use its unique position to articulate and promote a universal, aspirational set of standards and expectations for business.
- **Optimizing the Global Organization:**
  - Reinvigorated Local Networks: Establishing and promoting an aspirational standard for Local Networks, and actively managing their development and maturity, will be critical to promoting greater impact.
  - Enhanced collaboration with UN partners: The Global Compact's legitimacy will rest on its ability to catalyze action and impact on the ground, working with partners to deliver transformational change.
  - Revolutionized, "digital-first" capabilities, skills and ICT: A skills audit across the organization must determine where the organization needs to increase its capabilities and invest in talent development and digital technologies to deliver its vision.
- **Clarifying & Strengthening the Brand:**
  - Understanding of performance and impact: To build credibility and a focus on achievement, the Global Compact must develop methods and tools to track and communicate the impact of participants.
  - Reinvigorated brand and communications: Re-establishing the Global Compact in a renewed focus on a clear, consistent brand supported by strategic communications.
  - Re-inventing the issues programs, in light of the SDGs, into new systemic platforms.

### High-Level Implementation Plan

Realizing the scale of this transformation, for both the New York office and across the diverse Local Networks, it will be critical to take a phased approach in implementing the new strategy, particularly on the business model. Another foundational element is to expand direct connections between the office in New York, new regional liaisons, and each local network. This tailored support and collaboration will be needed to collaboratively assess local market conditions and to implement the appropriate fee collection and distribution model and, if applicable, appropriate revenue splits between UNGC NY and Local Networks. The following considerations and timeline will guide our transition:

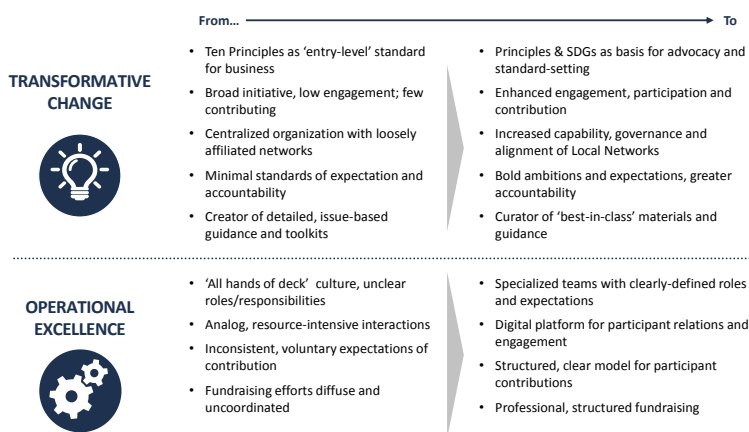
- Implementation of the mandatory fee will commence globally on January 1, 2017
- There will be a one-year grace period for business participants → no business participants will be de-listed during 2017 for not paying the mandatory fee
- Local Network business model implementation will be phased across 3 waves → Advanced, Active, Emerging

<div>UNGC 2020 STRATEGY</div> <div>High-Level Implementation Plan</div> <div></div>	KEY WORKSTREAMS	OWNER	2016	2017			
			4 <sup>TH</sup> QUARTER	1 <sup>ST</sup> QUARTER	2 <sup>ND</sup> QUARTER	3 <sup>RD</sup> QUARTER	4 <sup>TH</sup> QUARTER
	Communicate new participant tiers & mandatory fees to participants	PR&F Team NYC					
	Communicate new focus areas to internal/external stakeholders	Comms Team NYC					
	Conduct Business Model Transition within each Local Network	LN Team NYC					
	Implement processes & technology platform for fee collection/distribution	IT Team NYC					

## Twin Tracks of Change for the Future

Moving beyond immediate implementation, to deliver on the UN Global Compact's mission towards 2030, the 2020 Strategy requires twin tracks of change:

- **Transformative Change:** Commitment to radical change, directed towards the vision and ambition for 2030; openness to reorganization and redirection of efforts towards a common mission; an attention to critical elements and activities in key areas of focus; and a mature, professional, business-driven culture with a strong connection to the UN system.
- **Operational Excellence:** Renewed focus on operational performance, assessing capabilities of leadership and employees; a secure, sustainable financial model that directs sufficient resources to high-priority areas; clearly-articulated and agreed measures of success, tracked through relevant metrics and KPIs; and a digital-first strategy that enable a multiplier effect for global and local efforts and resources.



This journey of taking the UN Global Compact to the next level and turning the initiative into "a professional, mature global organization" will be a multi-year process. The following steps reflects our vision for how this evolution of the global initiative will unfold:



We realize that the next 3-5 years may completely redefine what sustainable business means for companies and for society, but regardless of what the future might hold, we are determined to continue promoting the 2030 Agenda and the SDGs across the global business community.

We must work with all like-minded stakeholders to mobilize a movement of responsible companies and organizations that can create the world that we all want. Many more companies in the world must join our journey to take the SDGs to scale and make responsible business mainstream. There is no Plan B – this is our chance to turn the tides and hand future generations a world and a planet fit and healthy for all.