ABOUT THE UN GLOBAL COMPACT

As a special initiative of the UN Secretary-General, the United Nations Global Compact is a call to companies everywhere to align their operations and strategies with ten universal principles in the areas of human rights, labour, environment and anti-corruption. Launched in 2000, the mandate of the UN Global Compact is to guide and support the global business community in advancing UN goals and values through responsible corporate practices. With more than 10,000 companies and 3,000 non-business signatories based in over 160 countries, and more than 60 Local Networks, it is the largest corporate sustainability initiative in the world.

ABOUT THIS REPORT

This annual management report is intended to provide the public with an overview of the Compact’s progress across key strategic and operational focus areas, as well as to highlight key activities undertaken, and resources created, to promote business action on UN issues and priorities. It is available on the UN Global Compact and Foundation for the Global Compact websites.
FOREWORD

With ten years left to deliver on the Sustainable Development Goals (SDGs), the world is entering the “Decade of Action.” It will be a decade of opportunity to deliver the bold vision set out by the 2030 Agenda for Sustainable Development — to create a better future for people and planet. But, at the starting line for this Decade of Action, the world is already falling behind. 2019 was the hottest year on record, concluding the hottest decade on record. Earth is facing a climate emergency, and the global community is running out of time to reverse the trend. At the heart of the 2030 Agenda for Sustainable Development is the pledge to leave no one behind. But the reality is that five years in, inequalities are rising between rich and poor, men and women, young and old, and North and South. And, failing to stop climate change will leave those most vulnerable even further behind. The window for business-as-usual, within Earth’s planetary boundaries, is rapidly closing. The United Nations Global Compact, with its mission to mobilize a global movement of sustainable companies and stakeholders to create the world we want, is putting out an urgent call to action for business, Government, and civil society to unite to raise ambition.

In the past 20 years since the founding of the UN Global Compact, business has stepped up. UN Global Compact participants have led on achieving the 2030 Agenda, and continue to do so. In 2019, the Compact took stock of progress over four years of the SDGs in the UN Global Compact Progress Report 2019. Based on an annual survey of business participants, the report found that 90% of participating companies have policies and practices in place for each of the Compact’s Ten Principles in the areas of environment, human rights, labour, and anti-corruption; and 81% of participants are taking some form of action on the SDGs. And yet, it is clear that commitments are not ambitious enough nor transformative enough to create the tipping points that are needed in order to deliver on the SDGs. Companies must step up ambition even further, and most of them know this. The 2019 UN Global Compact — Accenture Strategy CEO Study of 1,000 CEOs found that 71% of CEOs surveyed believed that business could deliver significant impact toward the 2030 Agenda, but only 21% of those CEOs believed that business was already doing so. The Compact has made a concerted effort to document the impact that business is having on sustainable development through the Progress Report and the CEO Study, and it is clear that ambition must be raised. For example, only 51% of participants have zero-tolerance policies for corruption, only 13% of participants require their suppliers to commit to the Ten Principles, and for 43% of small businesses, financial resources don’t extend to sustainability.

At the start of the Decade of Action, the private sector must challenge itself to aim higher, and the UN Global Compact is ready to help it do just that. With a network of over 10,000 business participants, more than 3,000 civil society representatives, and local networks on the ground in 68 countries, the Compact is uniquely positioned to drive ambition and impact where it is needed most on the road to 2030.

2020 GLOBAL STRATEGY

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

- **Legitimacy & Prestige**: Principle-Based, Normative Authority
- **Position within the UN**: Breadth & Global Reach, Inclusivity
- **FOCUS AREAS**
  1. Responsible Business & Leadership Practices
  2. SDGs as the ‘Lighthouse’
  3. Global / Local Platform & Connector
  4. Impact, Measurement & Performance
- **ENABILERS**
  Global Compact HQ, Local Networks, UN System
  Digital Engagement Platform
A substantive transformation has been required across the global organization to deliver against each of these four focus areas. As part of this multi-year journey, the UN Global Compact has developed across three distinct phases:

1. **Baseline**: securing the foundational people, processes and technology needed to deliver on future ambitions — getting the basics right

2. **Retention & Growth**: implementing a new business model to set the stage for sustained participant & financial growth

3. **Impact & Value at Scale**: expanding global-local capacities, capabilities and offerings to deliver game-changing impact

Aligned with its 2020 Global Strategy, the UN Global Compact has focused its activities on delivering against three crucial "Must-Win Battles":

1. Creating Sustainable **GROWTH**
2. Optimizing the Global **ORGANIZATION**
3. Clarifying and Strengthening the **BRAND**

As the timeline of the 2020 Global Strategy comes to a close, and the Compact looks at the progress made on the overarching goals for the strategy, there are only a few areas where the goals have not been fully realized. Achieving those will be the primary focus of 2020.
The purpose of this report is to provide United Nations Global Compact stakeholders with an overview of the initiative’s progress in key strategic and operational focus areas during 2019, as well as to highlight recent activities undertaken to promote business action on UN issues and priorities. Aligned with its 2020 Global Strategy, the UN Global Compact has focused its activities on delivering against three crucial “Must-Win Battles”:

1. Creating Sustainable **GROWTH**
2. Optimizing the Global **ORGANIZATION**
3. Clarifying and Strengthening the **BRAND**

These Must-Win Battles served as the basis for the below scorecard that identifies key related organizational goals and reflects progress through the end of the 2019 calendar year:

### UNGC 2019 ANNUAL MANAGEMENT REPORT

#### 2019 Balanced Scorecard

<table>
<thead>
<tr>
<th>GROWTH</th>
<th>GOAL</th>
<th>TARGET</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve overall net company growth target</td>
<td><strong>+5–10%</strong></td>
<td>+12.7%</td>
<td>MET</td>
</tr>
<tr>
<td>Achieve growth targets for large companies (&gt;550m) in 3 key markets: USA, China, Africa</td>
<td>USA: <strong>+29% (+45 new)</strong></td>
<td><strong>+40% (+60)</strong></td>
<td>MET</td>
</tr>
<tr>
<td></td>
<td>China: <strong>+45% (+20 new)</strong></td>
<td><strong>+81% (+27)</strong></td>
<td>MET</td>
</tr>
<tr>
<td></td>
<td>Africa: <strong>+21% (+3 new)</strong></td>
<td><strong>+23% (+4)</strong></td>
<td>MET</td>
</tr>
<tr>
<td>Increase number of companies at elevated Participant tier</td>
<td><strong>1,500 (+17%)</strong></td>
<td><strong>1,667 (+30%)</strong></td>
<td>MET</td>
</tr>
<tr>
<td>Roll-out CRM and pilot Pardot in select LNs</td>
<td>CRM: <strong>+20 LN (+30 total)</strong></td>
<td>+5 LNs</td>
<td>PARTIALLY MET</td>
</tr>
<tr>
<td></td>
<td>Pardot: +5 LNs</td>
<td>+10 LNs</td>
<td>PARTIALLY MET</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ORGANIZATION</th>
<th>GOAL</th>
<th>TARGET</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhance employee engagement through launch of inaugural engagement survey</td>
<td>100% EE participation</td>
<td>PARTIALLY MET</td>
<td></td>
</tr>
<tr>
<td>Launch standard operating procedure around Value Chain</td>
<td>Q2</td>
<td>COMPLETE</td>
<td></td>
</tr>
<tr>
<td>Formalize engagement between LNs and UN through RC on LN Board (or other close collab.)</td>
<td>80% of LNs w/UN Country Teams</td>
<td>80%</td>
<td></td>
</tr>
<tr>
<td>Expand &amp; Diversify the UNGC Gov’t Group</td>
<td>+≥2 Gov’ts from Global South</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FINANCIALS</th>
<th>GOAL</th>
<th>TARGET</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secure general contribution income target</td>
<td><strong>$8.9M</strong></td>
<td><strong>$9.3M</strong></td>
<td>MET</td>
</tr>
<tr>
<td>Secure Action Platform income target from private sector contributions</td>
<td><strong>$3.9M</strong></td>
<td><strong>$4.0M</strong></td>
<td>MET</td>
</tr>
<tr>
<td>Secure Gov’t funding target (core+earmarked)</td>
<td><strong>$3.4M</strong></td>
<td><strong>$3.6M</strong></td>
<td>MET</td>
</tr>
<tr>
<td>Secure income targets from grants &amp; events sponsorship</td>
<td>Grants: <strong>$1.3M</strong></td>
<td><strong>$1.4M</strong></td>
<td>MET</td>
</tr>
<tr>
<td></td>
<td>Events: <strong>$300K</strong></td>
<td><strong>$525K</strong></td>
<td>PARTIALLY MET</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BRAND</th>
<th>GOAL</th>
<th>TARGET</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finalize strategic approach to new CoP</td>
<td>Q4</td>
<td>PARTIALLY MET</td>
<td></td>
</tr>
<tr>
<td>Engage greater number of Participant companies in UNGC Academy</td>
<td>600 (+50%)</td>
<td>664 (+66%)</td>
<td></td>
</tr>
<tr>
<td>Launch three new ‘Global Impact Initiatives’ to drive tipping points on SDG Implementation, Gender, and Climate</td>
<td>SDGs: Q1 &amp; Q3</td>
<td>COMPLETE</td>
<td></td>
</tr>
<tr>
<td>Scale programmes through capacity-building sessions run by LNs on priority topics (SDG Strategy &amp; Innovation, Gender, Climate)</td>
<td>90% of LNs</td>
<td>91%</td>
<td></td>
</tr>
</tbody>
</table>

* Reforecasted
During 2019, the UN Global Compact registered strong results across all four areas captured in its Balanced Scorecard:

- **Growth:** The Compact is putting tremendous effort into growing participant numbers, proactively reaching out to underrepresented markets where there is major potential for growth. This continued recruitment drive is a new competency across the organization, and it requires both new skills and new systems — including the deployment of a Salesforce customer relationship management (CRM) system. Roll-out of the CRM has been successful, but is on-going and will stretch into 2020. A Local Network pilot of the Compact’s new marketing solution, Pardot, is delayed while the Compact works to set up the necessary infrastructure in priority Networks. Through 2019, the pivot from retention to growth under the new business model has yielded positive results with overall net company growth, and growth in key markets both exceeding their targets.

- **Organization:** A new standard operating procedure optimizing the organization’s value chain has been implemented allowing for more seamless scaling of programmatic offerings between UNGC NY and Global Compact Networks. To further scale its impact, the Compact explored a number of leads for potential additions to the Government Group from the Global South, and secured Colombia’s membership. The Compact will continue its efforts to add more Governments from the Global South in 2020. The Compact released a guidance note for UN Resident Coordinators, providing the tools necessary for each of them to join the Board of the Global Compact Network in their country in the cases where they have not already done so. This represents a significant step in further cementing the strong on-the-ground collaboration between UN Country Teams and the Compact’s Local Networks. The new employee engagement survey will transition to a values survey for UNGC NY and Global Compact Networks in 2020.

- **Brand:** Refining the approach to the Compact’s Communication on Progress (CoP) reporting requirement remains in process, and given the highly strategic nature of the project and required breadth of consultations, this effort will stretch into the first half of 2020. From a programmatic perspective, engagement in the UN Global Compact Academy — a key piece of the value proposition for companies at the higher Participant tier — has been significantly greater than expected, and engagement has already grown more than 65% year-on-year. That growth is expected to continue in 2020 as the Academy continues to deliver meaningful tools and guidance for companies in several languages. The roll-out of the Compact’s Global Impact Initiatives (GIIs) was a major milestone in 2019, providing companies around the world with concrete opportunities for engaging on some of the most timely and pressing societal challenges. The GIIs are a key pillar in the Compact’s effort to reach scale as they are intended to engage at least 1,000 companies each. They also represent the realization of a key element of the Compact’s Theory of Change, which intends to mainstream sustainable practices across a sizeable group of companies globally.

- **Financials:** The new engagement model has been hugely successful for both UNGC NY and Global Compact Networks around the world. Both parts of the global organization are bringing in more revenue from more participants, and that growth is expected to increase over the next few years. Notably, financial growth on the Network side has increased even faster than that of UNGC NY. Financial results for 2019 were very favorable, with the Compact exceeding its targets on all metrics, especially general contributions from participants. This continued financial growth serves as a strong indicator of the merits of the Compact’s recently implemented mandatory contribution business model.

While transforming the Compact has been a holistic process, requiring progress across all of the goals, the Compact’s most transformational achievements in 2019 can be summarized in only three buckets:

- The success of the **engagement model** and the participant and financial growth that it has led to on a global scale.

- Sustained and impactful programmatic efforts on the topics of **climate, ocean**, and **financing the SDGs**.

- The launch of the new **Global Impact Initiatives**, which will mobilize business at the scale necessary to reach tipping points and see large-scale impact on sustainable development.
Creating Sustainable GROWTH

The Compact exceeded its 2019 growth targets both overall and in key markets, supported growth at the local level by rolling out a CRM tool to select Global Compact Local Networks, and diversified its income streams by growing funding from grants. The Compact also enhanced its engagement with Governments — with a specific focus on the Global South — through both its Government Group and Group of Friends. Going forward, the Compact will continue to prioritize the diversification of the Government Group, and will look to add even more Governments from the Global South.

Optimizing the Global ORGANIZATION

The Compact made efforts during 2019 to embed its Theory of Change into its operations, primarily through a new Value Chain model. In the spirit of “One Global Compact,” UNGC NY supported the Local Networks in further professionalizing, and in light UN Reform, the Compact worked more closely with UN partners, including building UN-LN connections.

Clarifying and Strengthening the BRAND

A major focus of 2019 was the development and launch of the new Global Impact Initiatives, which are run through the Local Networks, and aim to drive impact through scale. In addition to delivering the GIIis to participants, Local Networks also ran their own Making Global Goals Local Business events with support from UNGC NY. This strategic development of the MGGLB event series aims to scale impact by reaching participants in 8 different countries each year. The redesign of the CoP is ongoing, with the new CoP set to be announced in Q2 2020.

2019 Strategic Priorities

- Intensify Participant Growth and Engagement Across Pivotal Markets & Sectors
  - +5-10% overall net company growth
  - +21% growth in USA, +90% in China and +35% in Africa
  - Roll-out CRM to LNs and pilot Pardot in LNs prioritized for growth and optimize the website for company engagement
- Diversify Government Group Composition & Enhance Substantive Engagement
  - Add +2 new Government Group Member States from the Global South
  - 30 Member States in attendance for each GoF meeting with emphasis on increasing participation of G77 Member States by >10%
  - +$100k in Gov't group core and project-based contributions, including for strengthening of LNs in developing countries
- Maintain and Expand Fundraising Capacity & Diversify Income Streams
  - Leverage strategic fundraising support to enhance internal capabilities and define concrete opportunities
  - Secure $1.6m in funding from grants ($1.3m) & events sponsorship ($300k)
- Implement first wave of 12 LNs to work based contributions, including for
  - Implement a consistent approach to
  - Conduct organizational review to anchor new Theory of Change into strategic processes and value chain to maximize impact at scale
- Enhance Ability to Deliver Locally
  - 100% of LNs have fully implemented new Quality Standards
  - 50% of LN staff and Board Chairs around the world have completed all relevant Accelerator modules. All new LN EDs are hired with support from UNGC NY
  - Develop and implement new policy for Network alignment with UNGC name and brand
- Enhance the Impact of UNCG Collaboration with UN system
  - Implement agreements with 5 priority UN partners to strengthen collaboration at the global & local level (UNDP, UNOPS, UNEP, UNIDO, UNICEF)
  - Implement first wave of 12 LNs to work closely with UN Country Teams to deliver impact on the SDGs
- Refine COP to Expand Data Capture and Further Enhance Integrity Standards
  - Develop new COP concept (by Q2) and conduct wide-spread consultations (by Q4) to now capture progress on SDGs
  - Develop a concept description for a future-state data warehouse (by Q2) with an approved go-forward plan (by Q4)
  - Implement a consistent approach to integrity and transition LEAD from a membership initiative to one that recognizes engagement
- Pivot Ways of Working into Platform of Platforms Concept
  - Develop new two-year strategy to include more content partners and a stronger emphasis on supporting LNs
  - Develop new strategy to identify concrete opportunities for collaboration with peers in the business sustainability landscape
  - Implement new communications strategy & enhance brand externally and across UN system
- Drive Impact Through Scaling of Programmatic Offerings
  - Launch new ‘Global Impact Initiatives’ to drive tipping points on SDG implementation (by Q3), gender (by Q3), and climate (by Q4)
  - Ramp up mainstreaming activities through Academy (+50% more companies) & launch Navigator in Q4 2019
  - Launch key products from Action Platforms to all UNCG participants in the areas of: breakthrough innovation, finance, ocean
PARTICIPANT SNAPSHOT

The UN Global Compact experienced steady growth in 2019 and now has a participant base comprised of:

- Business Participants: 10,475
- Non-Business Participants: 3,413
- Total Participants: 13,888

BUSINESS PARTICIPANTS

Growth: During 2019, 1,861 new business participants joined the UN Global Compact, bringing the cumulative net number of businesses to 10,475. This represents overall net company growth of 12.7%, exceeding the 2019 goal of between 5% and 10%. As in previous years, regional distribution of new joiners tracked closely with the regional distribution of all companies, with the highest number of new joiners coming from Western Europe. However, the Compact also saw strong growth numbers in Africa, China, and USA, where a concerted effort was made to attract more large companies. The Compact has historically been underrepresented in these markets, and efforts made over 2018 and 2019 to grow there have been fruitful. In 2019, UN Global Compact participants with annual revenue over 50 million USD grew by 23% in Africa, by 37% in USA, and by 61% in China. The Compact will continue to focus on growing in those markets in 2020.

Delistings: 1,442 business participants were delisted from the Global Compact in 2019, with 67% of them being expelled due to a failure to communicate on progress — the primary requirement for continued participation in the initiative. Of the remaining 33% of delistings, the majority were delisted for failure to sign up to the new engagement model. 295 companies were delisted for that reason, while an additional 155 companies withdrew voluntarily.

NON-BUSINESS PARTICIPANTS

During 2018, 483 new non-business participants joined the initiative, bringing the total to 3,413 non-business participants, and 465 non-business participants were delisted from the initiative for failure to submit a biennial Communication on Engagement (COE).
3 ORGANIZATIONAL SNAPSHOT

The United Nations Global Compact is comprised of a headquarters office located in New York (UNGC NY) and a series of Global Compact Local Networks around the world. The UN Global Compact is supported by the Foundation for the Global Compact, a US-based a 501(c)(3) non-profit that exists solely to provide vital financial, operational and programmatic assistance for the work of the UN Global Compact. The Foundation for the Global Compact is also headquartered at UNGC NY. The office leads on the development of the organization’s strategy, programmatic offerings and global events, and manages strategic relationships with the UN, Member States and participants engaged at the global level. The office also handles global communications and marketing and manages the initiative’s administration needs.

Global Compact Local Networks are multi-stakeholder initiatives that advance corporate sustainability at the national and regional level by helping companies understand what responsible business means within their national context. Organized and run locally, Local Networks offer a venue for both local firms and subsidiaries of foreign corporations to improve their ability to put sustainability commitments into action and to build local partnerships. As of the end of the December 2019, the UN Global Compact has 68 Local Networks spread across the Compact’s five regional groups: Africa, Asia-Pacific, Eastern Europe and Middle East, Latin America & Caribbean, and Western Europe & North America. Over 50% of Networks are located in developing countries.

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

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

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

The UN Global Compact operates as ‘One Global Compact,’ with UNGC NY and Global Compact Local Networks working as one team with a shared set of values. Those values, represented in the model below, were developed in the spirit of ‘One Global Compact’ through a collaboration between UNGC NY and the Global Compact Local Networks.

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

THEORY OF CHANGE

Like most mission driven organizations, the Compact uses a Theory of Change (ToC) as a guiding methodology for how the initiative seeks to bring about its desired change in the world. In short, the Compact’s ToC explains what the initiative does to change behavior within business and how this behavior change then positively impacts people, planet and prosperity. The graphic below is a high-level representation of the Compact’s ToC and the three key approaches it will leverage:
Through the Action Platforms, the Compact has focused on the first track of the Theory of Change. These diverse Platforms help drive innovation and thought leadership for companies to advance responsible business activities and fill emerging gaps in meeting the Global Goals. Action Platforms provide value by engaging a sizeable number of important stakeholders including business, civil society, and Government, but they also create thought leadership that can then be cascaded to thousands of companies. The Compact has primarily been delivering on this ‘Scaling Globally’ track through the UNGC Academy learning platform, which provides on-demand sessions and other e-learning tools in multiple languages to UN Global Compact Participants all around the world. But in 2019, the Compact’s efforts in the ‘Scaling Globally’ track significantly expanded with the launch of the Global Impact Initiatives (GIIs).

GLOBAL IMPACT INITIATIVES

To deliver impact at scale, the Compact has developed four GIIs designed to generate behaviour change across a critical number of Participants and Signatories. Delivered primarily through Global Compact Networks, GIIs offer diverse engagement opportunities, including awareness raising campaigns, trainings, mentoring and blended learning. Along with the UNGC Academy, GIIs will be a key accelerator in mainstreaming best practices and innovations to help achieve the SDGs.

GIIs build on the Compact’s existing programmatic thought-leadership work, best practices and resources. With a view to change the behavior of at least 1,000+ companies each, the portfolio of GIIs was selected and developed based on meeting two important criteria:

- Address the most pressing needs of society and planet that require ambitious action at scale
- Respond to existing gaps where business would benefit from practical support to take meaningful action and accelerate impact

Together, these criteria work to ensure that the GIIs will succeed at mobilizing business toward tipping points. The four GIIs announced in 2019 are listed below:

- **SDG Ambition** will mainstream the Ten Principles and the Global Goals into business strategy, operations, and stakeholder engagement
- **Target Gender Equality** will set ambitious targets and increase women’s leadership at all levels of business including in the supply chain
- **Target Climate 1.5°C** will set ambitious science-based targets and take business action to deliver on a 1.5°C carbon future
- **Young SDG Innovators** will identify young talent to accelerate business innovation for the future
ANNUAL SPOTLIGHT: BUSINESS AMBITION FOR 1.5°C

The scale of the climate crisis is more visible than ever and in 2019, citizens have taken to the street as never before demanding ambitious actions from Governments and business. The science behind the recent wave of protests is clear: in October 2018, the Intergovernmental Panel Climate Change (IPCC) released its groundbreaking “Global Warming of 1.5°C” report, stressing the need to limit global warming not only to 2°C but rather to 1.5°C to secure a livable and healthy future on planet earth. The report confirmed that every fraction of a degree matters, and demonstrated how a global warming of 1.5°C rather than 2°C would make a world of difference for millions of people. Aligning with the latest climate science, the UN Global Compact decided therefore to boldly raise the bar for business climate action. At the 2018 climate negotiations (COP24) in Katowice, Poland, Lise Kingo called on companies to set science-based emission reduction targets with a renewed level of ambition, one that aligns with 1.5°C pathways.

In order to provide companies with a clear pathway on how to align with 1.5°C, the partners of the Science Based targets initiative (SBTi) came together and in June 2019, and the “Business Ambition for 1.5°C” campaign was officially launched to scale up business climate action and mainstream science-based emission reduction targets aligning with a 1.5°C future. The campaign is backed up by a historic coalition of UN, Business organizations and NGOs, united behind one strong message: our ambitions and actions need to be bolder if we are to stand any chance of winning this race.

BUSINESS AMBITION FOR 1.5°C

Through this campaign, businesses commit to set ambitious climate targets aligned with limiting global warming to 1.5°C above pre-industrial levels and reaching net zero by 2050. The targets are then validated by the Science Based targets initiative, which has also released target-setting resources to guide businesses in their journey to bolder commitments.

Throughout its development, the UN Secretary-General has been one of the most vocal supporters of the campaign, as shown during the UN Climate Action Summit of September 2019. The Business Ambition for 1.5°C campaign positioned itself as one of the main deliverables of the Summit.
The Climate Action Summit paved the way for a COP 25, during which businesses, investors, cities and other non-state actors stepped up their ambition, sending clear signals that the transition from a grey to a green economy was already under way, while political negotiations and governments failed to deliver sufficient results. During COP 25, the Business Ambition for 1.5°C campaign was an integral part of the Climate Ambition Alliance — a multi-stakeholder platform bringing together state and non-state actors — and helped double the number of businesses in the alliance. With the announcement that 177 companies — representing 36 countries, 28 sectors and more than $2.8 trillion of market cap — stepped up through the campaign, COP 25 and the Caring for Climate High-Level Meeting was an important stepping-stone and momentum for shifting markets and anchoring science-based targets aligned with 1.5°C as a new corporate norm. These companies are sending a powerful message to both society and governments: business is ready to act on climate change, and is asking to governments to do the same and create a favorable environment for the transition to a net-zero future.

2020 is a crucial year for climate action: countries must enhance their contributions to the Paris Agreements, the so-called Nationally Determined Contributions (NDCs), as current policies place the world and global temperatures on pace towards a catastrophic 3.9°C by 2100 scenario.

In the lead up to COP 26 in November 2020 in Glasgow, the UN Global Compact will continue mobilizing companies at the international and local level for bold climate action with the highest level of ambition, to enable positive ambition loops where private and public partners can drive more meaningful climate action and enhance national climate policies. Business Ambition for 1.5°C will continue to be an integral and central element of this effort.
UN Global Compact programmes seek to support the initiative’s vision to mobilize a global movement of responsible companies and organizations to create the world we want. Programmes are rooted in the Ten Principles and are multi-stakeholder in nature to maximize collaboration and impact across business, civil society, Governments and the UN.

As a key element of the compact’s 2020 Strategy, UN Global Compact programmes have been retooled to provide timely, consistent and relevant engagements for large and small companies from all regions. Programmes build on nearly two decades of issue area expertise across the topics of environment, social sustainability, economic development and finance. They seek to mobilize business to meaningfully contribute to the 2030 Agenda on Sustainable Development through a principles-based approach, and demonstrate the essential role that the private sector can play in contributing to the broader UN goals and priorities.

As illustrated in the graphic below, the programme portfolio is comprised of interrelated and reinforcing pieces that, when combined, seek to achieve three goals aligned with the organization’s theory of change:

1. Mainstream responsible business practice
2. Foster leadership and innovation
3. Advocate for an enabling environment to significantly scale the uptake of responsible business

The programme portfolio comprises 5 key areas: a set of global narratives aimed at shaping the sustainability agenda, the UN Global Compact Academy, a set of Action Platforms, Digital Resources, and Local Network Playbooks. All elements are designed to help the Compact reach maximum impact by leveraging its unique value proposition.

KEY MILESTONES AND ACHIEVEMENTS IN 2019

- Action Platforms continued to push the needle on sustainability performance by delivering numerous frameworks and tools to inspire and guide business everywhere
- The Academy expanded its learning content and now offers on-demand materials in four additional languages (Chinese, French, Portuguese, and Spanish) for 22 on-demand sessions, 15 Essentials Guides, and 4 E-Learning Tools.
- Global Impact Initiatives (GIIs) were introduced to strengthen global-local collaboration in the following three thematic areas: SDGs, climate action, and gender equality
- The Compact’s Business Ambition for 1.5°C — Our Only Future campaign encouraged companies to take more ambitious action on climate, and companies rose to the challenge
- A new sustainable finance strategy was launched to empower companies as a global voice in the redesign of finance for sustainable development
SHAPING THE GLOBAL SUSTAINABILITY AGENDA: HIGHLIGHTS FROM 2019

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

- The Compact celebrated International Women’s Empowerment Day (8 March) by co-hosting the Women’s Empowerment Principles (WEPs) Annual Forum on 14 March along with UN Women and the UN Office for Partnerships (UNOP), and participating in the Ring the Bell for Gender Equality Initiative to raise awareness of the critical role that financial markets can play in driving progress on gender equality. Additionally, the Compact organized a CEO Roundtable on 14 March, in partnership with Male Champions of Change, convening 20+ business leaders to advance gender equality in the face of backlash against global diversity and inclusion efforts.

- A record number of 20 Global Compact Local Networks attended the 2019 UN Forum on Business and Human Rights — the largest annual gathering on this topic — and shared local perspectives that were featured in various sessions. At the Compact’s official Forum session on the interlinkages between corruption and human rights, Lise Kingo launched the report “Navigating the Future of Business & Human Rights: Good Practice Examples”, which is structured around seven major themes: future of work, climate justice, effective remedy and grievance mechanisms, migrant rights, gender equality, due diligence, and tackling working poverty. In addition, the Compact organized its annual “Business 4 Peace” event on the sidelines of the Forum, attended by Local Networks, business, partners and experts.

- The UN Global Compact continued working closely with the ILO to support its’ participating companies in integrating the Compact’s labour principles into their business operations through learning, capacity building, action and advocacy. In 2019, both parties continued to co-chair the Child Labour Platform — the leading business initiative to eradicate child labour in supply chains — and the ILO continued to support the Compact’s Action Platform on Decent Work in Global Supply Chains. As a partner of the Global Deal Initiative, the Compact continues promoting the principle of social dialogue through emphasizing public-private partnerships and multi-stakeholder collaboration in all work.

LEADING THE WAY TO THE UN CLIMATE ACTION SUMMIT AND A 1.5°C FUTURE

2019 was poised to be a defining moment in time in the implementation of the Paris Agreement. The IPCC Special Report on Global Warming of 1.5°C future was a stark reminder of both the immense challenge of climate change and the dramatic scale and pace of the effort required to keep the world safe. It was therefore critical for the UN Global Compact to help build the momentum leading up to the UN Climate Action Summit, held on 23 September, and to raise corporate ambition to tackle climate change.

The Compact supported a number of priority engagements for the Climate Action Summit including taking on the following tasks: facilitating private sector representation at the Global Conference on Strengthening Synergies between the Paris Agreement and the 2030 Agenda for Sustainable Development in Copenhagen on 1-3 April; hosting a Business & Government Climate Luncheon on 10 April with UN permanent Missions; and organizing a series of dialogues between the Special Envoy for the Climate Action Summit and business at global and local levels with support of Global Compact Local Networks.

In order to inform the private sector about the Summit and related engagement opportunities, the Academy hosted two Influencer Series sessions on the topic. An additional session discussed how business can engage post the summit in the lead up to COP25. The sessions received over 2,500 registrations.

On 13 June, the UN Global Compact launched the Business Ambition for 1.5°C: Our Only Future campaign, a call-to-action signed by 30 global leaders from business, the UN and civil society, that asks companies to commit to set science based targets aligned with a 1.5°C trajectory for a net-zero carbon future. For the first time, the UN, leading business organizations, and climate leaders came together around a common call-to-action, sending a powerful signal that science-based target-setting presents a significant opportunity for businesses to step up when it comes to tackling climate change and
limiting global warming to 1.5°C. By 19 December 2019, 177 companies — with a combined market capitalization of over $2.3 trillion and annual direct emissions equivalent to 73 coal-fired power plants — had joined the campaign. Local Networks around the world supported the campaign through translating materials, promoting it on social media and events, and working to mobilize companies to commit at the country level.

Following the landmark Climate Action Summit on 23 September, the Compact kept the momentum going by convening the annual High-Level meeting of Caring for Climate, as part of COP 25/CMP 15 in Madrid. The event was attended by 60 senior executives from the private sector together with 40 civil society, United Nations and Government representatives. In his speech, the Secretary-General recognized the critical role of business in the fight against climate change, highlighting the "Business Ambition for 1.5°C" campaign as one of the "pioneering new ways of doing business and driving systemic change throughout the global economy."

SUSTAINABLE FINANCE
In 2019, the UN Global Compact initiated a new sustainable finance strategy to enhance the contribution of the private sector in closing the SDG financing gap, and to unlock economic opportunities aligned with the Ten Principles. The Compact is tapping CFOs to engage in this effort and has called on companies to take action in three high-impact areas: to explore new financial mechanisms such as SDG bonds; to develop an integrated model for SDG-aligned corporate finance; and to take an SDG approach to foreign direct investments and public-private partnerships. By concentrating on these areas, the Compact seeks to unleash the potential in corporate balance sheets to drive SDG impact.

In collaboration with the Principles for Responsible Investment (PRI), the UN Global Compact launched a series of SDG Investment Forums to connect companies, investors, and governments, and to strengthen private sector understanding of SDG related investment opportunities at the regional level. SDG Investment Forums are intended to provide a platform for companies to showcase the value of their SDG strategies, while helping investors understand potential investment opportunities in specific emerging markets. Throughout 2019, the UN Global Compact and PRI organized Forums in Sao Paulo, Johannesburg, and Milan, attracting over 700 attendees.

Recognizing the potential for CFOs to support this work, the UN Global Compact launched a taskforce of Chief Financial Officers for the SDGs at the 2019 SDG Investment Forum in Milan. The Taskforce aims to catalyse corporate investments towards the SDGs, harnessing the tools available to CFOs to support SDG-aligned business strategies. The UN Global Compact is also contributing to the UN Secretary-General’s Global Investors for Sustainable Development (GISD) Alliance, a CEO-driven network for SDG investment.

GLOBAL IMPACT INITIATIVES
In an effort to drive tipping points and scale impact to address critical global challenges, the UN Global Compact has initiated global-local collaboration programmes in the following three thematic areas: SDGs, climate action, and gender equality. This suite of Global Impact Initiatives (GIIs) — designed in collaboration with Local Networks — builds on existing tools such as the Science-Based Targets initiative and the Women’s Empowerment Principles to deliver programmatic content at scale. Given that the world is behind-target on sustainable development, four years after the introduction of the SDGs, it will be critical for the Compact to drive the mainstreaming of responsible business models and practices on a global scale, and the GIIs are key to making this happen. Additional information on the Global Impact Initiatives is detailed in the Local Action: Global Compact Networks section of the report.
THE UN GLOBAL COMPACT ACADEMY

The Academy is the Compact’s online platform that offers Participants actionable learning opportunities to advance their sustainability performance across a range of issues covered by the Ten Principles and SDGs. The Academy’s 2019 Learning Portfolio covered various topics across the Compact’s global priorities, including aligning business strategies with the SDGs, driving climate change action, closing the gender gap and navigating UN-business partnerships.

Translation of Academy resources was a major focus for 2019. Translated on-demand materials in Spanish, Portuguese, French and Chinese are now available on the Academy Learning Platform for 22 on-demand sessions, 15 Essentials Guides, and 4 E-Learning Tools. Future learning materials will also be offered in the five languages on the platform. The Academy continues to grow and has now engaged with approximately 750 unique Participant companies, over 2,000 individual users on the platform and another 1,400 individuals reached through open sessions.

ACTION PLATFORMS

Through its portfolio of Action Platforms, the UN Global Compact invites businesses to collaborate with like-minded peers and experts to develop unique and innovative approaches to critical sustainability issues. Throughout 2019 the portfolio of platforms brought together approximately 130 companies with over 40 partners to develop and launch a series of frameworks and tools across topics including health, decent work, ocean, climate, water, reporting, finance, and Goal 16. Action Platform deliverables build on the knowledge and experience of platform participants and partners and are intended to be broadly disseminated and to serve as inspiration and guidance for business everywhere.

» Reporting on the SDGs: Since the launch of three connected SDG reporting guides in 2017 and 2018 (An Analysis of the Goals and Targets, Integrating the SDGs into Corporate Reporting: A Practical Guide and In Focus: Addressing Investor Needs in Business Reporting on the SDGs), participants in this Action Platform, organized in partnership with GRI, have further deepened the understanding of what good SDG reporting practice constitutes and promoted peer learning through workshops and the development of case studies. Furthermore, the Compact has been working to disseminate the use of the tools through Academy sessions (three held in 2019), Global Compact Networks events, and the development of material to design and plan a series of workshops. These workshops will be held in 2020 in more than ten countries, in partnership with Local Networks, GRI and others.

» Financial Innovation for the SDGs: This Action Platform serves as an incubator of ideas and concepts to unlock private capital and create a market for mainstream SDG investments. In 2019, the Platform released reports on SDG Bonds, SDG-aligned corporate finance strategy, and scaling finance in developing markets through foreign direct investment, financial intermediation and public-private partnerships. The Platform also hosted the CEO Roundtable on Corporate Finance and Investments for the SDGs during the UN General Assembly week. The UN Global Compact launched a CFO Taskforce for the SDGs in December 2019 which will continue to develop these concepts over the next two years.

» Pathways to Low-Carbon and Resilient Development: The critical messages at the center of many of the Compact’s activities in 2019 were derived from the thought leadership of this Action Platform. Efforts focused on scaling the progress made by business to date on global climate action and the means to translate it into country-level action with the support of Local Networks and UN partners. In the lead up to the UN Climate Action Summit 2019, the Action Platform held a series of preparatory meetings and webinars for participating companies and helped launch the Business Ambition for 1.5°C campaign to help get the world back on track by showcasing how leading companies are already proving that a 1.5°C-compliant business model is possible.

» Decent Work in Global Supply Chains: The first phase of this Action Platform focused on engagement with suppliers, and saw participants develop the Decent Work Toolkit for Sustainable Procurement — a set of practical tools for procurement staff to integrate decent work and human rights considerations into buying and procurement practices. This toolkit will be made publicly available on 25 February 2020. The next phase of the Platform will launch in early 2020, and will explore how to tackle working poverty via living wages and social protection benefits and how responsible sourcing practices can impact both.
» Water Security Through Stewardship: This Action Platform advanced all four of its workstreams in 2019 through webinars and consultations: WASH & Human Rights; Metrics, Indicators and Disclosure; Collective Action and Policy Engagement; and Direct Operations and Supply Chains. Two new products were also released at the World Water Week in Stockholm: a revitalized Water Action Hub 3.0 that integrates lessons and learnings from on-the-ground collaborations, and Setting Site Water Targets Informed by Catchment Context: A Guide for Companies, which offers guidance for companies to improve long-term water security, and was developed in collaboration with CDP, the Pacific Institute, The Nature Conservancy, UNEP-DHI Centre for Water and Environment, the World Resources Institute, and WWF. The Platform also released a white paper, Water Sanitation, and Hygiene: Three Essential Ingredients to Resilient Agricultural Supply Chains, at the Alliance for Water Stewardship’s annual forum.

» Sustainable Ocean Business: This Action Platform is designed to drive decision-making processes and catalyze partnerships to advance shared ocean priorities across all the 17 Global Goals in the lead up to the 2020 UN Ocean Conference and beyond — with the specific aim to scale-up the commitments and performance of companies on this critical agenda. The Global Goals, Ocean Opportunities report was released in June 2019, laying out how the ocean can be the key to achieving the Global Goals. From this report, the 5 Tipping Points for a Healthy and Productive Ocean by 2030 were identified, representing a set of tangible objectives to address sustainability challenges and meet the Sustainable Development Goals. The platform also launched the UN Global Compact’s Sustainable Ocean Principles during UN General Assembly week in September, calling on companies around the world to commit to securing a healthy and productive ocean.

» Health is Everyone’s Business: This Action Platform initiated work and consultations to develop a series of leadership briefs showcasing the interlinkages between public health and climate. The Business Leadership Brief for Healthy Planet, Healthy People was launched during a side event hosted during UN General Assembly week, emphasizing that the health of people and planet is necessary for achieving a healthy future for all. This work resulted in the decision to merge with the climate platform in 2020 to form Business Ambition for Climate and Health in order to continue efforts to drive the private sector in building health resilience to climate change.

» Peace, Justice, and Strong Institutions: This Action Platform hosted a number of events throughout 2019 to galvanize support and strengthen collaboration between business, the UN, and Governments towards meaningful dialogue and partnerships in advancing Goal 16. A robust country consultations process (and toolkit of end-to-end support materials) was also developed in preparation for sessions to be held in 2020 on setting global standards for business on understanding, implementing and reporting on Goal 16.

EXPERT NETWORK
The UN Global Compact Expert Network convened its inaugural Retreat on 17 July at the Ford Foundation Center for Social Justice. 60+ representatives from business, civil society, UN and academia met with the Compact’s Executive Management Team to review, discuss and help shape future programmatic priorities and activities. Discussions emphasized the importance of taking a systems-based approach to address humanity’s biggest challenges, and the unique role the Compact can play in creating an enabling environment at the global and local levels.

EVENTS & RESOURCES
UN HIGH-LEVEL POLITICAL FORUM ON SUSTAINABLE DEVELOPMENT
At the United Nations High-level Political Forum on Sustainable Development in July 2019, the Compact hosted its first Making Global Goals Local Business Week, providing an opportunity for business leaders to showcase their contributions toward the Sustainable Development Goals (SDGs) and share best practices for translating global strategies into local solutions in support of the 2030 Agenda.

Taking place from 15 to 19 July, Making Global Goals Local Business Week brought together 100 representatives from 61 Global Compact Local Networks alongside the UN Global Compact Expert Network, UN Resident Coordinators and other global leaders from civil society, Government and the UN, making it a major opportunity for business to foster new partnerships to advance the SDGs.
The Compact hosted and co-hosted numerous events as part of the series, partnering with the International Chamber of Commerce (ICC), International Organisation of Employers (IOE), and UNICEF, among others.

**UN GENERAL ASSEMBLY WEEK**

The UN Global Compact Leaders Week, from 23 to 26 September, provided business leaders with an opportunity to meet with Government, civil society and youth leaders to identify clear actions to respond to the climate crisis and accelerate the SDGs. The week featured a series of high-level dialogues that aligned with the agendas of the intergovernmental meetings of the high-level week of the 74th session of the UN General Assembly. Highlights are included below.

- **UN Private Sector Forum: Commitments for a 1.5° C Future — Making Ambition Loops Work** [23 September – New York]: The official luncheon of the Climate Action Summit brought together more than 350 global climate leaders for a multi-stakeholder, intergenerational dialogue designed to help the world urgently align on a collective course of action in tackling the climate crisis. Hosted by the UN Secretary-General and organized by the Compact in close cooperation with UN partners, the event provided a unique opportunity for Chief Executives, young climate leaders, civil society, Heads of State and Government, and UN leaders to engage in a multi-stakeholder, intergenerational dialogue to align on an urgent and collective course of action in tackling the climate crisis. Building on the ambition of the UN Climate Action Summit, the Private Sector Forum provided an innovative, democratic and inclusive platform, aiming to build an unprecedented sense of urgency and momentum.

- **SDG Business Forum** [25 September – New York]: Organized on the sidelines of the inaugural SDG Summit, the fourth annual SDG Business Forum convened business, Government, civil society and the United Nations to discuss concrete solutions to move from commitments to action to deliver on the Global Goals. Co-hosted by the International Chamber of Commerce (ICC), the United Nations Department of Economic and Social Affairs (UN DESA), and the United Nations Global Compact, the Forum gathered nearly 600 stakeholders to dive deep into sustainable financing, the future of business and scaling ambition for a sustainable world. The forum featured a keynote address from UN Deputy Secretary-General Amina J. Mohammed, as well as speeches from organizing partners and panel discussions focused on ways for companies to tangibly integrate the SDGs into their financing, operational processes and internal decision-making.

- **CEO Roundtable on Mobilizing Corporate Finance and Investments for the SDGs** [26 September – New York]: The CEO Roundtable brought together a diverse group of global business leaders to discuss critical global priorities, explore partnership opportunities and chart a path forward to finance the Global Goals. Event participants included 40 investors, real economy companies and regulators, and special guests, including the UN Deputy Secretary General. The conversation revolved around how investors, financial institutions and corporations can shape the SDG financing agenda through capital market activities and corporate strategies, with speakers sharing practical examples of actions taken within their own companies. With the mandate given by these CEOs, the Compact announced a new taskforce for Chief Financial Officers focused on advancing the SDGs through corporate investments. The CFO Taskforce builds on the Action Platform’s work on SDG-aligned corporate finance and aims to build on the growing momentum to develop financial instruments to bridge the SDG financing gap.
KEY RESOURCES

- **Making Global Goals Local Business — Responsible Business in the era of the Sustainable Development Goals**: This [brochure](#), updated for 2019, provides an inspirational overview of the UN Global Compact journey to “Make Global Goals Local Business” by driving awareness and responsible business action to support the achievement of the Sustainable Development Goals by 2030.

- **UN Global Compact Progress Report 2019**: This [report](#) provides an assessment of how companies in the UN Global Compact are adopting the Ten Principles and taking action to deliver on the Sustainable Development Goals. Based on data collected in the UN Global Compact annual survey, the report takes stock of how companies are performing on critical sustainability topics. The report also takes a deep dive into the critical issues of climate and gender equality. A feature on the activities of Global Compact Local Networks over the past year is also included.

- **UN Global Compact-Accenture Strategy 2019 CEO Study — The Decade to Deliver**: This [report](#) presents findings from the world’s largest CEO study on sustainability to date. More than 1,000 top executives from 21 industries across 99 countries assess the past, present and future of sustainable business; discuss both the progress being made and barriers that are preventing business from doing more to contribute to the Global Goals; and reveal how leading companies can step up action to course-correct the private sector contribution to Agenda 2030. Special focus topics include CEO insights on climate action, gender equality and food sector transformation.

- **Business Leadership for 1.5 °C**: This report showcases business leadership on climate action aligned with limiting global temperature rise to 1.5°C. Featuring solutions and strategies developed by companies that have taken the 1.5°C pledge, the report examines how business leaders are integrating this process into corporate strategies and generating employee buy-in.

- **Framework for Breakthrough Impact on the SDGs Through Innovation**: This [framework](#) provides practical guidance to companies on how to use the SDGs as an inspiration for innovation and to orient their innovation processes to better address the Global Goals. Featuring step-by-step guidance and illustrative examples of companies leveraging new business models and disruptive technologies to advance the SDGs, the Framework is a toolkit for any company to leverage the Goals to uncover new products, services and business model opportunities.

- **Scaling SDG Finance for the Sustainable Development Goals**: This [guide](#) explores the role of corporate finance and investments in scaling finance for the Sustainable Development Goals, including how FDI, financial intermediation and public-private partnerships can be a source of finance for less liquid SDG investments that cannot be invested directly by portfolio or institutional investors. This includes providing access to finance in countries with less developed financial markets or for SDG solutions that are too small or illiquid to attract portfolio investors.

- **SDG Bonds — Leveraging Capital Markets for the SDGs**: This [guide](#) explores the role of the bond market — the largest asset class in the global financial markets — in the realization of the SDGs. With $6.7 trillion USD of annual issuance, bonds can provide a cheap, reliable and scalable source of capital for a variety of stakeholders involved in the implementation of Agenda 2030, including companies, governments, cities and public-private partnerships. SDG bonds also provide an answer to the lack of SDG investment opportunities for institutional investors. A diverse portfolio of SDG Bonds, including sovereign, municipal, corporate, and project bonds across developed and emerging markets could fulfill mainstream investors’ growing demand for impact while matching their risk-return appetite.

- **Navigating the Future of Business and Human Rights**: Designed to help business drive change by clarifying pressing social sustainability trends and putting human rights at the core of business practices, this [publication](#) spans major human rights themes for business leaders, including: the future of work, climate justice, effective remedy & grievance mechanisms, migrant rights, gender equality, due diligence, and tackling working poverty.
The visibility of the UN Global Compact brand continued to grow during the course of 2019, largely thanks to the successful launch of the “Business Ambition for 1.5°C — Our Only Future” campaign, Leaders Week in September and the strategic placement of the SDG Media Zone at the Web Summit in Lisbon.

**MEDIA EXPOSURE**

"Media exposure refers to the number of articles or other traditional media content that mention the UN Global Compact or one of its programmes or events."

The UN Global Compact’s total media exposure in 2019 was 42.9K — up 9.6% from 39.2K in 2018 and up 55.9% from 27.5K in 2017. The largest spike in media exposure occurred in September 2019 during Leaders Week, mainly thanks to the “Business Ambition for 1.5°C — Our Only Future” campaign announcement and the launch of the CEO Study. Top-tier media coverage increased by 12% in 2019 and included articles in the Financial Times, Reuters and the Wall Street Journal.

**SOCIAL MEDIA**

UN Global Compact social media followers increased by 22.9% in 2019. The number of followers across all platforms in 2019 totaled 247K, up from 201K in 2018. Notably, in 2019, the UN Global Compact Twitter account achieved 100K followers for the first time. The peak months for both followers and impressions were June for the 1.5°C campaign announcement, September for Leaders Week and November for the SDG Media Zone at the Web Summit. Instagram was a bright spot for impressions, increasing 195% in 2019 compared with 2018.

- Total social media followers across all platforms totaled 247,266, a 22.9% increase from 2018 (201,154)
- New followers on social media totaled 46,112, a 41.8% increase from 2018 (32,528)

**SDG MEDIA ZONE AT WEB SUMMIT**

At the Web Summit in Lisbon, Portugal, the UN Global Compact, in partnership with the UN Department of Global Communications and the PVBLIC Foundation, hosted the SDG Media Zone, a three day programme of live interviews and panel discussions to explore innovative solutions for the Global Goals.

Attracting around 70,000 innovators and entrepreneurs, the Web Summit convenes the founders and CEOs of technology companies, fast-growing startups policy makers and politicians to help shape a new era of global business. Broadcast live by UN Television, the SDG Media Zone featured discussions with many well-known individuals including former British Prime Minister Tony Blair, Amnesty International’s Kumi Naidoo and Siyabulela Mandela. In addition to broadcasting the sessions, the UN Global Compact live-tweeted from each of these sessions, leading to 1.1 million impressions across all social media platforms in November alone.
In 2019, the Compact posted on social media between 31–50 times per week. Many of these posts included social media cards — like the one shown below — that could be downloaded and reposted for additional engagement.

### 2019 HIGHLIGHTS

- **Launch of the “Business Ambition for 1.5°C — Our Only Future” campaign**
  2019 was a pivotal year for climate change, with UN Secretary-General António Guterres calling for more ambitious action across the board. That is why the UN Global Compact — backed by more than 30 global leaders from the UN, business and climate organizations — launched a campaign calling on CEOs to step up and commit to set science-based targets aligned with limiting global temperature rise to 1.5°C. Of the UN Global Compact’s 38 top-tier media mentions in 2019, 22 covered the 1.5°C campaign or one of its programmes or events. Additionally, in total, 9,072 posts on Twitter, Facebook, LinkedIn, YouTube and Instagram mentioned the campaign’s hashtag #OurOnlyFuture.

- **Leaders Week**
  The 2019 UN Global Compact Leaders Week, including the Private Sector Forum and CEO Roundtable, was accompanied by robust communications efforts throughout the month of September. These efforts included social media toolkits, six press releases and live posts across all social media channels, resulting in 6,147 articles mentioning the Compact in September alone.

### WEBSITE

The unglobalcompact.org website saw a 27.9% increase in unique users in 2019 compared with the previous year (1.6 million unique users in 2019, compared to 1.3 million in 2018). Growth in traffic to the website may be attributed to growth in other channels including media, social media and Bulletin subscribers. The UN Global Compact Bulletin often links back to the website, driving traffic there.
LOCAL ACTION: GLOBAL COMPACT NETWORKS

Global Compact Networks are essential to the success of the UN Global Compact’s mission to mobilize a global movement of sustainable companies. At the country level, Global Compact Networks function in 68 countries around the world, half of which are developing countries. These Networks support participants to take action to advance national priorities related to the 2030 Agenda, and create development impact through their activities. They collectively engage thousands of companies in events, projects and initiatives on everything from human rights to climate change, using the 2030 Agenda as their overarching framework.

Through a diverse range of awareness-raising and capacity-building initiatives, Global Compact Networks take a holistic approach to moving the needle on corporate sustainability by accompanying companies of all sizes throughout their journey toward embedding responsible business practices into their operations. Local Networks facilitate hundreds of capacity building activities and SDG-related awareness-raising events each year. Below are a sample of these activities from 2019.

CONTRIBUTIONS TO GLOBAL CAMPAIGNS

Making Global Goals Local Business: In 2019, UNGC NY scaled up its support for Global Compact Networks around the world that were interested in being a part of the broader global movement of the Making Global Goals Local Business Campaign. Networks are encouraged to apply to propose convening a local or regional MGGLB event part of each yearly series. The MGGLB campaign aims to bring the SDGs into the national and regional context, inspiring companies to deliver on the global goals in their local communities. In 2019 there were 2,500 attendees across all 7 events with high-level governmental involvement at the Ministerial and Head of State level.

2019 Making Global Goals Local Business Events

- **MGGLB — UK** [24 June — London]: 300 attendees
- **MGGLB — CANADA** [9 – 10 September — Toronto]: 175 attendees
- **MGGLB — USA** [24 September — New York]: 200 attendees
- **MGGLB — MIDDLE EAST** [14 – 15 October — Beirut, Lebanon]: 800 attendees
- **MGGLB — IBERIA** [6 November — Lisbon, Portugal]: 250 attendees
- **MGGLB — EAST AFRICA** [27 – 28 November — Dar Es Salaam, Tanzania]: 267 attendees
- **MGGLB — MÉXICO** [4 – 5 December — Playa del Carmen]: 475 attendees
**SDG Pioneers:** As a feature of the annual Making Global Goals Local Business campaign, 15 Global Compact Local Networks organized national searches for SDG Pioneers highlighting next-generation leaders’ actions to contribute to tackling the world’s most pressing problems in their professions. Global Compact Networks that organized national searches include: Bangladesh, Brazil, Canada, China, Croatia, Denmark, Georgia, Italy, Kenya, Lebanon, Netherlands, South Africa, Sri Lanka, UK, and USA. These 15 young professionals were judged by an expert panel comprised of representatives of Government, business and civil society. National SDG Pioneers, were recognized during the UN Global Compact Leaders Week in September.

**CONNECTION TO THE UN AND GOVERNMENTS**

**High-Level Political Forum:** Organized in partnership with Argentina and Lebanon as the UN Global Compact’s first ever official side event of the UN High-level Political Forum on Sustainable Development, **Global Compact Networks: Making Global Goals Local Business** showcased how Global Compact Local Networks are actively facilitating multi-stakeholder collaboration, providing opportunities for UN Member States and other stakeholders to explore the potential of partnering with the Networks in their respective countries. The Deputy Prime Minister of Lebanon and Commissioner for SDGs of Argentina both spoke at the event, and explained how they had worked with their respective Global Compact Local Network to coordinate public-private partnerships and raise awareness of the private sector’s role in local SDG implementation.

The side event featured the participation of Lisa Kurbiel, Head of the Joint SDG Fund, who explained how the fund would support countries in accelerating progress towards the Sustainable Development Goals and Alicia Bárcena, Executive Secretary of the Economic Commission for Latin America and the Caribbean, who provided an overview of how UN Economic Commissions see the importance of Government collaboration with Global Compact Networks at the regional level. In addition, Global Compact Local Networks were invited to participate in Voluntary National Review (VNR) Workshops and Laboratories to explain the role that Networks can have in the VNR process as well as the benefits, challenges and lessons learned. A number of Networks were invited to participate in their country’s VNR presentations or delegations, including Croatia, Chile, Turkey, Indonesia and South Africa.

**SHARING AND PEER LEARNINGS**

**Annual Local Network Forum:** The XVII Annual Local Network Forum (ALNF) was held over two days from 15-16 July 2019 at the Scandinavia House in New York City. 97 participants represented 57 Networks and countries from across the globe. 33 GCO staff members also participated throughout the two days. After the ALNF, meetings were held at UNGC NY, which gave Networks further opportunities to connect with UNGC NY staff members.

The key themes and session tracks for 2019 were: Growth Strategies, Government & UN Relations, and Programmes. The overarching ambition for ALNF 2019 was to further strengthen global-local alignment and collaboration within a strong “One Global Compact” culture. Several key themes discussed included: enhancing Network-UN collaboration, collaboration for participant growth and programmatic implementation, and a “One Global Compact” strategy for communications and marketing.
GLOBAL PROGRAMMATIC PRIORITIES

Ring the Bell for Gender Equality: In celebration of International Women’s Day, over 80 stock exchanges around the world joined 46 Global Compact Local Networks, the Sustainable Stock Exchanges initiative, UN Women, the International Finance Corporation, World Federation of Exchanges, and Women in ETFs to “Ring the Bell for Gender Equality.” The series of market opening or closing bell ringing events drew attention to the critical role business and markets can and must play in closing the gender equality gap. As a result of the partnership, 14 stock exchanges took the additional step of signing the CEO Statement of Support for the Women’s Empowerment Principles. Paul Polman, Vice Chair of the UN Global Compact Board and SDG Advocate, took part in the bell ringing hosted by the Indonesia Stock Exchange and organized by Global Compact Network Indonesia on 13 March.

GLOBAL IMPACT INITIATIVES

Significant efforts in 2019 focused on the development of Global Impact Initiatives (GIIs). The GIIs, which are run by interested Local Networks with support from UNGC NY, are designed with a goal of generating behavior change across 1,000+ Participants and Signatories each, in at least 40 markets over the next three years. This year, four GIIs were announced: Young SDG Innovators Programme (YSIP), Target Gender Equality (TGE), SDG Ambition, and Target Climate 1.5°C. The programmes’ implementation phases have been staggered over the next year. Local Networks are encouraged to participate in at least one GII per year.

Young SDG Innovators Programme: The first GII to be rolled out was announced at an event in the UN City in Copenhagen on 1 February 2019. The Young SDG Innovators Programme is designed to accelerate business innovation to achieve the Global Goals, by combining learning opportunities, innovation workshops, and mentoring. The initiative will support young participants in working on a specific innovation project of relevance to the companies that they represent.

In its first year, YSIP was run by 11 Local Networks and engaged 326 young innovators from 133 companies. Participating Networks included Bangladesh, Brazil, Canada, Denmark, Lebanon, Mexico, South Africa, Turkey, UK, Ukraine, and USA.

Target Gender Equality: The Target Gender Equality Global Impact Initiative was launched at the Trailblazing Women reception on 25 September during UN General Assembly Week, and will be rolled out in early 2020. The initiative will support UN Global Compact participants to set and meet ambitious, time-bound corporate targets for women’s representation and leadership across business and at all levels. In its first year, Target Gender Equality will engage companies in 20 Local Networks worldwide.

Two additional GIIs were announced in 2019, with activities planned to begin in 2020:

- **SDG Ambition** was announced during UN General Assembly Week and will launch in 2020. It aims to accelerate progress on the SDGs by supporting companies to raise ambition and deepen implementation.

- **Target Climate 1.5°C** was announced at COP 25 in Madrid. It aims to scale up Science-Based Target-setting by companies and advance ambition loops at the country level.
In 2019, the UN Global Compact continued to implement its UN & Government Relations Strategy, anchoring activities in four critical goals:

**GOVERNMENT RELATIONS STRATEGIC DEVELOPMENTS**

*Leveraging the UN Global Compact Government Group: 2019 saw the finalization of the revision of the Government Group’s Terms of Reference. The revised terms bring the Group’s rules of procedure in line with the UNGC governance review, and also clarify the criteria for membership. They reflect the mindset shift from a group of donors towards one of strategic partners, comprising Member States across different geographic groups to enable broad political support for the Compact. In this context, the Government Group welcomed three new members in 2019: Colombia, Poland and Portugal. In addition, Nigeria attended the November 2019 meeting as an observer. 2019 also saw more systematic, year-long communication and engagement between the Compact and the Government Group, leveraging Members at critical moments, including the High-Level Political Forum and UN General Assembly week. Through these developments, the Compact has laid the groundwork for further expansion of the Government Group in 2020.*

*Engagement of Governments in Programmatic Work and Local Networks: In 2020 the UN Global Compact continued to facilitate the programmatic engagement of Governments, with a focus on the local dimension. In addition to facilitating Governments’ patronage of global Action Platforms, the Compact also developed a new blueprint for Local Networks’ engagement in national Government-led SDG processes, including Voluntary National Reviews (VNRs). The Compact led capacity-building workshops with Local Networks during the 2019 High-Level Political Forum and at the 2019 Regional Meetings, culminating in the finalization of a Guidance Note to galvanize Local Network engagement in VNRs. In addition, the Compact also organized a number of issue-specific events in New York, including high-level lunches convening Permanent Representatives and other senior officials from Permanent Missions around the topics of Climate Action and Sustainable Ocean Business.*

**UN RELATIONS STRATEGIC DEVELOPMENTS**

*2019 saw the completion of the Internal Review Team (IRT) process. The IRT was launched by the Deputy Secretary-General in order to clarify and optimize the role of the UN Global Compact as a driver of private sector engagement across the UN system to support UN development system reform. IRT members from across the United Nations encouraged the UN Global Compact to strive for greater accountability and transparency, scale impact, and ramp up efforts to raise business awareness and action on the SDGs. The review made nine recommendations for optimizing the Compact’s support to the UN at global and local levels and for optimizing the UN-business partnerships ecosystem. After the IRT, in an update to member states on the status of UN Development System Reform, the UN Secretary-General confirmed the core mission of the UN Global Compact: “to be a driver of responsible private sector engagement across the United Nations system and scaled-up business support for the Sustainable Development Goals.” The Secretary-General noted that one of Compact’s primary roles is “better connecting United Nations Country Teams with the private sector, including small and medium-sized enterprises, at the national and local levels.” Responding to this mandate, the UN Global Compact continued to work closely in 2019 to better position Global Compact Local Networks to serve as advisors and partners to Resident Coordinators and UN Country Teams (UNCTs) in strategically engaging the private sector in their countries. A Guidance Note developed together with the UN Development Coordination Office (DCO) was issued to all Resident Coordinators in countries with Global Compact Local Networks. It contained eight*
recommended activities to strengthen Local Network collaboration with UN Country Teams — under the leadership of the UN Resident Coordinator — to drive progress on the 2030 Agenda:

1. Securing a seat for Resident Coordinators on Local Network Boards
2. Ensuring Resident Coordinator Partnership Officers serve as Local Network Liaisons
3. Encouraging Local Network contribution to UN Sustainable Development Cooperation Frameworks, Common Country Analysis and other UN analysis and planning instruments
4. Cooperating on SDG awareness-raising and advocacy initiatives to drive country-level progress on the SDGs
5. Convening public-private policy dialogues and events
6. Contributing to public-private partnerships by facilitating relationships between companies and UN agencies, and developing the capacity of the private sector to partner with the UN
7. Mobilizing SDG finance (e.g., mobilizing different kinds of investors to see the opportunities in the SDGs and driving innovation in financial products)
8. Collaboration on SDG Leadership recognition initiatives to celebrate local private sector leadership on the SDGs (e.g., UN Global Compact SDG Pioneers Programme).

UN Global Compact also supported UN Development System Reform throughout 2019 by actively participating in a “Private Sector Task Team” of the UN SDG Group which aimed to strengthen a system-wide approach to private sector partner due diligence and risk management. The Compact’s inputs to this process were reflected in a final framework that requires all UN partners to promote the UN Global Compact and encourage all business partners to join the Compact as a signal of their commitment to transparency and UN values. This policy development has the potential to be a strong driver of growth, as is already bearing out in increased recruitment prospects flowing through UN partners.

GOVERNMENT GROUP & GROUP OF FRIENDS

In 2019, the UN Global Compact Government Group convened twice to review the Compact’s progress and to provide strategic guidance. In particular, the Government Group provided important input on leveraging the impact of Global Compact Local Networks, especially in the context of a revised Africa Strategy. In 2019, Sweden served as the Chair of the Government Group, and Switzerland will serve as the Chair for 2020.

The Compact also continued to engage a diverse group of Governments through the Group of Friends — a group of representatives from Missions to the UN in New York. The Group of Friends convenes quarterly, where members are briefed on the Compact’s progress in fulfilling its mandate as a United Nations initiative, and where they provide strategic advice for doing so. In 2019, this included meetings focusing on: synergies between Local Networks and UN Country Teams to advance country-level progress on the SDGs; the Business Ambition for 1.5°C campaign; and methods for accelerating the impact of UN-business partnerships.

GOVERNMENT GROUP MEMBERS

<table>
<thead>
<tr>
<th>CHINA</th>
<th>GERMANY</th>
<th>PORTUGAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>COLOMBIA</td>
<td>ITALY</td>
<td>SPAIN</td>
</tr>
<tr>
<td>DENMARK</td>
<td>NETHERLANDS</td>
<td>SWEDEN</td>
</tr>
<tr>
<td>FINLAND</td>
<td>NORWAY</td>
<td>SWITZERLAND</td>
</tr>
<tr>
<td>FRANCE</td>
<td>POLAND</td>
<td>UNITED KINGDOM</td>
</tr>
</tbody>
</table>

GROUP OF FRIENDS MEMBERS

<table>
<thead>
<tr>
<th>AFRICAN UNION</th>
<th>DOMINICAN REPUBLIC</th>
<th>IRELAND</th>
<th>PORTUGAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALGERIA</td>
<td>ECUADOR</td>
<td>ITALY</td>
<td>REPUBLIC OF KOREA</td>
</tr>
<tr>
<td>ARGENTINA</td>
<td>EGYPT</td>
<td>JAPAN</td>
<td>RUSSIAN FEDERATION</td>
</tr>
<tr>
<td>AUSTRALIA</td>
<td>ETHIOPIA</td>
<td>KENYA</td>
<td>SOUTH AFRICA</td>
</tr>
<tr>
<td>BANGLADESH</td>
<td>EUROPEAN UNION</td>
<td>LEBANON</td>
<td>SPAIN</td>
</tr>
<tr>
<td>BELGIUM</td>
<td>FINLAND</td>
<td>MEXICO</td>
<td>STATE OF PALESTINE</td>
</tr>
<tr>
<td>BRAZIL</td>
<td>FRANCE</td>
<td>MONACO</td>
<td>SWEDEN</td>
</tr>
<tr>
<td>BULGARIA</td>
<td>GERMANY</td>
<td>NETHERLANDS</td>
<td>SWITZERLAND</td>
</tr>
<tr>
<td>CANADA</td>
<td>GHANA</td>
<td>NEW ZEALAND</td>
<td>THAILAND</td>
</tr>
<tr>
<td>CHILE</td>
<td>GUATEMALA</td>
<td>NIGERIA</td>
<td>TURKEY</td>
</tr>
<tr>
<td>CHINA</td>
<td>HONDURAS</td>
<td>NORWAY</td>
<td>UNITED ARAB EMIRATES</td>
</tr>
<tr>
<td>COLOMBIA</td>
<td>INDIA</td>
<td>PERU</td>
<td>UNITED KINGDOM</td>
</tr>
<tr>
<td>DENMARK</td>
<td>INDONESIA</td>
<td>POLAND</td>
<td>UNITED STATES</td>
</tr>
</tbody>
</table>
Financial Overview

Note: The UN Global Compact Office in New York utilizes resources from both its UN Trust Fund and the Foundation for the Global Compact to deliver against the broader goals of the UN Global Compact. The information presented below reflects the financial realities of the two entities.

UNGC 2019 Annual Management Report

2019 Financial Results [Un-Audited]

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Participant Fees</td>
<td>8,900,000</td>
<td>-</td>
<td>8,900,000</td>
<td>9,335,341</td>
<td>-</td>
<td>9,335,341</td>
</tr>
<tr>
<td>PRME</td>
<td>590,000</td>
<td>-</td>
<td>590,000</td>
<td>426,568</td>
<td>-</td>
<td>426,568</td>
</tr>
<tr>
<td>Donor Gov't Core Contributions</td>
<td>-</td>
<td>2,656,500</td>
<td>2,656,500</td>
<td>-</td>
<td>2,809,954</td>
<td>2,809,954</td>
</tr>
<tr>
<td>Donor Gov't Earmarked</td>
<td>-</td>
<td>789,225</td>
<td>789,225</td>
<td>-</td>
<td>765,000</td>
<td>765,000</td>
</tr>
<tr>
<td>Action Platform</td>
<td>3,863,279</td>
<td>-</td>
<td>3,863,279</td>
<td>4,033,050</td>
<td>-</td>
<td>4,033,050</td>
</tr>
<tr>
<td>Grant Income</td>
<td>1,300,000</td>
<td>-</td>
<td>1,300,000</td>
<td>1,400,000</td>
<td>-</td>
<td>1,400,000</td>
</tr>
<tr>
<td>Event Income</td>
<td>551,000</td>
<td>-</td>
<td>551,000</td>
<td>524,933</td>
<td>-</td>
<td>524,933</td>
</tr>
<tr>
<td>Other Income*</td>
<td>900,000</td>
<td>-</td>
<td>900,000</td>
<td>1,095,727</td>
<td>-</td>
<td>1,095,727</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>16,124,279</strong></td>
<td><strong>3,445,725</strong></td>
<td><strong>19,570,004</strong></td>
<td><strong>16,817,619</strong></td>
<td><strong>3,574,954</strong></td>
<td><strong>20,392,573</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>6,684,686</td>
<td>4,124,165</td>
<td>10,808,851</td>
<td>6,853,020</td>
<td>3,888,051</td>
<td>10,841,071</td>
</tr>
<tr>
<td>Consultants &amp; Experts</td>
<td>2,684,267</td>
<td>584,988</td>
<td>3,269,255</td>
<td>2,994,152</td>
<td>133,303</td>
<td>3,127,455</td>
</tr>
<tr>
<td>Events &amp; Conference Services</td>
<td>564,500</td>
<td>10,000</td>
<td>574,500</td>
<td>1,151,870</td>
<td>-</td>
<td>1,151,870</td>
</tr>
<tr>
<td>Travel</td>
<td>557,421</td>
<td>350,000</td>
<td>907,421</td>
<td>748,390</td>
<td>339,441</td>
<td>1,087,831</td>
</tr>
<tr>
<td>Occupancy</td>
<td>1,272,000</td>
<td>30,000</td>
<td>1,302,000</td>
<td>1,614,767</td>
<td>-</td>
<td>1,614,767</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>200,000</td>
<td>85,000</td>
<td>285,000</td>
<td>76,212</td>
<td>34,408</td>
<td>110,620</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>109,031</td>
<td>25,000</td>
<td>134,031</td>
<td>156,614</td>
<td>-</td>
<td>156,614</td>
</tr>
<tr>
<td>Communications &amp; Outreach</td>
<td>480,900</td>
<td>5,000</td>
<td>485,900</td>
<td>139,600</td>
<td>-</td>
<td>139,600</td>
</tr>
<tr>
<td>IT</td>
<td>320,351</td>
<td>10,000</td>
<td>330,351</td>
<td>456,172</td>
<td>-</td>
<td>456,172</td>
</tr>
<tr>
<td>Insurance</td>
<td>30,000</td>
<td>-</td>
<td>30,000</td>
<td>14,373</td>
<td>-</td>
<td>14,373</td>
</tr>
<tr>
<td>Accounting, Banking &amp; Admin</td>
<td>129,252</td>
<td>557,744</td>
<td>686,996</td>
<td>103,312</td>
<td>313,181</td>
<td>416,493</td>
</tr>
<tr>
<td>Hospitality, Subscript, Pro Dev</td>
<td>159,350</td>
<td>3,000</td>
<td>162,350</td>
<td>94,819</td>
<td>-</td>
<td>94,819</td>
</tr>
<tr>
<td>Local Network Dev Fund</td>
<td>500,000</td>
<td>-</td>
<td>500,000</td>
<td>301,154</td>
<td>-</td>
<td>301,154</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>13,691,758</strong></td>
<td><strong>5,784,897</strong></td>
<td><strong>19,476,655</strong></td>
<td><strong>14,804,495</strong></td>
<td><strong>4,708,384</strong></td>
<td><strong>19,512,879</strong></td>
</tr>
</tbody>
</table>

**NET OPERATING SURPLUS / (DEFICIT)** | **2,432,521** | **(2,339,172)** | **93,349** | **1,248,124** | **(1,133,430)** | **879,694** |

**TRANSFER** | | | | | | **1,200,000** |

*Figures related to the Global Compact Trust Fund are provisional estimates, and will be updated once an official financial report from the United Nations becomes available.

**INCOME**

Overall income for 2019 was approximately $20.4 million, exceeding the annual goal of $19.6 million. Approximately 82% of the income raised came from the private sector through the Foundation for the Global Compact, while the rest came from Governments through the UN Trust Fund. The three largest sources of income in 2019 were general participant fees, donor Government core contributions, and private sector contributions to Action Platforms; all three ended the year above-target.

At $1.4 million, funding from grants was significantly higher than in past years. This is encouraging, as the compact has made a concerted effort to enhance its grant fundraising capability.

**EXPENSES**

The consolidated budget projected overall spending of approximately $19.5 million, which was exceeded by less than $40k. This disciplined spending, coupled with higher than expected revenue, led to favorable financial results, with the Compact ending the year with a surplus of $880k.
A key area of focus during the development of the 2020 Strategy was the need for a new Engagement (business) Model, as traditionally only ~20% of participating companies made annual financial contributions to the UN Global Compact. To create a more fair and sustainable financial model, the Compact has developed a new approach that requires modest financial contributions from engaged companies with annual revenue over 50 million USD, with no required contributions for companies below this threshold to maintain the inclusive nature of the initiative. The details of the Engagement Model are presented below, along with a status update as of 31 December 2019.

**ENGAGEMENT MODEL**

The Engagement Model offers two different types of engagement, each with tiered contribution levels based on a company’s annual revenue. **Participants** engage at the global and local levels, and have greater access to training, programmes and events through UNGC NY. **Signatories** engage primarily at the local level through their Local Networks. All income stemming from these annual contributions is shared between UNGC NY and Local Networks, with 5% set aside for a new Local Network Development Fund, a mechanism created to help new and developing Networks.

**TARGETS**

The Compact sought to end 2019 with a total of at least 10,031 companies, of which 3,313 have annual revenue over 50 million USD (and are thus required to make a contribution). This target includes both the retention of companies that signed up to the model in 2018 and recruitment of new companies. For 2019, it also includes conversion to the Engagement Model of companies that joined the Compact before the model was rolled out and have not yet selected a participation tier. During the second quarter of the year, 176 companies were delisted because they did not sign up to the engagement model.

**PROGRESS**

The Compact exceeded its targets overall, with 10,335 companies signed up to the Engagement Model as of the end of 2019, versus a target of 10,031. This number reflects both significant growth in new joiners as well as a large number of conversions of companies that only signed up to the model in 2019. While recruitment of completely new companies started slow, it picked up significantly in the second half of the year, leading to better than expected growth overall.

Overall, 16% of all companies have signed up to the Participant tier, and for companies with annual revenue over 50 million USD, 26% have signed up to the Participant tier. Both of those metrics are exactly on-target relative to the goal for 2019.
INTEGRITY MEASURES OVERVIEW

OVERVIEW

This portion of the report provides a brief overview of the implementation of the UN Global Compact’s integrity measures in 2019. It is organized around the following main components:

- **Implementation of enhanced integrity policies and procedures:** Over the course of 2019, the UN Global Compact continued to implement the recommendations that stemmed from the integrity review conducted in 2017. Among other things, the Compact has built capacity for the Local Networks in regards to due diligence practices and developed a comprehensive re-joining and delisting policy.

- **Reporting:** The majority of companies (83%) submit Communications on Progress (CoPs) at the GC Active level, which is the minimum baseline for content submission. During 2018, the Compact explored how IT service providers could assist with the introduction of an automated review of CoPs and CoEs. That subject has been further explored in 2019 and IT improvements will be developed in 2020.

- **Allegations of abuse of the Ten Principles:** The number of matters raised by external third parties under the Integrity Measures has slightly increased in the last three years (24 in 2019 compared to 18 in 2018 and 15 in 2017). On the other hand, there were only 6 matters addressed through proactive engagement in 2019 (compared to 8 in 2018).

- **Logo use by UN Global Compact Participants:** The number of logo requests has remained steady. However, the number of misuse cases fell by 50% in 2019. This could be the result of a decrease in cases of misuse of the We Support Global Compact Network logo, which was discontinued in 2018, and a more proactive role for Networks in addressing instances of misuse by their members.

IMPLEMENTATION OF ENHANCED INTEGRITY POLICIES AND PROCEDURES

During 2019, the Compact enhanced the following procedures in order to safeguard the brand and reputation of the initiative and of the United Nations.

- **Re-joining and Delisting Policy:** A policy was developed outlining the list of reasons for delisting organizations from the UN Global Compact, as well as criteria for those that wish to re-join the initiative. In light of the new engagement model, the UN Global Compact also reserves the right to delist companies that fail to meet the annual financial commitment and to collect outstanding fees from delisted participants as a requirement for re-joining the initiative. The policy is available on the UN Global Compact website.

- **Due Diligence:** To safeguard the integrity of the initiative and its Networks, the Compact developed guidelines to assist Global Compact Networks in conducting due diligence for high-level engagement opportunities (e.g., speaker, sponsor, Board, partnerships, etc.). This effort supports Local Networks in making responsible and informed decisions about the companies and organizations being suggested for high-level engagement roles.

- **Support to the UN System:** The Compact provides strategic support to the UN System by conducting due diligence for the Executive Office of the Secretary-General (EOSG), including its Climate Action Summit Team (CAST). Additionally, the Compact has been involved in the development of the UN Sustainable Development Group — Common Approach to Prospect Research and Due Diligence for Business Sector Partnerships.

### CoP Reporting Terminology

- **GC Advanced:** A CoP that meets all minimum requirements and provides information on additional advanced criteria including governance and leadership.
- **GC Active:** A CoP that fulfills all minimum content requirements.
- **GC Learner:** A CoP submitted within the deadline but does not meet the minimum requirements (one year limit).
REPORTING

The Compact’s reporting requirement is an important way to promote transparency regarding whether participants are living up to their commitment to the Ten Principles of the UN Global Compact. All participants are required to submit a report on their efforts toward implementation of the Ten Principles on an annual (for business participants) or biennial (for non-business participants) basis. This publicly available report provides an opportunity for stakeholders to hold companies accountable for their commitment to the UN Global Compact and to the Ten Principles. Organizations that fail to submit a report on progress are listed as non-communicating for one year and then expelled from the initiative. The Compact has been exploring how IT service providers could assist with the introduction of an automated review of CoPs and CoEs, and a prototype will be launched in 2020.

Communications on Progress (CoP):

The CoP is the annual reporting requirement expected of business participants. In 2019, the differentiation levels and quantity of reports remained consistent with 2018 reporting levels. Analysis shows that 83% of CoPs submitted met the criteria of GC Active level, while 9% met the GC Advanced level and 8% met only the GC Learner level. During the year, 874 grace letters requesting a deadline adjustment were submitted by business participants and a total of 966 businesses were delisted for failure to submit a CoP — a small increase from 2018, and in line with the increase in the total number of participants, thus reflecting no change in the percentage of participants that failed to submit a CoP.

Communication on Engagement (CoE):

The CoE is the biennial reporting requirement expected of non-business participants. The policy requires non-business participants to submit their CoE through the UN Global Compact website every two years, disclosing their activities and outcomes in support of the initiative. In 2019, a total of 1,121 CoEs were submitted, on par with the number of CoEs submitted in 2018.

ENGAGING PARTICIPANTS ON ALLEGATIONS OF ABUSE OF THE TEN PRINCIPLES

The UN Global Compact offers a platform for dialogue and continuous improvement around integrity issues, and has Integrity Measures in place to safeguard the integrity of the initiative, and of the UN. Two processes are outlined in the Integrity Measures: dialogue facilitation and proactive engagement.

1. Dialogue Facilitation: The dialogue facilitation process offers a mechanism for third parties to raise concerns about UN Global Compact participants that may be egregiously and systematically violating the Ten Principles. In 2019, the Compact dealt with 24 matters raised by third parties. In two of these instances, the party raising concerns chose not to engage in the process and remained unresponsive. Another matter was suspended for breach of confidentiality, and in another one, the company decided to withdraw from the Compact prior to establishing a dialogue. 7 matters were accepted under the scope of the dialogue facilitation process. In three instances regarding labour issues, the Compact had initially referred the matter to the company-union dialogue process of the International Labor Organization (ILO) given their expertise and knowledge. However, the companies agreed to respond to the concerns within 2 months, as per the conditions of the Compact’s dialogue facilitation process. In another instance, the dialogue facilitation process was offered to the party conditional to the complainant removing a public statement that was breaching the confidentiality of the process. Regarding one matter that was determined to fall within the scope of a dialogue facilitation process, the Compact is still waiting for the complainant to respond and accept the process. Sixteen matters were deemed to be out scope. One has yet to be determined, pending further analysis and consultation with the relevant Local Network.

2. Proactive Engagement: If there has been a finding of guilt by a court of law or admission of guilt by an authorized representative that relates to egregious or systematic abuse of the Ten Principles, the Compact can take the decision to proactively engage in dialogue with the participant. Proactive engagement is used when issues are significant enough that, if not dealt with, they may threaten the credibility and reputation of the UN Global Compact and the United Nations. This process happens via a formal letter of concern sent by the UN Global Compact’s Executive Director to the company’s Chair of the Board. Informal engagement also takes place at the working level when there are emerging concerns regarding an egregious or systematic abuse of the Ten Principles. These allegations have usually been identified in multiple mainstream media.
sources and have resulted in the launch of an official investigation by public authorities. During the course of 2019, the Compact addressed 6 matters at the working level. In one instance, the matter also triggered third party complaints and inquiries from the media. Ultimately, while acknowledging that pending investigations have yet to determine the cause of the accident, the company requested to withdraw from the UN Global Compact to focus its efforts on remediation. One of the instances implicated 5 Global Compact participants which were contacted individually with regard to the same case.

In 2019, the majority of matters handled related to human rights and corruption.

**LOGO USE BY UN GLOBAL COMPACT PARTICIPANTS**

During the course of 2019, 41 instances of logo or name misuse were reported. This is a decrease of more than 50% compared to 2018 (94), and is likely the result of two factors: a decrease in cases of misuse of the We Support Global Compact Network logo, which was discontinued at the end of 2018; and concerted effort by the Compact over the course of 2019 to build capacity for Global Compact Networks to more proactively address instances of logo misuse by their members.

Out of the 41 instances of logo or name misuse during 2019, 32 were closed.

All instances of misuse of the logo or the Compact’s name are addressed promptly with a cease and desist communication, which is typically effective. Serious instances may result in a participant being delisted and/or referred to the United Nations Office of Legal Affairs. In one instance, concerning three non-business participants founded by the same individual, the gross misuse of the UN Global Compact name and logo led to the delisting of the participants. Two of those participants voluntarily withdrew prior to receiving the delisting notice. The gross misuse entailed soliciting donations by misrepresenting an affiliation with the UN Global Compact.

In accordance with the Logo Policy, permission to use the UN Global Compact Endorser Logo (We Support logo) must be sought in advance and in writing through the UN Global Compact website. To receive permission to use the We Support logo, participants must have an active CoP or CoE status and business participants must have demonstrated support for the UN Global Compact by ensuring their annual contribution to the Foundation for the Global Compact is up to date. Participants commonly request to use the logos in the context of a CoP, in annual or sustainability reports, on web pages (internal or external), in training materials, and in announcements that a participant has joined the initiative.

The number of logo requests during 2019 was 1,999, which is on par with the number from 2018 (1,925 requests). The approval rate for logo requests was 55%, essentially no change from the previous year.
Following its progress in 2019. And in line with its 2020 Strategy, the UN Global Compact has identified the following goals for 2020:

**LOOKING FORWARD TO 2020**

<table>
<thead>
<tr>
<th>GROWTH</th>
<th>ORGANIZATION</th>
<th>BRAND</th>
</tr>
</thead>
</table>
| ▪ **Accelerate Lead Generation & Participant Growth**<br>  - Generate 8,500 new leads for prospective joiners<br>  - Obtain +9% overall net company growth<br>  - Achieve growth targets across key markets:<br>    • +18% net company growth in USA<br>    • +13% net company growth in Asia<br>    • +20% net company growth in Africa<br>  - Secure $10.6m USD in general contributions<br>| ▪ **Cement ‘One Global Compact’ Globally**<br>  - Conduct Annual Values Survey in NY (Q1) & GCNs (Q2)<br>  - Deploy and fully embed the roles of new Regional Liaisons<br>  - Deepen up-skilling and engagement of GCN Board Members<br>  - Strengthen foundational capacity in select GCNs to enable participant growth & greater Gov’t/UN engagement<br>  - **Prepare UNGC for Transition to a Post-2020 Strategy**<br>    - Develop "Strategic Cornerstones 2025" document (Q1)<br>    - Facilitate smooth transition to new ED<br>    - Strengthen strategic planning across Theory of Change<br>  - **Anchor UNGC’s New Role Across the UN System**<br>    - Support 10 GCNs in implementing new guidelines to more closely collaborate with UN Resident Coordinators<br>    - Develop and pilot project on UNGC engagement in VNRs, achieving 5-8 examples of strong collaboration between GCNs and Governments at country level<br>    - UNGC NY to drive implementation of IRT outcomes on adoption of 10 Principles across UN system<br>| ▪ **Drive Scale & Impact Across Theory of Change**<br>  - Deliver on existing 7 Action Platforms and evolve concept for next cycle<br>  - Roll-out new Global Impact Initiatives (GIIs):<br>    • SDG Ambition and Young SDG Innovators<br>    • Target Gender Equality<br>    • Target 1.5°C (including related Campaign)<br>  - Roll-out new Sustainable Finance Strategy (including CFO Network and SDG Investment Forums)<br>  - Continue roll-out of Academy content in several languages<br>  - **Enhance Participant Accountability & Transparency**<br>    - Present new CoP/reporting framework (Q2) and initiate implementation (Q4)<br>    - Recognize leadership on the SDGs with new LEAD criteria<br>    - Launch data warehouse with participant & SDG data (Q2)<br>  - **Sharpen UNGC Brand Via 20th Anniversary Campaign**<br>    - Conduct global communications campaign with GCNs<br>    - Develop 20 Year Progress & Impact Report<br>    - Manifest a Platform of Platforms event on 15-16 June
| ▪ **Diversify & Engage the UNGC Government Group**<br>  - Expand Government Group with 4 new Member States (including 2 from Global South)<br>  - Increase general core contributions to $2.7m USD and earmarked project contributions to $800k USD<br>  - **Expand Fundraising Capacity & Income Streams**<br>    - Secure $900k USD from events sponsorship<br>    - Raise +1m USD for Global Impact Initiatives (GIIs)<br>    - Receive $4m USD from Action Platform contributions from the private sector<br>| ▪ **Prepare UNGC for Transition to a Post-2020 Strategy**<br>  - Develop "Strategic Cornerstones 2025" document (Q1)<br>  - Facilitate smooth transition to new ED<br>  - Strengthen strategic planning across Theory of Change<br>  - **Anchor UNGC’s New Role Across the UN System**<br>    - Support 10 GCNs in implementing new guidelines to more closely collaborate with UN Resident Coordinators<br>    - Develop and pilot project on UNGC engagement in VNRs, achieving 5-8 examples of strong collaboration between GCNs and Governments at country level<br>    - UNGC NY to drive implementation of IRT outcomes on adoption of 10 Principles across UN system<br>  - **Enhance Participant Accountability & Transparency**<br>    - Present new CoP/reporting framework (Q2) and initiate implementation (Q4)<br>    - Recognize leadership on the SDGs with new LEAD criteria<br>    - Launch data warehouse with participant & SDG data (Q2)<br>  - **Sharpen UNGC Brand Via 20th Anniversary Campaign**<br>    - Conduct global communications campaign with GCNs<br>    - Develop 20 Year Progress & Impact Report<br>    - Manifest a Platform of Platforms event on 15-16 June

Looking ahead to 2020, the Compact will aim to complete the delivery of its 2020 Global Strategy, and prepare for the initiative’s next phase. Focus areas will include:

- **ACCELERATE LEAD GENERATION:**<br>  - Adding new participants is a multi-step process, and focusing on generating substantial new leads in 2020 will set the Compact up for major growth down the line
- **PREPARE UNGC FOR TRANSITION TO POST-2020 STRATEGY:**<br>  - With a leadership transition in June and the completion of the 2020 Global Strategy, the Compact will need to be ready to transition to its next phase
- **ENHANCE PARTICIPANT ACCOUNTABILITY & TRANSPARENCY:**<br>  - A new CoP framework to be announced in Q2 and implemented in Q4 will raise the bar for participants
- **SHARPEN UNGC BRAND VIA 20TH ANNIVERSARY CAMPAIGN:**<br>  - The 20th anniversary of the Compact will provide an opportunity to take stock on the past and to drive ambition for the future