



United Nations
Global Compact

UN GLOBAL COMPACT

BUSINESS PLAN | 2020



Prepared for the

BOARD OF THE UNITED NATIONS GLOBAL COMPACT

CONFIDENTIAL

DECEMBER 2019



UN GLOBAL COMPACT

2020 BUSINESS PLAN

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ABOUT THE UN GLOBAL COMPACT

The United Nations Global Compact is a call to companies everywhere to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN issues and priorities embodied in the Sustainable Development Goals. Launched in 2000, the UN Global Compact is the largest corporate sustainability initiative in the world, with over 9,000 companies and almost 3,000 non-business signatories based in 160+ countries.

ABOUT THIS DOCUMENT

The United Nations Global Compact has recently developed a transformational 2020 Global Strategy that provides a lens through which the initiative and its stakeholders can view the current and future opportunity for the initiative to create game-changing impact through private sector contributions to the UN 2030 Agenda for Sustainable Development. Under the umbrella of the 2020 Strategy, this document presents an annualized strategic plan articulating the key priorities and associated financial resource allocations that will enable the UN Global Compact to achieve its 2020 ambitions.

1 BUSINESS PLAN HIGHLIGHTS

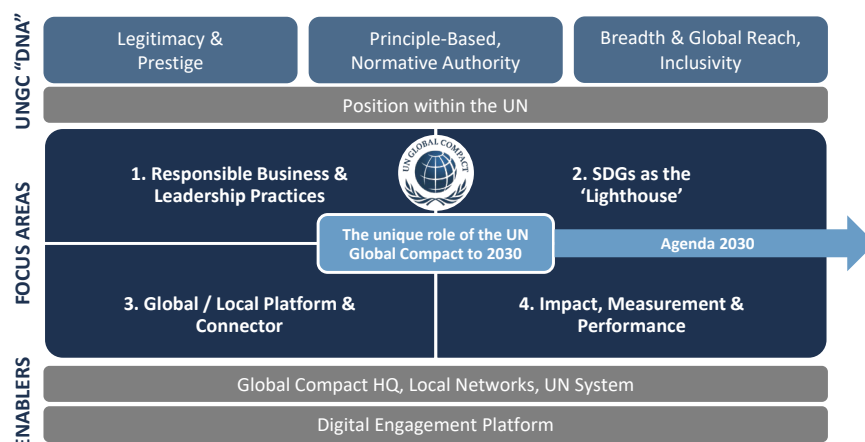
Key highlights from this 2020 Business Plan document:

- Now into the final year of its transformational 2020 Strategy, the UN Global Compact is on-track to deliver its key stated objectives of creating growth, optimizing the global organization, and strengthening the brand.
- During the past year, the Compact has made notable headway on key goals, including a successful pivot from focusing on retention to sustained participant growth, fully embedding a new global engagement (business) model with a significant increase in income for UNGC NY and Global Compact Networks around the world, and the initial revamping of its programmatic portfolio to truly bring the initiative's new Theory of Change to life.
- Looking ahead to 2020, the organization will be focused on delivering the remaining elements of its 2020 Strategy and positioning the initiative to fully support the UN Secretary-General's ambition for 'A Decade of Delivery.' To achieve this, the Compact's focus areas will include:
 - Leveraging an evolving value proposition and improved marketing capabilities to **accelerate participant growth**, particularly across key growth markets in Africa, Asia, and the United States
 - Anchoring the Compact's prominent role within the UN system through **strengthened Global Compact Networks and enhanced local engagement** of Governments and UN partners
 - Elevating **participant accountability and transparency** through the launch of a refined Communication on Progress reporting requirement that will include more monitoring by the Compact
 - Launching new Global Impact Initiatives, in the areas of SDG Ambition, Youth & Innovation, Climate, and Gender Equality, designed to **mainstream best practices and deliver impact at scale**
 - Sharpening and expanding the Compact's brand by **launching a 20th Anniversary Campaign**
- The UN Global Compact projects a nearly \$1 million USD surplus for 2020 based on record income figures (\$25m USD) underpinned by the initiative's new business model, including increased grant and event income.

2 BACKGROUND: UNGC 2020 STRATEGY

With the unveiling of the United Nations 2030 Agenda for Sustainable Development, the UN Global Compact viewed 2016 as an opportune moment to undertake the development of a new global strategy. This new 2020 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. The strategy also provides the basis for a clear timeline, 2017-2020, for the Compact to catalyze action as the overarching "platform of platforms" for business, the UN system and diverse stakeholders to deliver impact at scale.

Insights from the strategy consultations, with over 1,500 stakeholders, confirmed that the Global Compact's unique "DNA" creates a strong foundation for this 2030 ambition through four key focus areas that are enabled by expertise in the headquarters office in New York, across the Local Networks and through a new digital platform:



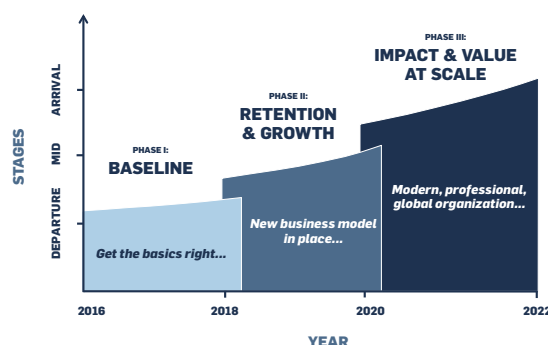
Fulfilling the unique role that the Global Compact can play, will demand renewed attention to four main focus areas:

- » **Global Advocate for Responsible Business & Leadership Practices:** The Compact will amplify its unique role given by the UN General Assembly as a promoter of responsible business practices, anchored in the Ten Principles, to the global business community and UN system on complex business and social issues.
- » **SDGs as the Lighthouse:** With the Ten Principles at the foundation, the Compact will serve as the definitive voice for the private sector on the 2030 Agenda and enabler of ambitious business action on the SDGs.
- » **Global Platform & Connector:** The Compact can leverage its UN connection, neutrality and tremendous global-local reach to become the "Platform of Platforms." Bringing together such a large and diverse group of like-minded and committed partners will allow the initiative to truly deliver on its mission to mobilize a global movement.
- » **Impact & Performance:** The Compact can leverage its position as the largest and most inclusive network of companies to become the trusted authority on communicating the impact of, and progress on, responsible business.

A realistic assessment of the UN Global Compact's existing ability to deliver against each of these four focus areas suggests that radical and sustained change is required across the organization. As part of this multi-year journey, the UN Global Compact anticipates three distinct phases:

1. **Baseline:** securing the foundational people, processes and technology needed to deliver on future ambitions
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 & offerings to truly deliver game-changing impact

UNGC STRATEGIC PHASES



3 CURRENT CONTEXT

Within its operating landscape, the UN Global Compact sees the emergence of the following key trends that will need to be considered as part of the organization's strategic planning in 2020:

Across the **World**, continued political instability and power vacuums have led to a sense of anger amongst different stakeholder groups. Four years into the SDGs, substantive progress still lags and particular inaction on climate change and closing inequality gaps worryingly continues. Demonstrations around the world clearly show the frustrations of the new generation with the lack of political will and action on these issues. With many around the world looking for someone else to step in and take the lead, there is a growing view that business can assume this leadership role. But, for business to be the one to drive tipping points on the world's most pressing issues, there is a strong need for 'business as unusual.' The Compact is playing a key role in helping to rally business while also challenging them to move beyond just words and into substantive action. Clear examples of this can be seen through the initiative's recent "Business Ambition for 1.5°C — Our Only Future" campaign and its role as a multi-stakeholder facilitator bringing together diverse actors to take action, including young professionals, civil society, Governments and UN colleagues.

Within the **United Nations**, the Secretary-General's ambitious reform agenda is being met with a worsening financial crisis. With Member State contributions in arrears nearing \$500m USD, many UN agencies are now seeking funding outside of traditional public sources, including from the private sector, and have setup new "resource mobilization" units for this purpose. Within this context, it is imperative for the Compact to reinforce its value proposition and positioning within the broader UN system. The reform process provides an opportunity for the Compact to solidify its role as the focal point for business within the UN and to enhance collaboration with UN Country Teams to drive impact at the local level. Through the New York secretariat, a more clearly articulated narrative on the Compact's role is in the process of being communicated to the UN system. The Ten Principles should be considered a minimum standard across commercial partnerships between business and the UN, and companies that are not already participants should be encouraged to join the Compact to ensure a level of accountability and integrity from business partners to the UN.

At the **UN Global Compact**, we are close to delivering the Global 2020 Strategy and have put the last pieces in place for 2020 to take us there. The organization is in good shape and key deliverables during the year will be keeping up the strong growth, cementing a 'One Global Compact', and driving the new Theory of Change across our nearly 70 Global Compact Networks to scale the number of companies that set targets and document impact on the SDGs, climate, and gender. These new Global Impact Initiatives will be transformational in aligning the entire Global Compact organization to drive ambition and impact together with more than 10,000 companies and 3,000 organizations worldwide. We have also laid down a set of cornerstones for a "Global 2025 strategy" that is detailed later in this plan.

3 2020 GOALS & KEY PRIORITIES

As described in the UNGC 2020 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**

The goals and sub-goals below, categorized by Must-Win Battles, reflect the UN Global Compact's overarching priorities for 2020:

GROWTH	ORGANIZATION	BRAND
<ul style="list-style-type: none"> ▪ ACCELERATE LEAD GENERATION & PARTICIPANT GROWTH <ul style="list-style-type: none"> — Generate ≥ 8,500 new leads for prospective joiners — Obtain +9% overall net company growth — Achieve growth targets across key markets: <ul style="list-style-type: none"> • +18% net company growth in USA • +13% net company growth in Asia • +20% net company growth in Africa — Secure ≥ \$10.6m USD in general contributions ▪ DIVERSIFY & ENGAGE THE UNGC GOVERNMENT GROUP <ul style="list-style-type: none"> — Expand Government Group with 4 new Member States (including 2 from Global South) — Increase general core contributions to ≥ \$2.7m USD and earmarked project contributions to ≥ \$800k USD ▪ EXPAND FUNDRAISING CAPACITY & INCOME STREAMS <ul style="list-style-type: none"> — Secure ≥ \$900k USD from events sponsorship — Raise ≥ \$1m USD for Global Impact Initiatives (GII)s — Receive ≥ \$4m USD from Action Platform contributions from the private sector 	<ul style="list-style-type: none"> ▪ CEMENT ‘ONE GLOBAL COMPACT’ GLOBALLY <ul style="list-style-type: none"> — Conduct Annual Values Survey in NY (Q1) & GCNs (Q2) — Deploy and fully embed the roles of new Regional Liaisons — Deepen up-skilling and engagement of GCN Board Members — Strengthen foundational capacity in select GCNs to enable participant growth & greater Gov't/UN engagement ▪ PREPARE UNGC FOR TRANSITION TO A POST-2020 STRATEGY <ul style="list-style-type: none"> — Develop “Strategic Cornerstones 2025” document (Q1) — Facilitate smooth transition to new ED — Strengthen strategic planning across Theory of Change ▪ ANCHOR UNGC'S NEW ROLE ACROSS THE UN SYSTEM <ul style="list-style-type: none"> — Support 10 GCNs in implementing new guidelines to more closely collaborate with UN Resident Coordinators — Develop and pilot project on UNGC engagement in VNRs, achieving 5-8 examples of strong collaboration between GCNs and Governments at country level — UNGC NY to drive implementation of IRT outcomes on adoption of 10 Principles across UN system 	<ul style="list-style-type: none"> ▪ DRIVE SCALE & IMPACT ACROSS THEORY OF CHANGE <ul style="list-style-type: none"> — Deliver on existing 7 Action Platforms and evolve concept for next cycle — Roll-out new Global Impact Initiatives (GIIs): <ul style="list-style-type: none"> • SDG Ambition and Young SDG Innovators • Target Gender Equality • Target 1.5°C (including related Campaign) — Roll-out new Sustainable Finance Strategy (including CFO Network and SDG Investment Forums) — Continue roll-out of Academy content in several languages ▪ ENHANCE PARTICIPANT ACCOUNTABILITY & TRANSPARENCY <ul style="list-style-type: none"> — Present new CoP/reporting framework (Q2) and initiate implementation (Q4) — Recognize leadership on the SDGs with new LEAD criteria — Launch data warehouse with participant & SDG data (Q2) ▪ SHARPEN UNGC BRAND VIA 20TH ANNIVERSARY CAMPAIGN <ul style="list-style-type: none"> — Conduct global communications campaign with GCNs — Develop 20 Year Progress & Impact Report — Manifest a Platform of Platforms event on 15-16 June

Creating Sustainable **GROWTH**

As an extra-budgetary office of the United Nations, the Global Compact is responsible for securing all of its own funding, which it derives primarily through annual contributions from business participants and UN Member States. Developing and implementing a more sustainable global business model, in collaboration with all Local Networks, was a key priority during the past two years. With the business model now firmly in place, the Compact will leverage recent investments in building out its marketing function to accelerate lead generation and help secure sustained participant growth. To help augment its strong European participant base, and to accelerate action on the Global Goals where it is needed most, the Compact will focus these growth efforts on three key markets: Africa, Asia, and the United States.

Moving into 2020, the Compact will continue to deepen its engagement with UN Member States. Expanding political, programmatic, and financial engagement with a more diverse set of Governments will ensure that the Compact builds even stronger alignment between the work of the initiative and the diverse national priorities of Member States. Alongside enhanced Government engagement within key programmatic efforts, such as the Compact's Expert Network and Action Platforms, the initiative will also look to significantly expand its Government Group, including by adding two new Member States from the Global South.

Lastly, the unveiling of the new Global Impact Initiatives and the 20th Anniversary Campaign (and related events) provide the Compact with excellent fundraising prospects for the new year. Supported by additional internal resourcing, fundraising will figure more prominently in the Compact's overall planning as the initiative seeks to diversify and secure multiple sustainable income streams beyond just business and Member State contributions.

Optimizing the Global ORGANIZATION

Building 'One Global Compact' has been an important theme throughout the implementation of the 2020 Strategy. Strengthening the programmatic, operational, and cultural linkages between the UNGC New York office and nearly seventy Global Compact Networks around the world has made significant progress and will continue into 2020. Specifically, the final deployment of Regional Liaisons and continued capacity building across developing Networks will enhance the Compact's ability to deliver at the local level. Key to this delivery is enhanced collaboration with UN country teams and local/national Governments, which will help anchor the Compact's unique role within the UN system as *the* connector of responsible business, UN partners, and Governments.

In the summer of 2020, the Compact will be introducing a new Executive Director to lead the global organization. Thus, significant efforts will need to be made in 2020 to help facilitate a smooth transition to, and on-boarding of, the initiative's new leader. An important pillar of this transition will include the development of a "Post-2020 Strategy Cornerstones" document that seeks to build off of the successes of the current strategy and proposes a series of pathways the Compact can take as part of its evolution. A deeper dive on the elements of this cornerstones document is included at the end of this business plan.

Clarifying and Strengthening the BRAND

Perhaps the most important goals for the Compact in 2020 relate to the brand as the initiative seeks to significantly expand its programmatic offerings, roll out an enhanced Communication on Progress reporting policy, and build renewed momentum around its work through a 20th Anniversary campaign. Programmatically, the Compact will seek to bring its new Theory of Change to life. This will include consolidating the strong engagement that has been fostered on its Action Platforms and cascading the thought leadership that has been created through a series of new Global Impact Initiatives (GIIs) designed to provide impact at scale. Details on the Compact's Theory of Change and new GIIs are covered in the next section of this business plan.

Continuing to enhance the Compact's integrity standards will also be a priority area for 2020 and will focus on the initiative's Communication on Progress (CoP) reporting requirement. Submitting a CoP is the primary requirement for continued participation in the initiative, and in 2020, the Compact will unveil a new CoP framework that will significantly increase expectations of participants in reporting on their corporate sustainability performance. These enhanced requirements are intended to help safeguard the integrity of the UN Global Compact initiative, foster greater public accountability and transparency on corporate sustainability performance, and provide greater access to global sustainability data. These new CoP efforts will leverage cutting edge technology to monitor the thousands of reports submitted annually and a new data platform to provide stakeholders with access to corporate sustainability/SDG data.

The year 2020 will also mark the 20th Anniversary of the UN Global Compact and provides an opportunity for the initiative to simplify its message and drive the brand to a new level. Throughout the year, the Compact will be conducting a communications campaign to highlight the progress that has been made during the past two decades in driving responsible business practices, which will be captured in a Progress & Impact Report to be developed by DNV GL. Looking forward, the campaign will also highlight the key areas that demand immediate action to bring the sustainability agenda on track and will help to build a coalition that can convert passion and positive intent into real action. These efforts will culminate in a Leaders Summit event in June 2020 that will profile new faces — particularly those of young leaders and activists — and will include the passing of the baton to a new Executive Director.

DELIVERING THE 2020 STRATEGY

At the outset of developing its new strategy, the Compact identified the below high-level goals as a way to measure whether the initiative had successfully delivered on its ambitions. With a few remaining elements to be addressed in the coming year, the Compact is well positioned to fully deliver on its transformational 2020 Strategy.

GROWTH	ORGANIZATION	BRAND
<ul style="list-style-type: none">▪ New fee structure & revenue sharing model in place across the UNGC▪ Sustainable participant and financial growth across the initiative▪ Strong & clear value proposition adopted across the UNGC	<ul style="list-style-type: none">▪ "One Global Compact" in place, backed by annual engagement surveys▪ Lean, efficient, supportive, engaged GCO with the required competencies▪ Good quality, efficient, engaged LNs across the world	<ul style="list-style-type: none">▪ Strong, sharp, clear and bold brand anchored in UN values and principles▪ Supporting, inspiring and engaging companies globally▪ Driving the scale and impact of the companies' efforts

4 SPOTLIGHT: GLOBAL IMPACT INITIATIVES

UN Global Compact programmatic work is rooted in the Ten Principles and focuses on advancing corporate sustainability and the Global Goals. During the early stages of its 2020 Strategy, the Compact significantly augmented its programme product portfolio and introduced fresh initiatives to put the organization's new Theory of Change into practice. A further evolution of this portfolio will include the launch of four Global Impact Initiatives (GIIs), which reflects a transition of the Compact from a "think tank" to an "implementation partner" at the country level.

THEORY OF CHANGE

The Compact's operating environment has evolved significantly since its founding nearly 20 years ago. The challenge now is to rapidly accelerate the number of businesses truly integrating responsible practices as part of their core strategies and to continuously challenge them to seek breakthrough innovation rather than incremental improvement. To better address this shifting landscape, the Compact recently developed a new Theory of Change (ToC) to guide its work in bringing about transformational and sustained change in global business practices.

Like most mission driven organizations, the Compact uses a 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:



The Compact's first step in bringing this new ToC to life began in the 'Innovation & Thought Leadership' space with the creation of nine Action Platforms (APs). These diverse APs helped drive innovation and thought leadership for companies to advance responsible business activities and fill emerging gaps in meeting the Global Goals. While the APs have been able to engage a sizeable number of important stakeholders, their greater value lies in the ability to take key learnings and cascade them to thousands of companies around the world. This 'Scaling Globally' has already been enabled through the UNGC Academy learning platform and will significantly expand with the launch of the new GIIs.

GLOBAL IMPACT INITIATIVES

To deliver impact at scale, the Compact has developed four new GIIs designed to generate behavior change across a critical number of Participants and Signatories. In collaboration with Global Compact Networks, GIIs offer both global and local engagement opportunities, including awareness raising campaigns, trainings, mentoring and blended learning. Along with the UNGC Academy, GIIs are intended to become 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 1,500+ 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. Reaching a critical mass of companies to respect and support the Ten Principles continue to remain a priority and foundational element in the GII programme design.



5 2020 BUDGET & PROJECTIONS

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

LOOKING BACK: 2019 FINANCIAL RESULTS

In year two of the new UN Global Compact business model implementation, the Compact will finish 2019 with a highly favorable financial position with a projected surplus of over \$1,000,000 USD. The positive results are primarily due to better than expected income from required annual contributions from business participants, with approximately \$9.6m USD raised — a 24% increase from 2018. Thus far, the new business model has driven significant income growth for both the New York office and most Global Compact Networks around the world.

Action Platforms continued to perform well financially, attracting close to \$4m USD in funding from the private sector. Grant income was also slightly higher than expected and will be an area of focus for significant expansion next year. Overall, revenue increased by close to 20% from 2018 to 2019, while expenses increased by about 19%.



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Consolidated 2018-2019 Financial Results [Un-Audited]

	2019 FOUNDATION EXPECTED (USD)	2019 TRUST FUND EXPECTED (USD)	2019 CONSOLIDATED EXPECTED (USD)	2018 CONSOLIDATED ACTUAL (USD)
INCOME				
General Participant Fees	9,694,359	-	9,694,359	7,836,827
PRME	420,000	-	420,000	439,902
Donor Gov't Core Contributions	-	2,656,500	2,656,500	2,380,711
Donor Gov't Earmarked	-	789,225	789,225	839,528
Action Platform (Private Sector)	3,883,279	-	3,883,279	3,705,333
Grant Income	1,300,000	-	1,300,000	780,653
Event Income	700,000	-	700,000	435,425
Local Network Development Fund	1,150,104	-	1,150,104	495,874
Other Income	149,225	-	149,225	411,952
Total Income	17,296,967	3,445,725	20,742,692	17,326,205
EXPENSES				
Personnel	6,684,686	4,124,165	10,808,851	8,843,689
Consultants & Experts	2,684,267	584,988	3,269,255	3,413,335
Events and Conference Services	674,500	-	674,500	541,510
Travel	657,421	250,000	907,421	858,079
Occupancy & Office Expense	1,587,000	30,000	1,617,000	1,416,422
IT & Telecommunications	464,382	-	464,382	598,872
Communications and Outreach	485,900	-	485,900	118,579
Insurance	30,000	-	30,000	5,911
Accounting, Banking and Admin	172,789	514,207	686,996	469,634
Hospitality, Subscriptions, Pro Dev	301,350	-	301,350	161,252
Local Network Development Fund	500,000	-	500,000	200,517
Total Expenses	14,242,295	5,503,360	19,745,655	16,627,800
Grant from Foundation for the Global Compact*	-1,200,000	1,200,000	-	-
NET OPERATING SURPLUS / (DEFICIT)	1,854,672	-857,635	997,037	698,405

*A critical role of the Foundation for the Global Compact is to fundraise from the private sector to support the initiative and provide financial support for the UN Global Compact Office as articulated in the MoU between the two organizations. In 2019, the Global Compact Office received a \$1.2m USD grant from the Foundation. In 2020, it is projected that the Foundation will grant \$3.5m USD to the Global Compact Office.

LOOKING FORWARD: 2020 BUDGET SUMMARY

2020 will be an important year for the Compact as the initiative works to introduce new Global Impact Initiatives to drive scale and ambition, and deliver a brand building campaign to celebrate its 20th Anniversary. This will result in increases in both revenue and expense. Additionally, critical digital priorities will be implemented in 2020 that will drive up IT cost while also bringing in revenue from project funders to help support it.

In the coming year, income from fees is expected to increase by 13% as targeted growth strategies are implemented across key markets. Grant income will increase significantly as sponsorships for the new GIIs and other digital priorities are secured. Event income will also increase significantly (154%) as the Compact hosts the 2020 Leaders Summit to celebrate its 20th Anniversary and the 75th Anniversary of the United Nations.

Expenses will increase primarily in the areas of event spending and digital/IT as the Compact implements new technical solutions in support of its revised Communication on Progress reporting requirements, builds a data warehouse to house global corporate sustainability data, and completes a CRM rollout to Global Compact Networks.



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Consolidated 2020 Financial Projections

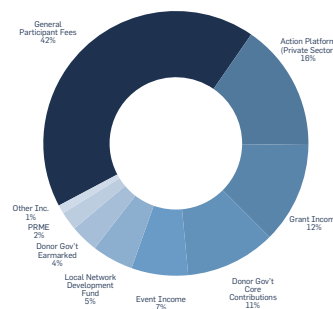
	2020 FOUNDATION (USD)	2020 TRUST FUND (USD)	2020 TOTAL BUDGET (USD)	2019 EXPECTED (USD)
INCOME				
General Participant Fees	10,921,042	-	10,921,042	9,694,359
PRME	590,000	-	590,000	420,000
Donor Gov't Core Contributions	-	2,831,720	2,831,720	2,656,500
Donor Gov't Earmarked	-	880,000	880,000	789,225
Action Platform (Private Sector)	4,009,500	-	4,009,500	3,883,279
Grant Income	3,176,000	-	3,176,000	1,300,000
Event Income	1,780,000	-	1,780,000	700,000
Local Network Development Fund	1,299,363	-	1,299,363	1,150,104
Other Income	269,814	-	269,814	149,225
Total Income	22,045,719	3,711,720	25,757,439	20,742,692
EXPENSES				
Personnel	7,363,107	5,891,750	13,254,857	10,808,851
Consultants & Experts	3,376,005	33,435	3,409,440	3,269,255
Events and Conference Services	1,820,000	10,000	1,830,000	674,500
Travel	621,080	300,000	921,080	907,421
Occupancy & Office Expense	1,740,309	49,000	1,789,309	1,617,000
IT & Telecommunications	947,879	35,000	982,879	464,382
Communications and Outreach	505,000	5,000	510,000	485,900
Insurance	30,000	-	30,000	30,000
Accounting, Banking and Admin	215,000	834,932	1,049,932	686,996
Hospitality, Subscriptions, Pro Dev	290,000	3,000	293,000	301,350
Local Network Development Fund	900,000	-	900,000	500,000
Total Expenses	17,778,380	7,162,117	24,940,497	19,745,655
Grant from Foundation for the Global Compact*	-3,500,000	3,500,000	-	-
NET OPERATING SURPLUS / (DEFICIT)	767,339	49,603	816,942	997,037

*A critical role of the Foundation for the Global Compact is to fundraise from the private sector to support the initiative and provide financial support for the UN Global Compact Office as articulated in the MoU between the two organizations. In 2019, the Global Compact Office received a \$1.2m USD grant from the Foundation. In 2020, it is projected that the Foundation will grant \$3.5m USD to the Global Compact Office.

2020 INCOME

In 2020, the Compact will aim to raise \$25.8m from all revenue sources. With prior investments made to expand marketing and client engagement teams beginning to pay dividends, it is expected that participant fee revenue will increase by over 13% in 2020 to nearly \$11m USD. With several fundable programmatic initiatives and IT investments on the horizon, grant income is expected to more than double. Action Platform income is expected to inch marginally higher, along with Government contributions. And, while the 20th Anniversary campaign is expected to attract significant new income, events will likely end the year as cost covering.

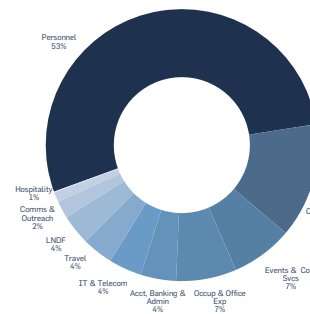
2020 INCOME



2020 EXPENSES

In the coming year, the Compact projects expenditures of nearly \$24m en route to delivering its 2020 Strategy. Alongside the aforementioned new allocations for digital/IT, the organization will make significant personnel investments to attract required specialists, as well as to follow through on previously deferred hiring. Timing of new hires will be staggered throughout the year and a financial review will occur in Q2 to determine whether additional expected hires can be made based on financial performance of the organization. Alongside new hires, personnel expenses will also see an increase as part of an across the board 10% increase in UN staff member costs.

2020 EXPENSES

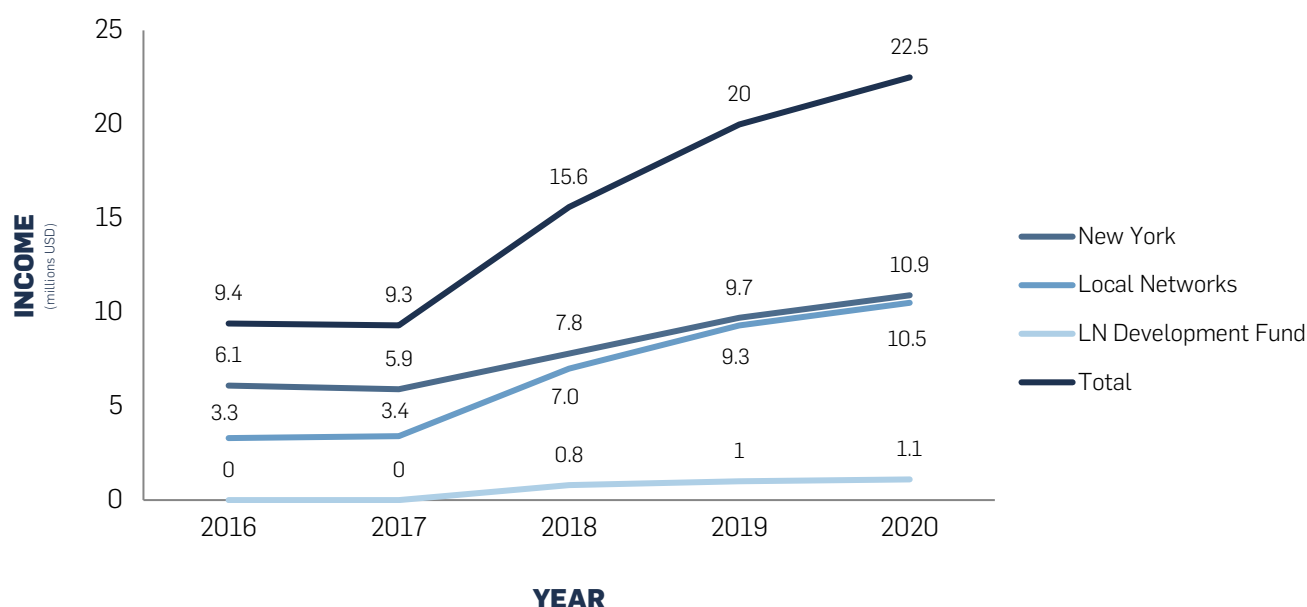


MID-TERM PROJECTIONS ON ANNUAL CONTRIBUTIONS

The new engagement model requiring annual contributions from participants has resulted in a significant revenue increase to support both the Compact's operations in New York and at Global Compact Network offices around the world. By year-end 2019, the Compact will have raised \$20m USD in required annual contributions globally, a 28% increase from 2018. Networks as a whole are now very close to raising equal amounts as the New York office. Additionally, close to \$1m USD has been raised for the Local Network Development Fund (LNDF) to support the creation and development of new and emerging networks.

In the year 2020, the Compact will see additional increases in income as the initiative as a whole looks to raise nearly \$22.5m USD from annual participant fees, securing a 12.5% increase year-on-year.

PROJECTED ANNUAL CONTRIBUTIONS



5 THE ROAD AHEAD

The Compact's 20th Anniversary celebration in June 2020 will play host to another important milestone: for only the second time since its founding, the initiative will be introducing a new Executive Director to lead the global organization. To help facilitate an effective transition to a new leader, the UN Global Compact Executive Management Team recently undertook a strategic review to identify 'cornerstones' that could frame the creation of the Compact's next strategy.

With all of the key elements of the 2020 Strategy on-track to be successfully delivered, the Compact engaged Accenture Strategy to help develop a series of pathways that the organization could potentially follow as part of its next evolutionary step. The pathways serve as a type of dial, with each element able to be ramped up or down as needed in the future. These strategic options will be discussed with the UN Global Compact Board during its January 2020 meeting and will be presented to the new Executive Director upon their assumption of the role.

POST-2020 STRATEGY CORNERSTONES

Insights gathered from this year's CEO and Implementation Surveys point to an urgent need for the UN Global Compact to continue its transformation into an action and impact driven organisation to retain its position as the world's largest corporate sustainability initiative. The following three interventions are derived from the findings of these surveys, as well as in-depth discussions with the Executive Management Team:

- » **RAISE THE BAR:** Mandate baseline expectations on the SDGs from participant companies relative to their size, impact in the market and geographical location.

The Compact should "raise the bar" and set the baseline for ambition, demonstrate acceptable corporate behavior and hold participants accountable based on performance rather than procedure. This intervention will play a major role in steering participants to commit sufficiently ambitious targets on the SDGs and inspire fence-sitting business to seek a more active contribution through the UN Global Compact. It would also help the Compact recognize and reward corporate activists, impactful performance and market leading practices.

- » **RAISE THE FLOOR:** Raise participant accountability through enhanced reporting standards using a digital tool to track and measure participant impact.

Today, only 21% of business leaders feel the private sector is playing a critical role in contributing to the SDGs — signaling an urgent need for the Compact to establish transparent accountability mechanisms and bolster its reporting framework. Across both surveys conducted this year, transparency and guidance are the most important reasons members engage with the UN Global Compact. Thus, for the next strategy, the Compact must continue to enhance its reporting standards, based on the new CoP, to "raise the floor" and provide practical guidance to support companies in making demonstrable progress on their sustainability journeys.

- » **LEVERAGE TECHNOLOGY/DIGITAL:** Take advantage of technology driven transformations underway within participant companies & industries to ensure action on the SDGs is prioritized and embedded.

As the world's largest convener on corporate sustainability — with an average annual participant acquisition rate of 19% — the Compact is at a critical junction to provide market leading services to its participants. For its next strategy, the Compact must ensure its value proposition is leveraged by participants as they increasingly adopt emerging digital, physical and biological technologies to fundamentally transform their business models. The Compact must leverage this critical decade of technology enabled transformations, ushered by the onset of the Fourth Industrial Revolution, and recognize these technologies as a route to achieving the scale and action needed on the SDGs.

Along with the three priority interventions detailed above, the Compact should also consider the following supporting elements in the design of its next strategy:

- » While progress has been made in optimizing the global organization, the Compact should further review its capability and operating model to identify how best to drive change globally and at the regional/local level
- » The Compact should work to simplify its brand and offerings by prioritizing key 'high impact' thematic areas
- » Becoming an "impact first" initiative will help the Compact focus on participants who stand to have a significant impact on achieving the SDGs