Annex I

Global Compact
Local Network
Quality Standards
Table of Contents

Objectives

Terminology

I. Governance
A. Statutes and Membership
   o Statutes
   o Membership
   o Business Model

B. Global Compact Local Network General Assembly and Board of Directors
   o General Assembly
   o Board Composition
   o Board Nomination Process
   o Chair
   o Meeting Minutes
   o Board Responsibility and Oversight

C. Hosting Arrangement and GCLN Secretariat
   o Hosting Arrangement
   o GCLN Secretariat

D. Roles and Responsibilities
   o Terms of Reference
   o Conflicts of Interest
   o Due Care
   o Values and Behaviour Model

II. Management
A. Strategic Planning and Reporting
   o Value Proposition and Work Plans
   o Budget, Invoicing and Audited Financial Statements

B. Communication and Engagement
   o GCLN Updates
   o Ongoing Communication
   o Updating Core Information

C. Integrity and Branding
   o Integrity Measures
   o GCLN Logo and Branding
   o Privacy and Data Protection
   o Written Notice
Objectives
The purpose of developing and implementing a uniform set of Quality Standards (QS) across all Global Compact Local Networks (GCLNs) is to provide more clarity around the expectations that exist for all GCLNs and to further align around a common minimum set of standards for governance, management, integrity and reporting in the spirit of a ‘One Global Compact’ outlined in the 2020 Global Compact strategy.

Specifically, the objectives are:

1. To help all GCLNs make sure they are managed according to globally accepted principles of good governance for membership organizations and in alignment with the integrity standards of the UN Global Compact (UNGC). Besides the benefits this will bring to GCLNs in terms of legitimacy, reputation and efficiency, the Quality Standards are also designed to safeguard the UN Global Compact name and brand and to protect the reputation of the initiative around the world.

2. To help root all GCLNs on the UN Global Compact Way Values and Behaviours Model emphasizing a commitment to the core organizational values of Integrity, Professionalism and Respect for Diversity. These values are the binding force across the UN Global Compact initiative and its Local Networks underpinning the common pursuit to creating a better world for future generations.

3. To support all GCLNs in operating in line with the core attributes of the UN Global Compact, reflecting that it is rooted in the United Nations, engages companies whose CEO have made a commitment to the UN Global Compact Ten Principles, and that it is a ‘business-led, multi-stakeholder’ initiative.

4. To help create further clarity among companies and stakeholders in terms of the nature of GCLNs and their roles within the UN Global Compact, and to further clarify the mandate and responsibilities associated with various titles used by individuals across GCLNs.

5. To help make sure that all GCLNs provide adequate financial reporting to their members and other key stakeholders and to facilitate monitoring and aggregate reporting of the impact of the initiative on a global level.

Each section of the Quality Standards sets out a number of requirements (minimum standards that all GCLNs shall meet) as well as a number of additional recommendations that all GCLNs are encouraged to follow in order to further strengthen governance, management and alignment across the initiative. Within the broad parameters defined by the requirements, GCLNs can freely decide their specific structures, policies and practices and GCLNs remain fully independent from the UN Global Compact Office (GCO) with respect to all aspects of their local strategy, priority-setting and decision-making.
Terminology
The terminology below will be used in all communications and interactions within the UN Global Compact to define the different bodies and roles within a GCLN. GCLNs are strongly encouraged to align with the terminology below within their own organization and in communications with members and stakeholders, including most importantly with respect to the titles for the GCLN Executive Director and Chair, as this will make it easier for members and stakeholders across the UN Global Compact to understand what a particular body or title means in terms of mandate and responsibilities. Nevertheless, it is understood that individual GCLNs may use translated or modified titles when these make more sense in the specific country context.

Annual Local Network Forum (ALNF): annual forum bringing Local Networks together to share experiences, learn from each other and network. This annual meeting also provides the opportunity to seek the input of Local Networks on key governance issues relating to Local Networks and, more broadly, to the initiative as a whole.

Chair of Global Compact Local Network Board (GCLN Board Chair, Chair): the highest officer of the Global Compact Local Network Board of Directors, presiding over meetings of the GCLN Board.

Foundation for the Global Compact (Foundation): headquartered in New York, it provides vital financial, operational and programmatic support to the United Nations Global Compact and other UN Global Compact activities around the world. Established in 2006, it is incorporated under the laws of New York State as a not-for-profit corporation.

Global Network Council: a joint committee consisting of regionally elected representatives of Local Networks as well as chiefs from the Global Compact Office providing recommendations to the Executive Director.

Global Compact Local Network (GCLN): entity that works closely with the Global Compact Office (GCO) through a signed agreement to advance the UN Global Compact and its principles at the country level, helping to root the initiative within different national, cultural and language contexts and managing groups of UN Global Compact Participants and Signatories in a specific country. Unless otherwise specified, the use of the term GCLN shall also include reference to such GCLN that have been authorized by the GCO to use “UN Global Compact”/“UNGC” in their name.

Global Compact Local Network Board of Directors (GCLN Board): a recognized group of people (Directors) who jointly oversee the GCLN.

Global Compact Local Network Business Model: outlines two models for distribution between the Foundation and GCLN of mandatory financial contributions collected from Global Compact Participants and Signatories. Under the Revenue Sharing Model companies will make a payment to the Foundation or GCLN, which would be re-distributed between the Foundation and GCLN based on an agreed ratio. Under the Global-Local Model, companies pay either to the Foundation or their GCLN based on annual revenues (companies over 1 billion USD pay to the Foundation while companies under 1 billion USD pay to the GCLN).

Global Compact Local Network Executive Director (GCLN ED): the most senior person of the GCLN Secretariat.

Global Compact Local Network General Assembly (GCLN General Assembly): a platform through which all members of a GCLN have the opportunity to voice their opinions, elect or approve members of the GCLN Board, and vote on any other matter brought forward by the GCLN Board as well as on suggestions from individual GCLN members. Also, often known as an Annual General Meeting.

Global Compact Local Network Secretariat (GCLN Secretariat): the GCLN team (or individual) responsible on an on-going basis and paid for implementing GCLN strategies and activities, including recruitment, participant engagement, coordination and collaboration with the GCO.

Global Compact Local Network Statutes (GCLN Statutes): define the terms of membership and lay out the governance structure of the GCLN, including by specifying the roles and responsibilities of the different
bodies and individuals. Other terms including ‘constitution’ and ‘bylaws’ may also apply.

**Global Compact Office (GCO):** headquartered in New York, it is the principal office through which UN Global Compact policies, strategies and activities are developed. The Executive Director (ED) is the most senior employee of GCO and reports directly to the Secretary General and Deputy Secretary General of the United Nations. The ED may at his or her discretion delegate any and all duties related to GCLN collaboration to relevant staff members, keeping all GCLNs fully updated on division of responsibilities.

**Hosting Organization:** an existing organization (e.g. UN agency, university, business association) that on an ongoing basis provides legal, administrative and/or logistical services for the GCLN, for example by arranging for the GCLN Secretariat (or part of it) to be hired and employed by the hosting organization staffing or consultancy processes, and by managing financial accounts and reporting, and by providing office space and meeting rooms. In many cases, hosting organizations also provide other forms of financial or in-kind support for the GCLN.

**Independent Entity:** refers to a charity, foundation or association or other type of legal entity that has been established with the sole purpose of hosting the GCLN Secretariat.

**Local Network Accelerator:** a living platform on the Hub housing relevant online e-learning sessions, policies, tools, templates, and resources aimed at supporting Local Networks in the management and operations of the Secretariat and Governance of the Board.

**Local Network Exchange Programme:** refers to opportunities where select Local Networks would be matched with hosting Networks or GCO HQ for an extended in-house multi-day or week exchange and learning program aimed at capacity building and knowledge exchange.

**Local Network Hub:** is a centralized intranet for UN Global Compact and Global Compact Local Network staff that serves as the primary repository for shared information, collaboration and internal communications among the UN Global Compact and its Networks.

**Local Network Playbook:** Online implementation toolkits designed for a broad set of Local Networks to take mature and fully tested GC initiatives/activities to scale. Objective is to value for the broader base of GC Participants and Signatories -- particularly those that engage mostly at the local level -- by disseminating and localizing GC initiatives, messaging and campaigns.

**Participant:** refers to an organization that has joined the UN Global Compact through the “Participant tier” providing it full access to the range of events and activities organized by the UN Global Compact.

**Regional Network Councils:** regional councils representing the five regions (Africa, Americas, Asia and Oceania, Europe and Middle East) composed of all GCLN EDs and supported by regional liaisons from the GCO with a view to allow GCLNs to come together online or in person regularly to discuss UN Global Compact matters.

**Signatory:** refers to an organization that has joined the UN Global Compact through the “Signatory tier” providing it basic access to the range of events and activities organized by the UN Global Compact.

**UN Country Team:** the UN's highest level inter-agency coordination and decision-making body in a specific country. It is led by the United Nations Resident Coordinator, the designated representative of the UN Secretary General in a specific country.
I. Governance

A. Statutes and Membership

Requirements:

Statutes

1. GCLNs shall have a set of formal statutes that lay out the governance structure of the GCLN and define the roles and responsibilities of all relevant actors representing the GCLN. The statutes shall be adopted by the GCLN General Assembly and may only be amended by the GCLN General Assembly. For new and re-launching GCLNs, the statutes must be approved by the GCO prior to the launch.

2. GCLNs shall include information regarding their governance structure on their website, clearly stating their status as self-governing entities working closely with the GCO in accordance with a Memorandum of Understanding.

Membership

3. GCLNs shall only have member organizations that are formally Signatories or Participants of the UN Global Compact signed up through the official application process or subsidiaries of organizations that are Signatories or Participants. This applies to both business and non-business members.

4. In the event that the GCLNs implement an additional process for offering GCLN membership to Signatories or Participants of the UN Global Compact, such process shall be specified in their statutes. GCO is to be consulted prior to implementation of such additional processes.

5. All business Signatories with annual revenues ≥50 million USD as well as all business Participants shall be able to join their respective Local Network in the country in which they are headquartered without making an additional financial contribution. However, additional fees for special services and activities as well as opportunities for sponsorship may be applied, as determined by the GCLN Board. Fees associated with specific projects shall be time-bound with clear deliverables and not constitute an on-going commitment.

6. Each Local Network can decide whether a) Signatories with annual revenues <50 million USD b) non-business Signatories, and c) subsidiaries of UN Global Compact Signatories and Participants will need to pay a fee for GCLN membership or for having access to the activities of the GCLN.

7. Upon fulfilling any such requirement for a financial contribution, all these types of organizations should be able to join as members. To support recruitment efforts, other companies and organizations can be invited to join individual GCLN events and activities, but they cannot be members of the GCLN and enjoy the full range of membership benefits until and unless they become UN Global Compact Signatories or Participants. Activities open to non UN Global Compact Signatories or Participants should be time-bound with the specific objective of recruitment and not constitute an ongoing commitment.

Business Model

8. GCLNs must fully align with the Local Network Business Model that they have chosen (Global-Local Model or Revenue Sharing Model) and adopt the necessary policies and procedures to be able to collaborate with the Foundation on collecting and sharing financial contributions from Signatories and Participants. Details regarding the chosen Local Network Business Model are laid out in the Foundation-GCLN Agreement, the
written agreement between the Foundation and individual GCLNs.

**Recommendations:**

1. GCLNs are encouraged to follow the template provided by GCO for its statutes found on the Local Network Accelerator.

**B. Global Compact Local Network General Assembly and Board of Directors**

**Requirements:**

*General Assembly*

1. The GCLN General Assembly must be recognized as the highest authority of the GCLN, allowing members to raise and discuss issues of relevance to the GCLN and its members, thus providing direction and feedback to the GCLN Secretariat and GCLN Board.

2. A meeting of the GCLN General Assembly must be convened at least once every year. It can be convened as an in-person meeting, by phone or online, whichever is outlined in the GCLN statutes or decided by the GCLN Board. All members of the GCLN shall be invited and encouraged to attend meetings of the GCLN General Assembly and have full voting rights.

*Board Composition*

3. A GCLN shall have a dedicated Global Compact Local Network Board of Directors that provides oversight of the GCLN Secretariat with respect to the strategy, activities, and finances of the GCLN.

4. All Directors on the GCLN Board shall be elected or approved by the GCLN General Assembly.

5. At least 50% of Directors shall at any time represent businesses or business associations or in other ways represent the business community (e.g. Independent Directors with significant experience in the private sector).

6. An employee of a company that is (a) not a Global Compact Signatory or Participant or (b) a Global Compact Signatory or Participant not in good standing (i.e. not holding an Active status due to failure to submit an annual Communication on Progress or make the required financial contribution on time) shall not be on the GCLN Board. However, the GCLN can decide to allow for Independent Directors which are defined as individuals that do not represent a particular company or organization (e.g. government representative, etc.).

7. One or more seats on the GCLN Board may be reserved for specific types of organizations (e.g. Hosting Organization, the national government, the UN Country Team or the GCO), but the individuals representing such organizations shall also be subject to election or approval by the GCLN General Assembly.

8. The GCLN ED may join the GCLN Board as an ex-officio member. If the GCLN ED is a (ex-officio) member of the GCLN Board, he or she shall recuse himself or herself from discussions and decisions that may create a conflict of interest, including with respect to ED performance and remuneration. The GCLN ED shall not have any voting rights during GCLN Board meetings.

9. The GCLN Board shall at any time have representation from at least one non-business organization. In situations where this is not legally permitted or for any other reason not possible, the GCLN shall formalize other opportunities for non-business organizations to provide input to GCLN decision-making.

10. In countries with a United Nations Resident Coordinator (RC), the GCLN shall reserve a seat on the GCLN Board for the RC or another UN representative recommended by the RC. In situations where it is not legally permitted or for any other reason is not possible, the GCLN shall with support from GCO seek other ways to formalize a close collaboration with the RC and UN organizations in the country (e.g. through a partnership
agreement or by engaging the RC in an honorary role).

11. The RC and other individuals representing the UN or GCO shall not have voting rights and shall only be a member of the GCLN Board as an observer or in an advisory role, with the primary objective of securing alignment with UN priorities and goals.

**Board Nomination Process**

12. During the GCLN Board nomination process, GCLNs shall give consideration to potential conflicts of interest of nominees or the organizations that they represent, including but not limited to conflicts of interest of a personal, financial, or political nature, as well as to their reputation among peers and civil society organizations in terms of upholding the commitment to the Ten Principles.

13. GCLN statutes shall clearly define specific procedures for nominations and elections to the Board as well as the maximum term of service and number of terms to be served. This includes clear indication of the maximum term of Directors as well as the process for re-appointment (if applicable).

14. At least 14 days before a list of nominations is finalized and presented to the General Assembly, the GCLN Secretariat must inform GCO, allowing GCO to check whether it has engaged with any of the candidates under its Integrity Measures, and thus allowing GCO to make this known to the GCLN in due time. This process shall also apply in cases where an advisory committee or a group of GCLN ambassadors is established (refer to B-1 under Recommendations).

**Chair**

15. The GCLN Board shall elect one of its Directors to be the GCLN Board Chair who shall preside over meetings of the Board. The GCLN ED shall not be elected as the Chair.

16. GCLN statutes shall clearly define the maximum term of the Chair as well as the process for re-appointment (if applicable).

**Meeting Minutes**

17. The minutes of the GCLN Board meetings shall be maintained by the GCLN and circulated after each Board Meeting for approval by the GCLN Board.

**Board responsibility and oversight**

18. Next to the GCLN General Assembly, the GCLN Board shall have the highest authority in relation to the governance of the GCLN. Elected by the GCLN General Assembly, the GCLN Board shall be responsible for setting the goals, strategy, budget and values of the GCLN, as well as overseeing the work of the GCLN Secretariat. The GCLN Board upon majority vote shall have the power to appoint and dismiss the GCLN ED.

19. The GCLN Board shall have overall oversight over management of funds by the GCLNs. The GCLN Board shall also ensure that the GCLNs operate in full accordance with the QS.

**Recommendations:**

1. The GCLN Board should have a minimum of 7-9 members.

2. GCLN should publish an open call for nominations of members to the GCLN Board and the selection committee should maintain a matrix of skills for Board Directors.

3. GCLN Boards should aim to achieve diversity in their composition with respect to gender (in line with the Women’s Empowerment Principles), skills, expertise, experience, ethnicity, and other factors. GCLNs should also aim for diversity in terms of representation from large vs. small companies and from different types of
non-business organizations, including civil society, labor organizations, and academic institutions.

4. In cases where the GCLN Board is not composed of high-level representatives, GCLNs should explore other ways to engage C-suite level business people in their activities, including for example in an honorary or advisory capacity.

5. In countries where there is no United Nations Resident Coordinator (RC), GCLNs are strongly encouraged to reserve a seat for another UN representative. In such cases, the individual nominated would be subject to approval by the GCLN General Assembly. Alternatively, the GCLN is encouraged to, with support from GCO, seek other ways to formalize a close collaboration with UN organizations in the country such as through a partnership agreement or by engaging a UN representative in an advisory or honorary role.

6. All GCLNs are welcome to reserve a seat for a GCO representative to join the GCLN Board as an observer and are encouraged to do so right after the launch or re-launch of the GCLN or in situations where stronger alignment between GCLN and GCO is deemed necessary by the GCLN.

7. The Chair should not be an Independent Director and should represent a UN Global Compact Signatory or Participant.

8. The Directors should be eligible for 2 consecutive re-elections after the initial election, and the total term of a Director should be no more than 6 years.

C. Hosting Arrangement and GCLN Secretariat

Requirements:

Hosting Arrangement

1. The GCLN Board shall decide, if the GCLN will (continue to) benefit from being hosted by one or more Hosting Organizations. The decision to engage a new host for the GCLN requires the approval of both the GCLN Board and the GCO. New Agreements between (a) the GCLN, the Hosting Organization(s) and the GCO and (b) the GCLN, the Hosting Organization(s) and the Foundation shall be entered into in order for any changes to the hosting arrangement to come into effect.

2. GCLNs should not be hosted by a for-profit organization, unless the organization does not have commercial relations, and does not seek to have commercial relations, with members of the GCLN. Regardless of the hosting arrangement, GCLNs can engage in partnerships or contractual relationships with for-profit organizations relating to the provision of specific services. Further, GCLN may also decide to welcome in-kind contributions from both for-profit and non-for-profit organizations, including for example in terms of occasional access to office space or meeting rooms, but proper caution should be exercised in terms of what may constitute a reputational risk for GCLN and the broader UN Global Compact.

3. GCLNs shall not be hosted by organizations that at the same time run other business membership initiatives where the primary focus is promotion of corporate sustainability, similar to the mission of the UN Global Compact.

4. Where GCLN is an Independent Entity, the GCLN and the Hosting Organization shall enter into an agreement which, inter alia, shall state the nature and scope of hosting services provided to the GCLN by the Hosting Organization.

5. Any material change in the legal status of the GCLNs including registration of the GCLN as independent entities under local laws shall require prior approval of the GCO and shall be done in close consultation with the GCO.

6. In the event that the GCLN requires founding members in order to register under local laws, such founding
members shall be Global Compact Signatories or Participants. Upon prior approval from the GCO, the roles, responsibilities and privileges of the founding members, if any, shall be set out in the GCLN Statutes.

**GCLN Secretariat**

7. GCLNs shall have a GCLN ED responsible for leading the GCLN Secretariat.

8. The highest executive of the Hosting Organization shall not also be the GCLN ED.

9. GCLN EDs should not be hired through a for-profit organization, unless the organization does not have commercial relations, and does not seek to have commercial relations, with members of the GCLN.

10. The GCLN ED shall be subject to oversight by the GCLN Board and shall report to the GCLN Board (and not to anyone within the GCLN’s Hosting Organization) on all matters related to the GCLN. The GCLN Secretariat shall, as requested by the Board, provide the Board full access to relevant information about the GCLN, including on financial matters.

11. Any new GCLN ED must be appointed or approved by the GCLN Board. Further, the GCLN Board shall have the authority at any time to determine whether the GCLN ED shall be replaced (subject to the specific employment contract and local employment laws).

12. While the decision is for the GCLN Board alone to take, the GCLN Board shall, when recruiting a new GCLN ED, submit to GCO the CV(s) of top candidate(s) promptly so as to allow GCO to share relevant information or recommendations with the GCLN Board, before its final decision is made.

13. Local Network Secretariat staff positions can be filled by a Global Compact Signatory or Participant (business or non-business) secondment so long as i) the duration of the secondment has been clearly defined in a written agreement, and ii) the secondee exclusively reports to the GCLN ED (or someone he/she assigns to be the supervisor) for the duration of the secondment. A business or non-business organization is not by virtue of providing a secondee considered a Hosting Organization for the GCLN.

**Recommendations:**

1. Hosting organizations of GCLNs should, if eligible under the UN Global Compact joining criteria, themselves be Signatories or Participants of the UN Global Compact.

**D. Roles and Responsibilities**

**Requirements:**

**Terms of Reference**

1. The GCLN shall have written Terms of Reference (TOR) for all Directors on the GCLN Board, clarifying duties and responsibilities. The TOR for Directors may also be outlined by the statutes. These shall provide that i) in discharging their duties, Directors must at all times act in good faith and in the best interests of the GCLN (not their individual interests or the interests of their own organization) and that ii) no Director can use his or her position to promote the commercial or political interests of the organization he or she works for.

2. The GCLN shall have a written TOR for the GCLN ED, clarifying duties and responsibilities. The TOR for the GCLN ED may also be outlined by the statutes. These shall provide that the GCLN ED manages other GCLN Secretariat staff and is ultimately responsible for execution of the GCLN strategy, for participant communications, support for GCLN Board and General Assembly, and for maintaining good lines of communication with GCO. The GCLN ED must at all times act in good faith and in the best interest of the GCLN.
3. The GCLN ED and Board Chair can represent the GCLN within the UN Global Compact as well as externally vis-à-vis companies, governments, media and others and speak on behalf of the GCLN. Permission for others to act and speak on behalf of the GCLN must be authorized by the GCLN ED and/or the Board Chair.

Conflicts of Interest

4. The GCLN Board shall maintain a conflict register of any conflicts of interest from Directors, the GCLN ED and staff of the GCLN Secretariat, and seek guidance from GCO where conflicts of interest risk undermining the interests or brand of the GCLN or the broader UNGC. In order to avoid conflicts of interest risk, the GCLN ED shall not provide consultancy services, either full-time or part-time to other entities and shall work with the GCLN on a full-time basis.

Due Care

5. Each GCLN shall also have its own appropriate procedures to respond to a situation where a Director on the GCLN Board or the company it represents is involved in an incident that could become a reputational risk to the GCLN or the broader UN Global Compact.

Values and Behaviour Model

6. GCLNs shall align with “The UN Global Compact Way Values and Behaviour Model,” for example by reflecting the values and behaviours across relevant human resources policies and procedures including in TORs for GCLN Secretariat staff and Board Directors.

Recommendations:

1. The GCLN ED should be fully dedicated to the GCLN (i.e. not have any other responsibility for the Hosting Organization).

2. The GCLN Board should require that the GCLN ED has the following minimum qualifications:
   - Strong communication and interpersonal skills
   - Experience from the business sector and good ties with the business community
   - Experience in strategic planning and implementation
   - Experience in project management
   - Experience in corporate sustainability

3. The TOR for Board Directors should include language to ensure that Directors commit adequate time to their Board duties.

4. GCLN Boards shall seek to operate on a consensus decision-making model, reserving formal voting only when absolutely necessary.

5. The GCLN is encouraged to use the template provided by GCO for the TOR of the GCLN ED and for the Directors on the GCLN Board.

6. Performance evaluations of both GCLN Secretariat staff and Board Directors should be run annually.
II. Management

A. Strategic Planning and Reporting

Requirements:

Value Proposition and Work Plans

1. GCLNs shall develop, regularly update and publish a document in English that outlines the value proposition (Value Proposition Flyer) that the GCLN offers its members as an integrated part of the broader UN Global Compact value proposition. For GCLNs that are hosted by other organizations, this document must outline the value proposition specifically and exclusively for members of the GCLN.

2. GCLNs shall develop and submit to GCO an annual work plan that at a minimum includes planned activities for the year based on local priorities and taking into consideration the different types of member companies and organizations. The GCLN shall while developing the work plan consult with GCO, allowing GCO to provide input and suggestions based on global priorities and programs. The annual work plan shall be approved by GCLN Board and shared with all members through, for example, the GCLN website. If a full English translation of the annual work plan is not readily available then a high-level summary in English is required.

3. For GCLNs that are hosted, the annual work plan shall be developed and implemented separately from the annual work plan of the Hosting Organization.

Budget, Invoicing and Audited Financial Statements

4. For GCLNs that are hosted, the annual budget shall be prepared and maintained separate from that of the Hosting Organization.

5. GCLNs shall keep proper books of record and account in which full, true and correct entries are made of all financial dealings and transactions. GCLNs shall, within four months from the end of the fiscal year, produce and submit to GCO annual financial statements in English that specify the income and expenses and that are independently audited by a 3rd party with relevant accounting qualifications. For GCLNs that are hosted, audited statements shall clearly indicate income and expenses for the GCLN separate from those of the Hosting Organization. Financial statements shall be approved by the GCLN Board and/or GCLN General Assembly and shared with all members.

Recommendations:

1. GCLNs should annually produce and share with all members through, for example, the website an activity report that provides any information about activities, outcomes and impact that the GCLN deems important to communicate to its members and other stakeholders.

2. GCLNs are encouraged to use the templates provided by GCO for the value proposition, work plans and activity reporting.

3. GCLNs are encouraged to use the templates and guidance provided by the Foundation for preparing their annual budget and financial statements.
B. Communication and Engagement

Requirements:

GCLN Updates
1. GCLNs shall provide quarterly updates to GCO on participant engagement and communication with a view to allow the GCO to aggregate and communicate to the UN Global Compact Board, UN, governments and other stakeholders about progress made across the initiative. In addition, GCLNs shall at least on a semi-annual basis, share examples of key events and initiatives on the Local Network Hub. All entries on the Local Network Hub shall be submitted in English.

2. GCLNs shall annually respond to a request from GCO for more comprehensive information about activities, partners and outcomes, with a view to allow the GCO to aggregate and communicate to the UN Global Compact Board, UN, governments and other stakeholders about progress made across the initiative.

Ongoing Communication
3. GCLN ED and other relevant staff are required to stay up-to-date on news and information from GCO, and to respond to communications and consultations from GCO, including through the following channels:
   - Regular updates from GCO provided through the Local Network Hub and monthly updates sent by email;
   - Participation in the Annual Local Network Forum;
   - Participation in the meetings of the Regional Network Councils; and
   - Quarterly check-ins with GCO contact point with a view to review experiences from GCO-GCLN collaboration and discuss future adjustments and priorities.

4. All new GCLN EDs and Board Directors shall participate in an in-person or online Onboarding session facilitated by the respective GCO Regional Manager as well as complete the online modules related to “Onboarding”, “Values and Behaviours”, “Governance” and “Financial Management” available on the Local Network Accelerator section of the Local Network Hub.

Updating Core Information
5. GCLNs shall ensure that their statutes are made available in English and kept up to date via the digital platform designated by the GCO.

6. GCLNs shall keep up to date the list of Directors on the GCLN Board, GCLN staff members and the GCLN ED on the digital platform designated by the GCO.

7. GCLNs are required to keep up to date the LN membership fee, if any, charged from a) Signatories with annual revenues <50 million USD b) non-business Signatories, and c) subsidiaries of UN Global Compact Signatories and Participants, on the digital platform designated by the GCO.

8. GCLNs are required to collaborate with GCO on keeping participant data up to date, on participant communications as well as on recruitment of additional Signatories and Participants. Details are to be outlined in strategies for collaborative recruitment and participant relations developed in consultation with GCLNs.
C. Integrity and Branding

Requirements:

Integrity Measures

1. GCLNs are required to help uphold the integrity of the UN Global Compact, including through the following responsibilities:
   - Maintain the highest ethical standards at all times for the GCLN itself.
   - Ensure GCLN is up to date and aligned with UNGC integrity policies and practices, including by attending at least one annual integrity training organized by GCO.
   - When requested by GCO, provide input to due diligence screenings of new and current Participants or Signatories according to specific guidelines.
   - Alert GCO of concerns raised by a third party or in multiple mainstream media sources regarding Participants or Signatories from GCLN country that are allegedly, found guilty of or have admitted to egregiously or systematically abusing the Ten Principles.
   - Provide input to a dialogue facilitation process (for additional information see Integrity Measures) (i.e. any information that the network has or can easily obtain from articles and other resources in the local language about the matter and the parties to the dispute, details about previous/current engagement with the company involved on the issue at hand) when it involves a Participant or Signatory from GCLN country or the matter in question has occurred in the GCLN country.
   - Conduct a due diligence screening of candidates for high-level engagement opportunities, including Board members, speakers, sponsors, local winners of the SDG Pioneers and short-listed candidates, partnerships etc. according to specific GCO guidelines.

GCLN Logo and Branding

2. The GCLN acknowledges that the UN Global Compact name and logo are the exclusive property of the GCO. The UN Global Compact logo and its variants are registered with the World Intellectual Property Organization and are protected worldwide under Article 6ter of the Paris Convention for the Protection of Industrial Property.

3. The GCLN name and logo shall not be featured in any communications or at any events so as to suggest or imply that the GCLN is part of the initiative/programme offered by the Hosting Organization. Communications shall use the GCLN name and logo in such a way that the communication shall be understood as coming from the GCLN, and not from the Hosting Organization. Communications to Global Compact Participants and Signatories shall not be sent through Hosting Organization’s email addresses or through ‘generic’ email addresses such as those provided by Gmail or Yahoo. This provision should be upheld and safeguarded by all GCLN Secretariat staff including secondees.

4. GCLN shall follow GCO’s guidelines in relation to the logo and branding use, including but not limited to the format, design and style. The GCO reserves the right to monitor the logo and branding usage by the GCLN and ultimately revoke any such usage by the GCLN in case of violations of the terms and guidelines of such usage.

5. The GCLN shall only use the Network logo provided by GCO and may not under any circumstances alter the appearance of the logo, including but not limited to, the text, size, shape, or color. GCLNs shall not modify in any way or use elements of the GCLN logo to create a different logo.

6. The name and logo provided to the GCLN shall only be used for official Network purposes and not by GCLN members. Permitted uses of the logo by the GCLN Secretariat staff include, without limitation:
   - At an event, forum or conference organized, sponsored by or involving the GCLN;
   - On business cards of GCLN staff members and representatives;
   - On the official GCLN website; and
7. Titles of GCLN’s staff, Directors, and/or other appointees, including members of any GCLN working groups or committees, shall refer solely to the name and logo provided by the GCO to the GCLN under the GCO-GCLN Agreement. If the individual has been hired by a UN entity, his/her title can refer to the appropriate UN entity.

8. As of 1 January 2018, the use of the GCLN Endorser Logo (as defined in the 2017 MOUs signed with Local Networks) has been discontinued. GCLNs are to suggest use of the UN Global Compact Endorser Logo (defined in the UN Global Compact Logo Policy available on the UN Global Compact website) among Participants and Signatories to make publicly visible their commitment to the UN Global Compact and inform the GCO of any instances of logo misuse in accordance with the UN Global Compact Logo Policy available on UN Global Compact’s website.

9. The GCLN shall refer to and be bound by the UN Global Compact Logo Policy on the UN Global Compact website and the Local Network’s Alignment with UNGC Name and Branding Policy on the Local Network Hub. The GCLN is required to post on its website the most updated version of the UN Global Compact Logo Policy which explains the permitted and prohibited uses of the initiative’s logos.

**Privacy and Data Protection**

10. GCLNs shall implement appropriate policies and measures to comply with national personal data protection laws and put in place appropriate data compliance and security measures.

11. GCLNs shall implement appropriate policies and measures to use data related to Participants and Signatories solely for the activities of the GCLN. Any representative of the GCLN Board or Secretariat is prohibited from copying, duplicating, disclosing, modifying, disposing or using such data for individual commercial, promotional or solicitation purposes.

12. GCLNs shall designate authorized representative(s) to manage and maintain official records of data related to Participants and Signatories. When such representative’s employment with the GCLN ends, he/she shall promptly return all originals and copies of such data to the GCLN.

**Written Notice**

13. The GCLN shall provide GCO prompt written notice with the inclusion of details of any event, any developments, and any actions taken in the case of any of the below:

   o the reasonable belief of the GCLN of the occurrence of any breach of the Quality Standards;
   o filing of commencement of any action, suit or proceeding against or affecting the GCLN; or
   o any other development that, in the opinion of the GCLN, results in, or could reasonably be expected to result in, a material adverse effect on the GCLN

**Recommendations:**

1. GCLNs should for all communications, including resources for events and activities, ensure full alignment with UN Global Compact design and branding guidelines.