



LRN[®] *Inspiring Principled Performance[®]*

2016 COMMUNICATION ON PROGRESS TO THE UNITED NATIONS GLOBAL COMPACT



“LRN was inspired to join the UNGC because we recognized the clear ways in which our vision and mission were reflective of its principles.”

- LRN Founder and CEO Dov Seidman

Statement of Continued Support by the Chief Executive Officer



LRN Founder and CEO Dov Seidman

Each year at this time, I look forward to recommitting LRN's support for the United Nations Global Compact's 10 Principles. In reflecting on the past year's accomplishments—both in terms of how LRN lived up to its mission of inspiring principled performance in business and

how the world has made strides in embracing the 10 Principles—I feel we have a lot to celebrate.

LRN was inspired to join the UNGC because we recognized the clear ways in which our vision and mission were reflective of its principles. Over the last six years, we have nurtured a relationship that allows us to be unified in our support of sustainable companies that create greater prosperity for all.

In geopolitical and global business terms, I understand why some may reflect on 2016 with pessimism and concern. The world is struggling to regain equilibrium from a chasm of trust and lack of faith in our systems, institutions, and leadership. We're facing greater uncertainty, global unrest, resentment, and fear. Capitalism itself is undergoing deep examinations. Leaders and the organizations they are responsible for are struggling to keep pace. But, as we all know, leadership is about trendlines, not headlines. And the trendlines, I believe, are pointing in the right direction, and leave me with great optimism about our ability to achieve the goals of the Compact.

Perhaps no other experience better exemplifies my optimism than my recent trip to The Vatican to participate at the Fortune + Time Global Forum, a biannual discussion among world business leaders. The theme was "The 21st Century Challenge: Forging a New Social Compact." I was invited to lead the event's kickoff and my comments revolved around the following question: "What can the private sector do to build a broader, more inclusive economic system and to help restore fundamental trust in business and capitalism?"

In the thoughts I shared with the attendees I described how today we are living in a no-time, no-distance world, where people are not only able to, but want to, look into the inner workings of organizations to see the attitudes and beliefs of those who run them. It is clear we need a different set of skills and a new playbook to navigate this world. What better organization than the UNGC to guide us?

Together, through the 10 Principles, I believe we can help the world pause and begin to ask deep, fundamental questions about the nature of work, how we are operating and leading in our personal and professional lives, and the extent to which concern for others is embedded into our thinking and institutions. We are closer to realizing our vision for more principled business, and this is, in part, what gives me hope as I look to the future—it is LRN's honor to continue our work in association with UNGC, and I look forward to the progress we will make together in 2017.

Sincerely,

A handwritten signature in dark ink, appearing to read "Dov", written in a stylized, cursive script.

Dov Seidman

LRN's Support of UNGC 10 Principles in 2016

This Communication on Progress details our actions during 2016 to further LRN's advancement in the areas of Human Rights, Labor, the Environment, and Anti-Corruption. As an ethics and compliance company, we provide our clients (partners) with access to a full suite of resources to inspire, design, build, enhance, and maintain cultures which uphold UNGC Principles. LRN has more than 20 years of experience helping companies become more principled in their operations, leadership, and growth initiatives. Our operations are primarily located in the United States, subject to and in full compliance with all applicable laws relating to human rights, labor, business integrity, and the environment.

Human Rights

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2

Make sure that they are not complicit in human rights abuses.

Resources for Partners

In addition to our internal practices which meet these principles, during 2016 LRN continued to develop resources for our partners that help embed respect for human rights.

This year, LRN updated the following course "Introduction to Eliminating Forced Labor, Slavery, and Human Trafficking from the Global Supply Chain," to make it accessible on all commonly used mobile devices. We significantly revitalized the content of our courses, "Reporting and Retaliation: Valuing and Responding to Employees' Concerns (Managers)," and "Avoiding Retaliation and Promoting Communication."

Our Ethics and Compliance Alliance (ECA) online library offers multiple training resources and program management tools to fully address issues related to human rights in the business world. These enable business leaders to design, manage, and benchmark activities specific to human rights risks.

Research & Services

We also embed Principles 1 and 2 into the fabric of our industry research and our governance, culture, and leadership services offerings. Respect for human rights and the dignity of fellow employees is enabled by the ability to speak up when witnessing abuse of such rights. LRN's research for our 2016 *The HOW Report* indicated that 79% of workers do not feel invited to voice their opinions or report improper conduct.

Similarly, this year's research for our *Program Effectiveness Index* showed that 73% of management respondents felt that increasing employees' comfort-levels to speak up was a 2016 program priority. In response, LRN released a two-page overview of how our solutions can help companies promote a speak-up culture, and we worked with several partners to help them do so. This was realized through focus groups, workshops, executive leadership trainings, and other services. More generally, our ongoing research into these issues informs LRN's current product and services development, as well our vision for future offerings.



Labour

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4

the elimination of all forms of forced and compulsory labour;

Principle 5

the effective abolition of child labour; and

Principle 6

the elimination of discrimination in respect of employment and occupation.

Resources for Partners

LRN's robust ethics and compliance training library contains nearly 150 courses on topics that relate to Principles 3–6. Courses are offered in a variety of lengths and formats to support flexible training and learning progressions which allow companies to target relevant employee audiences.

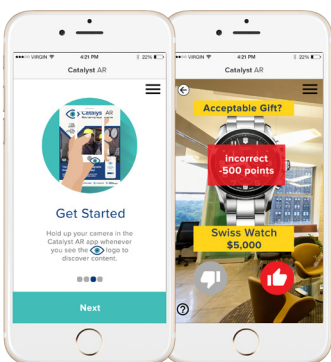
In 2016, we added the following new courses that reflect these principles: “Labor and Employment: An Overview (Global);” “Labor and Employment: Creating an Ethical Culture (Managers);” “Global Data Protection and Privacy: Respecting a Person’s Privacy;” and, “Preventing Harassment in the Workplace.” Our courses “Respect in the Workplace” and “Global Trade Sanctions” were updated to become accessible on all commonly used mobile devices.



LRN 2017 Course Library

We significantly revitalized the content of the following courses, “Labor and Employment: Avoiding Harassment;” “Labor and Employment: Preventing Workplace Harassment (Global);” “Labor and Employment: Appropriate Workplace Behavior;” “Labor and Employment: Health and Safety (Global);” “Government Contracting and Relationships: Labor Charging (United States);” and, “Government Contracting and Relationships: Truth In Negotiations Act (United States).”

An effective Code of Conduct is essential to any organization that aligns employee behaviors with company values, business goals, and stakeholder expectations. LRN released a new Code of Conduct Course that reflects issues of risk related to Principles 3-6, entitled, “Model Code of Conduct: Third Party Suppliers.” It examines ethics and compliance issues related to the use of vendors, suppliers, manufacturers, service providers, joint venture partnerships, subcontractors, and subsidiaries. We also provided a full revitalization of our Global Code of Conduct Course, making it fully accessible on all commonly used mobile devices.



LRN Catalyst AR App

LRN was proud to announce to our partner community in 2016 that we concluded our platform-wide effort to make our HTML5 Courses and LRN Catalyst® fully accessible and in compliance with Section 508 of the U.S. Rehabilitation Act and the World Wide Web Consortium’s Web Content Accessibility Guidelines (WCAG AA). These accessibility features address learners’ visual, hearing, and motor differences and are built into our courses.

LRN also released a new mobile application to deliver vital ethics and compliance content on demand. The app, called Catalyst AR, enables the workforce to immediately access information they need to mitigate risks in their workplaces by using their smartphones.

Advisory Services

As a core LRN advisory service, we take a unique, holistic approach to Code of Conduct drafting and refinement that emphasizes not just rules but the culture, leadership, and realities of behavioral change. LRN worked with numerous partners this year to develop new Codes of Conducts and fully support their launch and application to ensure organizational impact.

Internal Operations

Internally, LRN deepened its commitment to diversity and inclusion by launching a Diversity, Equity, and Inclusion Committee. The committee's efforts represent LRN's ongoing effort to heighten our consciousness and strengthen the pluralism that is imperative to our company mission. The scope of the committee's focus includes: physical office space; international, interoffice collaboration; diversity and bias training; recruiting, hiring, and retention; events and speakers; professional development; and, interactions with our partner community.



Environment

Principle 7

Businesses should support a precautionary approach to environmental challenges;

Principle 8

undertake initiatives to promote greater environmental responsibility; and

Principle 9

encourage the development and diffusion of environmentally friendly technologies.

Resources for Partners

We provide our partners with essential resources related to Principles 7–9 to foster responsible approaches to environmental challenges. Our current library offers more than 30 courses on topics such as climate change, greening of offices, supply chain sustainability practices, long-term global sustainability issues, and US and EU environmental regulations.

Company Commitment

LRN is a knowledge company, and as such, our environmental impact is limited to that of our facilities and employees. We offset our electric energy use by purchasing Renewable Energy Certificates, which help fund renewable sources of energy. Our LEED-certified New York City office significantly reduces energy consumption as compared to a traditionally designed office space.

LRN's New York office provides easily accessible recycling bins for plastics, paper, aluminum and glass containers, and we encourage the use of non-disposable items in our common spaces, such as dishes and silverware, and towels instead of paper towels.

LRN's Senior Advisor, David Greenberg, is a Member of the Board of Directors for Cleantech Group, the leading market intelligence and advisory firm focused on clean technology information. LRN was previously the parent company of GreenOrder, the premier management consulting firm focused on sustainability, which merged in 2012 with Cleantech Group.

With direct support from LRN, our employee Christine Macpherson completed the Climate Reality Leadership Corps Training this year. Initiated by Vice President Al Gore, the corps is a global network of leaders committed to spreading awareness of the climate crisis and working for solutions. The program provides leadership training in climate science, communications, and organizing with the goal of inspiring communities everywhere to take action.

Anti-Corruption

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.

For many years, LRN has been a leader in designing, implementing, and benchmarking global anti-corruption and bribery (ABC) programs, and in 2015 we became a member of the UNGC's 10th Principle Working Group on Anti-Corruption. Members of our team continued to participate in this group in 2016 by providing guidance and advice to UNGC's Anti-Corruption and LEAD Communities.

Integrated Approach

Some of LRN's current strategic advisors have participated in formative global initiatives to establish standards for anti-corruption programs as expert consultants to leading organizations such as the World Economic Forum, United Nations Office on Drugs and Crime, and Transparency International. They were available to lend their expertise to our partners throughout 2016.

Three years ago, we launched a new anti-corruption initiative designed to provide our partners in the business community with a full range of assessment, training, and other support for building and maintaining effective corruption and bribery prevention programs. This initiative is ongoing.

Advisory Services

In 2016, through our advisory services team, LRN supported organizations directly in building and maintaining effective anti-corruption programs by providing program assessments through an ABC lens; refining Codes of Conduct to support policies and procedures that reflect emerging ABC best practices; helping our partners create and implement effective strategies to promote ethical cultures; designing and deploying impactful communication and leadership programs; assisting with the localization of Code of Conduct content to align with global footprints; and, strengthening ABC controls in supply and distribution chains.

LRN launched a new workshop offering in 2016 for Boards called the Compliance and Culture Catalyst. It is meant to help board members address how they should meet their obligations to ensure cultures of compliance as well as ensure that their organizations support responsible, sustainable, and ethical approaches to executing business strategy.

A new assessment offering was also added in 2016. Called the Compliance and Ethics Pulse, it offers our partners a tool for quickly assessing what is working and what is not working in their programs, as well as introduce concepts around how behaviors impact culture, and vice versa. The completion of the assessment is realized over a month-long period during focus groups. LRN provides findings and a roadmap for quickly mitigating critical risks. The offering also provides an economical way for companies to benchmark against industry peers

Resources for Partners

Effective training is central to any ABC program. LRN designs and deploys impactful training by utilizing a wide range of blended learning educational formats to combat learner fatigue and provide a foundational understanding of international laws covering bribery and corruption and the values behind them.

LRN offers its partners an exceptional selection of ABC online training materials, and in 2016 we maintained our extensive library of courses on these topics. We also updated seven of the courses to make them fully accessible on commonly used mobile devices. We fully revitalized the courses, “Competition Law: A European Perspective,” and “Anti-Corruption and Bribery: Global Anti-Corruption (Modular Overview).”

LRN continued to offer blended live–online learning solutions focused on ABC encompassing campaign/program support, localized content, custom courses, gamified training, live learning, train-the-trainer, and mobile learning options.

Research & Thought Leadership

The day-to-day work of anti-corruption compliance is in its many practical details—from designing and updating core policy documents, to setting and monitoring individual training requirements, to maintaining certification and other anti-corruption controls and translating and localizing core program elements.

These practices must be backed by relevant research conducted in real-world work environments. Through empirical research, LRN has developed and market-tested unique frameworks, behavioral markers, and assessment tools that help measure behavior and gauge company character. These unprecedented tools provide insights that can be leveraged to actively shape, manage, and reinforce the right culture and behaviors.

In 2016, LRN released a new version of *The HOW Report*, a global study of 36,000 employees in 18 countries. It provides a view into organizational behaviors and how they translate into performance outcomes, supporting the idea that culture and behavior are the driving forces behind business success.





About LRN: Inspiring Principled Performance

Since 1994, LRN has helped over 20 million people at more than 700 companies worldwide simultaneously navigate complex legal and regulatory environments, meet their compliance obligations, and foster ethical cultures. LRN's combination of tools, education, and strategic advice helps companies translate values into concrete corporate practices and behaviors that create sustainable competitive advantage. In partnership with LRN, companies need not choose between living principles and maximizing profits, nor between enhancing reputation and growing revenue—all are a product of principled performance. As a global company, LRN works with organizations in more than 100 countries. For more information, visit www.LRN.com, or find us on Twitter @LRN.

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