

World Economic Forum

Annual Report

2016 - 2017

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Executive Chairman's Statement



Klaus Schwab
Founder and Executive Chairman

We are living through a time of unprecedented anxiety and polarization. There has never been a more critical need for an independent and impartial organization operating at the global level to bring together inspiring leaders to overcome obstacles and to cross divides to make the world a better place. Empathy and understanding are crucial elements for progress in a global environment ever more characterized by division and disunity.

As the multilateral system of governance underpinning global affairs comes under increasing strain, multistakeholder cooperation is needed more than ever. At the same time, expectations of the World Economic Forum as the International Organization for Public-Private Cooperation have increased immensely. Our Partners, Members and constituents look to us to actively work to address widening gaps in the international governance system.

Over nearly five decades, the Forum has harnessed the drive and influence of our communities of global leaders to make sustainable positive change. We work with them to shape their ideas and bring them to fruition. We build networks of leaders, experts and global youth, connecting them through technology and face-to-face events. We create an open atmosphere for sharing and creativity, and work with these networks to turn good intentions into outcomes. Throughout our history, the Forum has been a catalyst for global initiatives, historic shifts, industry breakthroughs, significant economic ideas, and tens of thousands of on-the-ground projects, collaborations and deals.

Many of the achievements of our community of communities over the last 12 months are captured in this report. It is satisfying that many are a direct outcome of the strategic shift I have been leading over the course of the last few years. In particular, the Forum has made great progress in establishing itself as a *platform organization*, operating as a curator and amplifier of not only our own projects but also projects and initiatives undertaken jointly with external partners, as well as projects that are governed, managed and resourced primarily by external partners.

The Forum has made great progress in building out its portfolio of 14 System Initiatives – each one an ambitious effort to shape the future of the complex systems that determine outcomes across many of the global challenges that define our times. Systems thinking – the idea that sustainable positive change can be achieved through a contextual understanding of how the component parts of a complex system interact, and influencing the system at the most effective points – is now driving how the Forum employs its limited resources to have a global impact. As this report demonstrates, the strategy is working.

A signature achievement for the Forum this year is the opening of our new Center for the Fourth Industrial Revolution in San Francisco. Since I introduced the concept of the Fourth Industrial Revolution as the theme of our Annual Meeting 2016, the idea has caught the imagination of business, government and civil society worldwide. It is widely recognized that the tsunami of new technologies that is overwhelming societies – from robotics and artificial intelligence, to 3D printing, autonomous vehicles and genomics and beyond – will put enormous pressure on policy-makers, business and social structures in the near future. The Center, based in the prestigious Presidio by the Golden Gate Bridge, is a new global hub of expertise, knowledge sharing and collaboration. From this new base, the Forum will build out collaborative projects with governments, leading companies, civil society and experts from around the world to co-design and pilot innovative new approaches to policy and governance in the Fourth Industrial Revolution. San Francisco is now a new node in the Forum's global network of offices including Geneva, New York, Beijing and Tokyo.

All of this is made possible by the support and engagement of the exceptional individuals who make up our community of communities. They are the leaders of the world's most significant companies who represent our Partners and Members, political and international organization leaders, technologists drawn from our Technology Pioneers, spiritual leaders, cultural leaders, university leaders, civil society leaders, family business leaders, as well as social entrepreneurs and dynamic leaders drawn from our youth networks and dozens more leadership networks.

All our activities are underpinned by our world-leading digital platform, TopLink, which allows our communities to stay in real-time contact, driving forward their common projects and initiatives and providing a structured framework for content curation and engagement. This year we invested further in the underlying structures of the platform, the interoperability of our event, knowledge and community applications, and the infrastructure of our proprietary knowledge scheme, our Transformation Maps.

As we build out and strengthen our platform and systems strategies, the next few years will mark a new phase in the development of the Forum. In the first phase in the 1970s, we established our convening power. In the second, we built on this by developing our communities and strengthening relationships between our constituents throughout the year. In our third phase of development, we worked to underpin our activities with a world-leading knowledge organization, developing *The Global Competitiveness Report*, *The Global Gender Gap Report*, *The Global Risks Report* and other premier pieces of thought leadership. More recently, we moved to creating outcomes through our projects and initiatives. Now, as we move towards our 50th anniversary in 2020, we are leveraging each of these pillars and sharpening our focus on relevance to ensure the Forum further enhances its unique position as an indispensable part of the framework of global governance.

I am both extremely proud of what the Forum has achieved this year and excited by our prospects for accelerating the Forum's impact through the progress we have made. Our uniquely entrepreneurial approach, the breadth and depth of our relationships with leaders across business, government and civil society, and our detailed strategy for engaging on the most complex challenges on global, regional and industry agendas position us distinctively for the fast-moving, mercurial and challenging environment facing leaders from all walks of life. With the engagement and support of our Board of Trustees, representing leaders from all spheres of global society, our Managing Board, executive team and highly skilled staff of 600 are equipped with the skills, culture, values and outlook to ensure the Forum fulfils its potential. We are all eager to commit with our Members and constituents to improving the state of the world.







Adrian Monck, Head of Public and Social Engagement, **W. Lee Howell**, Head of Global Programming, **Cheryl Martin**, Head of Industries, **Murat Sönmez**, Head of the Center for the Fourth Industrial Revolution, **Klaus Schwab**, Founder and Executive Chairman, **Philipp Rösler**, Head of Regional and Government Engagement, **Richard Samans**, Head of Global Agenda, **Alois Zwinggi**, Head of Operations and Resources, **Jeremy Jurgens**, Head of Knowledge and Digital Engagement

Our Integrated Strategy

By the **Managing Board**

Throughout its history the World Economic Forum has been renowned for its commitment, energy, entrepreneurialism and results across a range of diverse global challenges. Once again, the breadth and depth of Forum activities in 2016-2017 demonstrate our engagement and commitment to shaping the global, regional and industry agendas in what are complex times for all. The year was marked by many exceptional milestones, from a historic shift marked by the participation of President Xi Jinping of the People's Republic of China at our Annual Meeting 2017 in Davos-Klosters in January, and the launch of the World Economic Forum Center for the Fourth Industrial Revolution in San Francisco, to the outcomes of dozens of initiatives and collaborative efforts shaping the future.

The outcomes presented in this report are the result of an integrated strategy and consistent focus spanning almost five decades. Founded on the multistakeholder principle by Professor Klaus Schwab in 1971, the Forum is today the International Organization for Public-Private Cooperation; it continues to put into practice the theory that to make sustainable positive change, all perspectives relevant to an issue must be represented. The multistakeholder principle and related checks and balances are reflected throughout our activities; they protect the Forum's impartiality and independence, and are the underlying force of the Forum as an engine of change.

As the world heads rapidly into the Fourth Industrial Revolution, a period of fundamental and accelerating economic and societal transformation, it is increasingly critical that all stakeholder voices be integrated effectively into generating positive, inclusive futures. In a fast-moving and complex world, the Forum's stakeholders have ever-higher expectations for the organization as a nimble, flexible and responsive entity within the framework of global governance.

Our core activities include catalysing regional integration and development; shaping global and industry agendas through a systems approach in a collaborative framework, providing conceptual leadership and a platform for global cooperation; and creating an understanding of and protocols for new technologies in the Fourth Industrial Revolution. In 2017, the Forum took a decisive step towards ensuring future-readiness: the opening of our Center for the Fourth Industrial Revolution, which focuses on the urgency to respond to issues of technology policy, protocol and civil society are facing as new technologies with uncertain societal and economic consequences emerge.

Communities of Purpose

The Forum is home to over 40 vibrant and diverse communities of global leaders, collaborating with our Partners, Members and constituents as they navigate the Forum's platform. These communities are built on the multistakeholder principle and bring the world's top leaders together around a common purpose, providing the fulcrum to tackle challenges they can not address alone. Evolving communities through stages of effectiveness, from bonding communities of interest, binding communities of action, to building communities of impact, the Forum combines and mixes top-level leaders from:

- Business: Represented by the chief executives of our Partner and Member companies
- Government and international organizations: Drawn from the highest level
- Civil society: Comprised of representatives of non-governmental organizations and trade unions, cultural and faith leaders, social entrepreneurs
- Universities, academia and think tanks: Consisting of experts and thought leaders contributing cutting-edge insights and experience
- Youth: Represented by Global Shapers (under the age of 30) and Young Global Leaders (under the age of 40)
- Media: Comprised of the most influential media leaders and commentators



Progress through Interaction

The Forum generates effective and vibrant interaction within and between our communities through face-to-face meetings and on TopLink, the Forum's digital collaboration, event and knowledge platform.

Our Annual Meeting in Switzerland and the Annual Meeting of the New Champions in China bring together the most relevant stakeholders from all disciplines in a forward-looking, technologically enabled environment to facilitate systemic thinking, idea generation and collaboration. In Davos-Klosters and Dalian this year, novel exhibits and data visualization merging the arts, humanities, science and technology provided important contextual intelligence for decision-makers to grasp the pace of change and the related scope of the global challenges it brings, to stimulate new thinking and generate a solutions mindset. At the Annual Meeting in Davos-Klosters, the focus is on global challenges; at the Annual Meeting of the New Champions in Dalian (and in alternate years, Tianjin), the meeting brings leaders together around innovation, entrepreneurship and sustainability.

The Annual Meeting remains the ultimate global platform for leaders to shape the agenda at the beginning of each year. For the world's media, it dominates the news cycle for a week, garnering hundreds of thousands of media mentions and hundreds of millions of social media impressions. This year, stakeholders used this platform to launch Forum-driven initiatives as diverse as a new global epidemic preparedness body; a \$400 million fund to protect forestry; principles to enable digital cash payments to crisis-affected populations around the world; and a partnership between over 40 governments and businesses to rapidly increase the reuse and recycling of packaging, among numerous others.

Our regional activities allow stakeholders to focus their energies on areas of particular interest in the world, catalysing regional integration and development. This year at each of our regional meetings in five cities across four continents, leaders from business, government and civil society gathered at events designed for dialogue and commitment.

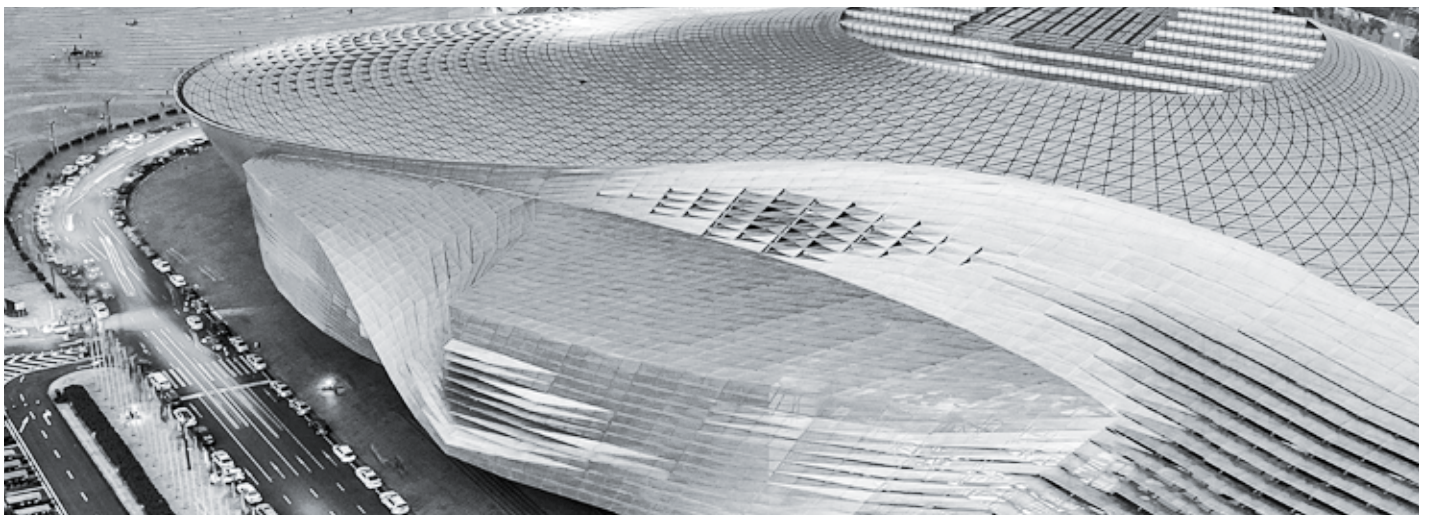
Interaction and insight through all Forum activities are bolstered by the expertise of global strategy officers from our Partner and Member companies and our network of global experts engaged in Forum Global Future Councils, who also meet each year, respectively, at the Industry Strategy Meeting and the Annual Meeting of the Global Future Councils.

Face-to-face meetings are the inception, progression and culmination of many Forum and constituent-led initiatives. They are facilitated, accelerated and amplified during and between meetings by the digital connector that pulls our constituents together: TopLink. The platform uses the highest-level user experience, engagement science, artificial intelligence and machine learning to ensure that constituents are inclusively engaged throughout the year, consistently expanding the envelope of global information interaction best practice.

Insights Guide Interaction

Often, the outcome of community interaction is new insight into industry, regional or global challenges. This knowledge is generated within and between Forum communities, and can be formalized into white papers and reports. In 2016-2017, the Forum published 25 reports, 37 white papers and thousands of articles in collaboration with our Members, constituents and content partners, working through our public engagement efforts to give policy-makers systemic perspectives and strategic insights, and to shift mindsets. The most salient Forum publications – flagship reports such as *The Global Competitiveness Report*, *The Global Gender Gap Report* and *The Global Risks Report* – provide policy-makers with practical benchmarking and policy tools. Their insights are integrated into relevant Forum activities to provide a fact-and-knowledge base for constituent interaction on- and offline.

Forum insights are integrated throughout TopLink to support and inform interaction – for instance, our Transformation Maps curate knowledge from around the world, delivered as a high-level strategic tool that enables leaders to accelerate their “time to insight”.



Interaction to Outcomes

The Forum's core activities are designed to drive our communities and the interaction within and between them towards tangible solutions to complex challenges. Real-world results, of which there are numerous examples in this report, are generated by two major planks in our strategy:

Opening the Forum as a platform: This year, the Forum began a process of formally opening our platform to projects not primarily driven by our own institutional efforts, but also leveraging the platform for the benefit of projects driven in partnership with, or primarily by, not-for-profit partner organizations. As at 30 June 2017, the Forum was hosting 46 Forum projects, 21 projects undertaken in partnership with other not-for-profit organizations, and 5 projects primarily driven by external organizations. Over the next few years, the intention is to evolve this portfolio to a substantial majority of externally partnered and driven projects.

Systems leadership: Our System Initiatives are constructed on the idea that sustainable positive change is made through a contextual understanding of how component parts of a complex system interact, and influencing the system at the most effective points. To that end, the Forum has organized its global activities into 14 System Initiatives, each of which hosts a portfolio of activities and projects designed to effectively affect the global agenda. The organizational restructuring around System Initiatives undertaken in 2016 is yielding a significant body of work, the net outcome of which is helping to reshape global, regional and industry agendas towards more substantive public-private interaction and broader multistakeholder cooperation. Global, regional and industry stakeholders are welcoming this effort, with the System Initiatives attracting the commitment of 373 global experts who have signed on as Stewards to guide these activities, 966 Forum Partners who have committed to engage with them, and \$20 million in additional direct funding.

As the next section of this report outlines, the System Initiatives have become incubators of impact, each driving narratives of change that cycle through different phases of influence, from changing mindsets through thought leadership; building and deepening cooperation between networks of top actors and experts; shifting agendas, norms and behaviours through new policy proposals and models of cooperation; and catalysing action.

Mission-Driven Entrepreneurship

Entrepreneurship continues to bind our communities and ensure the engagement of our Partners and Members, which are among the world's leading companies. Our model is to provide flexible membership frameworks for global business to work with the Forum's platform to shape global, regional and industry agendas. The number of companies that chose multiple engagement areas as World Economic Forum Partners increased by 7% this year to 587.

Balancing a mission-driven focus with an entrepreneurial mindset is a challenge that would not be achievable without a strong Forum culture that puts primary importance on three institutional values:

- Independence
- Impartiality
- Moral and intellectual integrity

Moreover, our highly committed workforce of over 600 staff is guided in decision-making and daily action by three primary personal values:

- Respecting human dignity and diversity
- Serving our communities
- Acting as global trustees for generations to come

The Forum's commitment to developing and investing in our people runs through our human resource strategy, not least in our Global Leadership Fellows programme, building the foundations for responsive and responsible leadership for the Forum into the future.

All Forum activities serve our commitment to "improving the state of the world". Recognizing the ambition of this commitment, and our responsibility to manage the Forum's resources responsibly, we are mindful of our motto: Entrepreneurship in the global public interest.

We are pleased to present this report on the Forum's activities this year, and look forward to working with our Partners, Members, constituents and our team to build on them into the future.

Shaping the Global Agenda through Systems Leadership



By **Richard Samans**
Member of the Managing Board

Committed to improving the state of the world, the Forum has, throughout its history, worked to leverage the entrepreneurial energy of its stakeholders from all parts of society to create sustainable positive outcomes. Over the near five decades of our existence, how the Forum does this has evolved and progressed through significant phases. Today, the Forum's efforts are shaped by advancing systems leadership. Each System Initiative is designed around a complex system critical to the state of the world and is charged with developing a distinct and actionable narrative of change – not just “what” activities are needed to make an impact on the system, but “how” those activities are interrelated and will affect change.

This shift in emphasis – from building portfolios of projects and activities to becoming drivers of systemic change – is being leveraged by the opening of the Forum's platform to the most relevant projects, even if they are not primarily driven by the Forum itself, and enabling the most relevant people and organizations to access our suite of networks, events and information technologies.

Our evolving portfolio now includes three distinct types of project:

- Projects that are driven by the Forum, and where governance, resourcing and management are the sole responsibility of the Forum (Type 1)
- Projects where governance and resourcing are shared with one or more external partners, and where the Forum retains primary responsibility for project management (Type 2)
- Projects where external partners take full responsibility for governance, project management and resourcing, but where the Forum retains a senior strategic presence, for instance a seat on the steering committee (Type 3)

This shift has meant that the Forum is acting to a greater extent as a curator of the most effective initiatives in any particular global system. Over the next few years we intend to change the composition of the project portfolio from mainly Type 1 projects to a substantial majority of Type 2 and Type 3 projects. Determining which external projects warrant a position in our portfolio will mean a deeper operationalization of systems thinking across the organization, and a clear understanding of how this way of approaching the world enables the Forum to make change.

In the summaries that follow, the System Initiative Leads have outlined the narrative of change for each of the initiatives, and the milestones achieved this year.



How does the Forum create outcomes?

In refining our strategy, we have identified four dimensions of impact and assessed the progress of the System Initiatives under each. These dimensions are:

- **Changing mindsets through thought leadership:** The concept of the Fourth Industrial Revolution was developed as the theme of the World Economic Forum Annual Meeting 2016 and has since become generally accepted terminology for describing the wave of technological, social and economic change sweeping the globe. Our global thought leadership helps stakeholders have fact-based conversations. For instance, the Irish, Dutch, Swiss and German governments are building risk strategies around categories developed in the Forum's *Global Risks Report*.
- **Building and deepening networks between top actors and experts:** The Forum convenes and manages over 40 communities of leaders from across society, from an expert network of 5,000 top academics, to the International Media Council of the 50 top editorial leaders in the world, through to the Young Global Leaders and Technology Pioneers. We also endeavour to establish self-driven communities that take on their own identities and create their own actions. In addition, the Forum strengthens the connections between existing global-level networks.
- **Developing new policy proposals and partnership models:** For instance, in collaboration with multiple stakeholders, the Forum developed recommendations for public-private cooperation on cybercrime in 2016, and the US Department of Justice is now working to implement them. Efforts within our System Initiative on Shaping the Future of Financial and Monetary Systems were the basis for new legislation on tax incentives for digital payment adoption in Colombia.
- **Catalysing action:** GAVI, the global vaccine alliance; the Tropical Forest Alliance, a global partnership to remove deforestation from palm oil, beef, soy, pulp and paper; The New Vision for Agriculture has catalysed partnerships in 21 countries including Grow Africa and Grow Asia, mobilizing over \$2.5 billion in investment commitments and benefiting over 10.5 million smallholder farmers on the ground; the UN Global Compact, an Annual Meeting-inspired voluntary initiative based on CEO commitments to implement universal sustainability principles and take steps to support UN goals; the DQ Institute, a global digital intelligence capacity-building coalition; the global (RED) Campaign to harness the power of people and business to fight AIDS; and the Coalition for Epidemic Preparedness Innovations, an anti-epidemic alliance, are all examples of independent initiatives that the Forum's platform helped to catalyse.

This year, the Forum undertook an audit of System Initiative activities against these dimensions. Many of the outcomes identified in this exercise appear in this report.

System Initiative on Shaping the Future of Consumption

How can technological disruption drive enhanced models of consumption with sustainable benefits for business and society?



The Fourth Industrial Revolution is transforming entire systems of production, distribution and consumption. With technology firmly embedded in people's lives, the way they shop and consume will change fundamentally over the next decade. Preferences, habits and context will be interwoven in a highly connected world to make daily experiences simpler, more enjoyable and highly personal. New models of consumption will continue to gain momentum, from the sharing economy, through on-demand capabilities, to a growing preference for experience over product. Value chains will be significantly disrupted to meet consumer demand. Furthermore, the power of data will play an even bigger role with billions of connected devices, hence catapulting the need for trust and transparency to new heights.

In this context of seismic change, the System Initiative focuses on how technological disruption can drive enhanced models of consumption with sustainable benefits for business and society. Launched in June 2016, this System Initiative is in its nascent stage. With consumer spending an engine of economic activity that drives approximately 60% of global GDP, a new set of future-oriented dialogues are now under way.

Major achievements this year include:

- *Future of Retail*, which received wide cross-industry acclaim for its efforts to assess how the largest private employer in the world, retail, will evolve over the next decade, exploring change awaiting both businesses and the public they serve; this forward-thinking body of work was shared within companies, including their respective board of directors, to promote responsible leadership in the midst of change
- The body of work on Operating Models of the Future, which builds on the System Initiative's findings from its first year and explores how smart and agile operating models – people, processes and technology – can support new models of consumption; some will evolve into public-private partnerships, to ensure positive outcomes for all, especially in the area of employment
- A new multi-year initiative to create scenarios of the "future of consumption" in emerging markets such as China and India; initial efforts will illuminate how economic value can be created to build inclusive societies with a sharp lens on the urban and rural divide

System Initiative on Shaping the Future of Digital Economy and Society

How can private-public collaboration realize digital technology's potential to benefit humankind?



Digital technology is transforming business models, the policy landscape and social norms. These transformations are disruptive and bring new risks, but a digitized society can also empower individuals and provide opportunities to enhance their economic, social and physical well-being. We must ensure that the benefits of this technological revolution outweigh the risks, that the opportunities and advantages are fairly distributed, such that digitization is a driver of inclusion, equality and stability, and that the structures, institutions and processes that govern our use of technology and data are open, transparent and inclusive.

To effect systemic change at scale, the System Initiative identifies and advances high-leverage interventions, insights and tools that can be used across a number of industries, regions and challenges, and acts as a platform that identifies and catalyses the work of mission-aligned projects led by multistakeholder coalitions within the World Economic Forum network.

The System Initiative was founded in 2016. It consolidated several existing Forum projects into an integrated set of activities that pursues its objective through five thematic areas of work: inclusion, policy and governance, digital transformation, trust and resilience, and emerging technologies. This year, through innovative pilots and partnerships, the Initiative transformed from a portfolio of projects to a platform for cooperation. It plays a central role in catalysing the Forum Center for the Fourth Industrial Revolution and the planned Global Center for Cybersecurity Cooperation.

Major achievements this year include:

- Changing mindsets by producing a first-of-its-kind cyber-resilience toolkit and an in-depth analysis of digital transformations under way in 13 industries to help business leaders take informed, forward-looking decisions and actions
- Building and deepening multistakeholder cooperation by connecting leading actors in the criminal justice system with key business leaders to work together to tackle cybercrime
- Shifting agendas by moving the global conversation from cybersecurity to cyber-resilience, resulting in several companies adopting recommendations and tools from this work, and establishing essential guidelines on tackling cybercrime and the momentum and leadership to create a Global Center for Cybersecurity Cooperation
- Catalysing tangible action by leveraging existing public- and private-sector resources to drive internet access and adoption across East Africa; for example, the social enterprise Digital Opportunity Trust partnered with Mozilla and the Government of Rwanda to hire and train 5,000 digital ambassadors to help communities to access internet content and services

System Initiative on Shaping the Future of Economic Growth and Social Inclusion

How can the world strengthen growth and equality at the same time?



Economic progress is trailing behind people's expectations. The uncertainty caused by the rapid technological developments of the Fourth Industrial Revolution, changing international cooperation and shifting domestic politics have left large parts of society feeling disillusioned and left behind – leading to social, political and economic tension. Decision-making is becoming harder and leaders lack the right tools.

The System Initiative aims to help leaders drive economic progress so that it benefits society more. It does this by identifying new solutions, creating partnerships and promoting economic growth models that deliver inclusive and sustained economic progress.

The System Initiative was founded in 2015 and grew out of the flagship macroeconomic policy work of the World Economic Forum, including its Global Competitiveness Index and Inclusive Growth Index. It pursues its objectives in 130 countries by:

- Shaping and promoting new models of economic progress by providing a space for high-level, expert discussions
- Informing economic policy and investment decisions and enabling public-private collaboration for sustained and inclusive economic progress
- Accelerating social impact through corporate action

In 2017-2018, the System Initiative will work to foster new thinking about how economic progress relates to technology, social inclusion and the changing political landscape.

It will continue to gather and disseminate examples of successful models and practices for inclusive growth and explore practical approaches to inclusive business innovation that creates both commercial and social value.

Major achievements this year include:

- Changing mindsets through the two flagship annual reports, *The Global Competitiveness Report 2016-2017* and *The Inclusive Growth and Development Report 2017*, which help decision-makers to understand, monitor and track their performance on the factors that drive inclusive and sustained economic progress
- Facilitating multistakeholder action to improve economic policy by hosting Competitiveness Labs or roundtables in Latin America (Argentina and Brazil), Africa (South Africa), the Middle East and North Africa (Jordan) and South-East Asia (Cambodia), and an Inclusive Growth Lab in Europe, which engaged major national and regional players in developing action plans and policy prioritization tools for their respective countries and regions
- Developing a joint policy agenda for sustainable growth in Africa through *The Africa Competitiveness Report 2017*, produced in collaboration with the World Bank and the African Development Bank, which unlocked large synergies between the three organizations and amplified key messages on policy tools to achieve economic progress in Africa
- Providing opportunities for business to work towards achieving the Sustainable Development Goals, which generates high social and financial returns, and guiding companies and public-sector leaders in shifting the paradigm of our economic system towards broad-based prosperity for all

System Initiative on Shaping the Future of Education, Gender and Work

How can talent be developed and deployed to ensure that more than 7 billion people can fulfil their potential?



Changes in technology, values, politics and economics are transforming how people work and earn, setting up both unprecedented opportunities as well as challenges. To reap the new possibilities and curtail challenges, we need fundamental reforms in how we learn, how we equip people to navigate this new world and how we ensure equitable opportunities are distributed.

To do that, we focus on catalysing new models of education and skilling that emphasize technology, employability, entrepreneurship, creativity, values and lifelong learning; helping governments and businesses understand and implement policies and practices to close gender gaps through analyses, dialogue and collaboration; and supporting the public and private sectors in managing the current disruption in labour markets and transforming associated challenges into opportunities for job creation.

We formed the System initiative in April 2016, building upon previous work at the Forum but aiming to establish a wholly new direction and presence that is systemic, future-oriented and structured as a platform.

The System Initiative is working to ensure that talent is developed, nurtured and deployed for maximum benefit to the economy and society, by mobilizing business, governments, civil society and other leaders to rethink education, close skills gaps, accelerate gender parity and boost employment.

Major achievements this year include:

- Changing mindsets through thought leadership by broadcasting the need to supplement technical expertise with strong social and collaboration skills, as recommended in *The Future of Jobs* report
- Identifying the workforce effects of each scientific and technological development, understanding the corresponding social and economic implications, and evaluating and developing innovative solutions to mitigate the negative consequences
- Skilling, upskilling and reskilling 1 million people for future jobs through the New Vision for Arab Employment, Africa Skills Initiative and India Skills Initiative
- Helping to develop a new framework for future-ready national education systems through dialogue series on “Transforming the Education Ecosystem”
- Closing national gender gaps in employment, wages and leadership roles in selected economies (e.g. Korea, Chile and Argentina)
- Galvanizing leaders and the public on the importance of action to close gender gaps
- Developing policy proposals and acceleration strategies for gender equality in the age of the Fourth Industrial Revolution
- Catalysing action by rallying leaders and the public around the feasibility and importance of taking steps to manage the current labour market transformation

System Initiative on Shaping the Future of Energy

How can the world make the transition to a more sustainable, secure and affordable energy system?



Energy is the lifeline of modern economic and human activity, with most consumed for mobility, by industry and in households. Yet, about 1.3 billion people lack access to affordable modern energy, impeding development. While energy enables economic development, it contributes to two-thirds of global greenhouse gas emissions and is, therefore, a critical area in tackling climate change. Once characterized by slow and steady change, the energy system is experiencing significant transformation, driven by a blend of innovation, major policy changes and changing consumer demands.

The System Initiative aims to open new avenues and address challenges in the transition through collective action and strategic foresight in areas where the Forum's platform can have high impact. Its framework has four pillars: providing greater clarity on the destination of the energy transition in different contexts and geographies; identifying and influencing the "transition imperatives" to reach the desired destination and relevant pathways; contributing to the development of policies, market systems and technology enablers that can effectively deliver required change; and understanding and addressing the consequences on society affected by the transition.

The System Initiative is working to enable energy-system innovation to maximize Fourth Industrial Revolution opportunities and accelerate the transition to a smarter and more efficient use of energy; facilitate an accelerated and cost-effective reduction of energy's environmental footprint to significantly contribute to meeting COP21 and Sustainable Development Goal targets; contribute to enabling universal access to affordable, reliable and modern energy services for all; deliver global

benchmarking, and support effective energy-system transition and future preparedness for companies and governments; and improve energy-system resilience and security for countries, regions and consumers.

Major achievements this year include:

- Changing mindsets through thought leadership by publishing the white paper, *Game Changers in the Energy System: Emerging Themes Reshaping the Energy Landscape*
- Catalysing action by helping to establish an investment vehicle through the Oil and Gas Climate Initiative (OGCI), which this year launched OGCI Climate Investments with financing of \$1 billion over the next 10 years to accelerate the commercial deployment of low-emission technologies across the oil and gas industry
- Benchmarking the overall energy system performance and transition of nations using the Global Energy Architecture Performance Index that ranks countries on their ability to deliver secure, affordable and sustainable energy, and publishing the results in the *Global Energy Architecture Performance Index Report 2017*
- Developing new policy proposals by formulating recommendations and regulatory standards on grid edge transformation, outlined in the report entitled *The Future of Electricity: New Technologies Transforming the Grid Edge*, to accelerate the integration of grid edge technologies for the benefit of society

System Initiative on Shaping the Future of Environment and Natural Resource Security

How can the world achieve inclusive economic development while combating environmental degradation, climate change and other natural resource security challenges?



Human activities are driving environmental degradation, greenhouse gas emissions and natural-resource depletion to the extent that many scientists now suggest the stability of our global environmental systems is at risk. Such stress on our global environmental commons threatens the very future of sustainable and inclusive economic development.

The System Initiative aims to provide systems leadership, curate platforms for multidimensional cooperation and engage in focused interventions to improve the effectiveness of the international community's response to these environmental challenges. Specific activities include supporting public-private collaborations that advance the climate action agenda, restore ocean health, realize deforestation-free supply chains, enable more water-secure economies, strengthen biodiversity protection, and accelerate the circular and sharing economy; and exploring how science and technology innovation driven by the Fourth Industrial Revolution can be harnessed to best help society address pressing environmental issues, including the development of new policy frameworks and principles to accelerate such efforts.

Specific focus is being placed on promoting sustainable, inclusive growth and business model innovation, in line with delivering the 2030 Sustainable Development Goal Agenda.

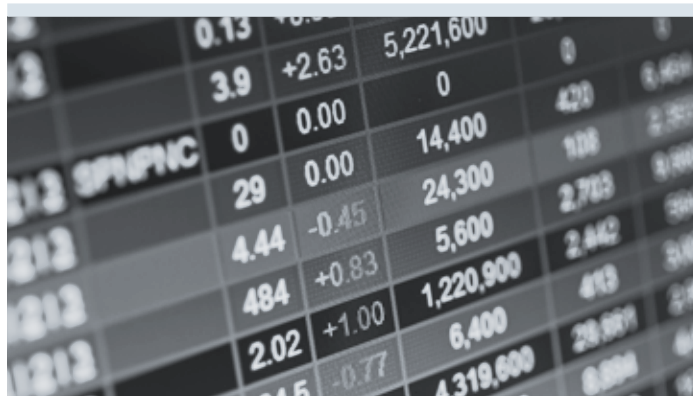
Major achievements this year include:

- Changing mindsets through thought leadership by co-convening an international symposium at the United States National Academy of Science on the “Global Environmental Commons and the need for Systems Change” with the leaders of the Global Environment Facility, IUCN, Stockholm Resilience Center and the World Resources Institute - all stewards of the System Initiative.

- Catalysing action through the Oceans Project, supported by the David and Lucile Packard Foundation and the UC Santa Barbara Benioff Oceans Initiative, by launching the [Tuna 2020 Traceability Declaration](#) at the United Nations Conference on the Ocean SDG in New York. The Declaration gained the support of over 50 global companies representing \$150 billion in revenue, as well as multiple governments and NGOs.
- Catalysing action through the Marrakesh Declaration for the Sustainable Development of the Oil Palm Sector in Africa. Launched by the Tropical Forest Alliance 2020, it was signed by seven African governments (representing 70% of Africa's tropical forests) that pledge to protect their tropical forests by shifting to sustainable palm oil production.
- Launching a new project at the Center for the Fourth Industrial Revolution to accelerate policies and protocols on Environment and the Fourth Industrial Revolution, with support from the Mava Foundation, with Stanford University Woods Institute for the Environment as knowledge partner and PwC as project adviser
- Deepening interconnections between experts by curating the Alliance of CEO Climate Leaders and mobilizing the signature of 27 chief executives in a public statement to demonstrate business support for the recommendations of the Task Force on Climate-related Financial Disclosures, an effort led by Forum Trustee and Governor of the Bank of England, Mark Carney, and chaired by Michael Bloomberg

System Initiative on Shaping the Future of Financial and Monetary Systems

How can the global financial system reinforce its contribution to sustained economic growth and social development?



Since the financial crisis, which laid bare significant interconnections and vulnerabilities in the global financial system, important steps have been taken to bolster systemic resilience, such as enhanced capital adequacy and liquidity standards for financial institutions and stress tests, among other measures. Coinciding with this period of healing has been a rapid evolution of the sector itself.

The System Initiative focuses on understanding, positively influencing and enabling this transformation by exploring why and how innovations are changing business models and restructuring ecosystems across specific aspects of the financial and monetary architecture; analysing and assessing the implications of these changes on the efficient allocation of capital and financial stability; and identifying and acting upon opportunities to increase access to, and usage of, quality, affordable financial services for the unserved and underserved around the world.

Major achievements this year include:

- Developing new policy proposals and partnership models by creating a network of in-country financial inclusion projects through signed memoranda of understanding with key government entities (central banks and/or ministries of finance), for example in Indonesia, India, Mexico and Colombia, with Tanzania, Rwanda and Kenya in development. Efforts have focused on innovative ways to increase access and usage of digital payments across value chains, including government-to-person transfers, business-to-business payments and consumer electronic payment adoption.

- Working with some of the world's largest financial service providers, global IT and telecom companies, and the international humanitarian community to approve six principles to better enable digital cash payments in crisis-affected populations, which are elaborated in the document, *Principles on Public-Private Cooperation in Humanitarian Payments* (digital cash has a proven track record of fostering entrepreneurialism and boosting local economies)
- Changing mindsets through thought leadership by publishing the *Blueprint for Digital Identity* report on disruptive innovation in financial services
- Bringing together practitioners and policy-makers to better understand the competitive, human capital and regulatory dynamics of the financial sector in the future, and publishing *Balancing Financial Stability, Innovation and Economic Growth*, a white paper summarizing the findings identified during discussions and interviews conducted as part of this initiative

These areas of focus are derived from direct engagement with the Stewards of the System Initiative on Shaping the Future of Financial and Monetary Systems, with input from the Financial Institutions Industry Community, the System Initiative on Shaping the Future of Digital Economy and Society, and the Forum Global Future Councils on the Humanitarian System and on the Future of Financial and Monetary Systems.

System Initiative on Shaping the Future of Food Security and Agriculture

How can the world feed 9.7 billion people by 2050?



Food systems are a major driver of both human and environmental well-being, affecting health, economic livelihoods and natural resources worldwide. They are complex, involving many sectors, issues and stakeholders. As a result, food systems have a significant influence on the majority of the UN Sustainable Development Goals. Yet global food systems face enormous challenges, which will intensify as a growing global population demands more and better food.

The System Initiative engages over 600 organizations in ongoing activities to create food systems that are:

- Inclusive, ensuring economic and social inclusion for all actors in the system
- Sustainable, minimizing negative environmental effects and strengthening resilience
- Efficient, producing adequate quantities while minimizing loss and waste
- Nutritious and healthy, enabling consumption of nutritious and safe foods for a healthy diet

The System Initiative works towards these goals on several fronts. At the global level, it works to develop new insights and understanding about the challenges and opportunities facing global food systems, and to build leadership alignment on a new global agenda for transforming food systems. Systems mapping, scenario development and multistakeholder dialogues are key elements of this work, which is driven by the Global Stewardship Board and Global Future Councils.

The System Initiative also works to catalyse and drive action at the regional and country levels. It has catalysed national action initiatives in 21 countries in Asia, Africa and Latin America, mobilizing over 90 value-chain partnerships,

which have generated more than \$2.5 billion in new investments and benefited 10.5 million farmers. It has established two innovative regional platforms, Grow Africa and Grow Asia, to drive and scale this work across multiple countries on a regional level. To strengthen the capacity of emerging leaders engaged in these partnerships, it established a 150-person Transformation Leaders Network to exchange best practices, and published a guide to implementing national partnerships.

Major achievements this year include:

- Launching the report, *Shaping the Future of Global Food Systems: A Scenarios Analysis*, which has influenced strategy planning in numerous organizations; the report highlights changing global demand and market connectivity as two critical uncertainties that will drive the future of food systems
- Initiating the Innovation with a Purpose project to identify disruptive technology innovations that have the greatest potential for positive outcomes on food systems
- Developing innovative strategies for scaling results in the 21 countries leading action partnerships, including through digital platforms, new financing mechanisms, policy action and institutional design driven by Grow Africa and Grow Asia; and broadening the geographic scope of activities in Latin America and India
- Sharing innovative partnership models for country-led action to achieve the Sustainable Development Goals, through both country-action models and a systems leadership approach developed through this System Initiative

System Initiative on Shaping the Future of Health and Healthcare

How can the world deliver healthy lives and healthcare for 9.7 billion people by 2050?



By 2050, the world's population is expected to rise to 9.7 billion, with 2 billion over the age of 60. The world is ill-equipped to respond to this situation, and the global health system must transform to provide an environment in which people live healthier and longer lives, with health security across borders and access to affordable care. Capital intensive, hospital-centric, intervention-driven systems are those of the past, having demonstrated they are both unsustainable and ineffective.

The future of health and healthcare resides in high-touch, data-enabled delivery systems, integrated across the continuum of care, from prevention to care delivery. Patients will increasingly become consumers of care services in non-acute care settings. Complex care will be transformed by precision medicine, facilitated by progress in genomics, regenerative medicine and clinical analytics.

The overall focus of this System Initiative is on encouraging a population-based approach to health promotion and disease prevention, enabled by a transformed global health architecture grounded in purposeful public-private cooperation. It aims to concentrate on partnerships and dialogues that contribute to increased access to healthcare, the acceleration of precision medicine through research and clinical practice, a more sustainable relationship between healthcare outcomes and costs, and the establishment of a world better prepared to preserve the health of individuals and populations, especially as regards preventing chronic diseases and pandemics.

The System Initiative builds upon substantial work on health issues performed by past Global Agenda Councils, including the Councils on Behaviour, Healthcare (industry-focused), Ageing, Mental Health, and Brain Research. The World Economic Forum Global Future Council on the Future of Health and Healthcare, as well as those on

Biotechnologies, Neurotechnologies and Brain Science, Human Enhancement, and Behavioural Sciences play a key role in shaping the programme of the System Initiative.

The System Initiative is working to improve the value delivered by increasing desired health outcomes relative to the costs along the full cycle of care; help enhance access to healthcare in emerging economies; and foster a human-centred approach to the transformation of the health ecosystem while encouraging long-term behaviour change for the prevention of non-communicable diseases (NCDs).

Major achievements this year include:

- Catalysing action by securing contributions of \$700 million with cross-sector partners to establish the Coalition for Epidemic Preparedness Innovations, an organization designed to drive vaccines for neglected diseases
- Working with the heads of international research organizations, under the leadership of the US National Institutes of Health, to host and expand a new public-private community of purpose called the Coalition for African Research and Innovation, which aims to engage heads of African governments, large donors, international organizations, the private foundation community and the international scientific community in efforts to drive innovation in African health and healthcare
- Changing mindsets through thought leadership via a series of papers on NCDs that position the issue of healthy populations at the centre of the global health debate as a driver of socio-economic growth (*Human-Centric Health: Behaviour Change and the Prevention of Non-Communicable Diseases* and its related *Supplementary Case Studies*); and the report, *Value in Healthcare: Laying the Foundation for Health System Transformation*

System Initiative on Shaping the Future of Information and Entertainment

How can a sustainable flow of information and content inform, entertain and educate while empowering society?



In today's hyperconnected and technology-driven landscape, every stakeholder – from artists, journalists and rights owners, to advertisers, regulators and end users – stands to benefit from effective and equitable flows of content. To ensure that advantages materialize for all, public-private collaboration needs to play an increasingly important role. These partnerships are key to enable business growth and effective policy design, and to secure a healthy society during the Fourth Industrial Revolution.

The System Initiative is embarking on ambitious shifts to improve the resources and skills for different value chain players to access and participate in the free flow of more reliable and pertinent content; and strengthen the positive outcomes of the creative economy on business and society by fostering innovation in content creation, distribution and consumption.

Major achievements this year include:

- Various national public-private partnerships focused on increasing youths' digital intelligence quotient (DQ), which is the sum of social, emotional and cognitive abilities essential to master connected life and to improve digital citizenship, with the aim of initially increasing DQ in 8 to 12 year-olds globally by putting at least 4,000 children in 10 countries through an innovative capacity-building programme in 2017, and subsequently 20 million children by 2020, then targeting other age groups
- Catalysing multistakeholder dialogues to investigate the global misinformation (fake news) challenge, potentially establishing a task force to identify, track and counter misinformation and media manipulation campaigns
- Promoting news integrity and literacy using the Forum platform, with the objectives of improving the quality of journalism and its process of creation, and defining a set of globally accepted standards for content veracity along with a content credibility scoring mechanism
- Investigating the possibility of redesigning digital advertising, a significant challenge plaguing the sustainable flow of content, through an exploratory research-based project

System Initiative on Shaping the Future of International Trade and Investment

How can trade and investment drive inclusive growth and development?



Trade is at an inflection point. While economic development has lifted hundreds of millions of people out of poverty, it has not yet profited all and many still feel left behind. Trade policy is sometimes seen as something created behind closed doors, for the benefit of the few. At the same time, global trade rules have often struggled to keep pace with a rapidly shifting global economy. This situation must change. Business, governments and citizens must work together to craft policies that allow international trade to benefit everyone in the 21st century.

The System Initiative focuses on modernizing the international trade and investment system by influencing policy changes and practical reforms. The aim of these reforms is to accelerate sustainable development, increase economic diversification and productivity, boost global growth and employment, support food security, combat environmental degradation, preserve national policy space, strengthen system legitimacy and reduce commercial frictions and investment uncertainty.

Particular interest is paid to easing trade flows through customs reform, updating trade regimes to enable e-commerce and digital trade, unlocking sustainable capital flows via investment reforms and helping global value chains drive inclusive growth.

Major achievements this year include:

- Shepherding trade policy proposals developed under the E15 Initiative to be taken up by decision-makers at international and multistakeholder fora, such as the APEC, and at the OECD and WTO, and disseminated in national parliaments
- Advancing the implementation of trade policy proposals and partnership models on priority topics for business and society, including investment, e-commerce, ocean health, agriculture, clean energy technologies and climate change
- Building up the Global Alliance for Trade Facilitation, the leading public-private platform supporting effective trade facilitation reforms through dialogue, insight and action
- Catalysing country projects, including work aimed at creating a modern customs bond system in Vietnam; introducing risk management in phytosanitary border assessment procedures in Colombia; improving risk-based pre-arrival processing capabilities to increase goods release on arrival in Kenya and Ghana; enhancing the use of trade intelligence in Morocco; and piloting a freight consolidation hub in Sri Lanka
- Partnering with the WTO on e-commerce policy capacity building with support from key knowledge partners; collaborating in the eTrade for All initiative, focused on boosting development opportunities from e-commerce, particularly in low-income countries; and working towards crystallizing best practices to regulate cross-border data flows through the Center for the Fourth Industrial Revolution

System Initiative on Shaping the Future of Long-Term Investing, Infrastructure and Development

How can the world sustainably close the \$1 trillion infrastructure investment gap?



Short political cycles, short-term investment horizons, and a lack of viable financing structures and risk assessment frameworks mean infrastructure and development lacks investment. There is a \$1 trillion annual shortfall versus a \$4 trillion demand for infrastructure alone. Closing these gaps is paramount if the world is to stay on a path to inclusive economic growth and recovery.

The System Initiative seeks to align the multitude of infrastructure stakeholder groups and shape new ideas and partnerships to promote long-term investment that benefits society.

Established in 2016, the System Initiative works to achieve its objective by pioneering development finance, launching regional pipeline and prioritization processes, making investment more attractive through risk mitigation instruments, encouraging a behaviour and governance shift towards a long-term outlook and accelerating local capital market development.

The System Initiative is working towards mobilizing \$100 billion in investment for sustainable development by 2020 and building a multistakeholder platform to help infrastructure investment stakeholders capture the full transformational potential of mega-projects and increase capacity building. It will also continue to shape the space of leadership and investment to help address long-term societal and economic issues.

Major achievements this year include:

- Changing mindsets through the first-of-its-kind [Risk Mitigation Instruments in Infrastructure](#) report, which established a global collaboration between international financial institutions and the private sector to improve the uptake and standardization of these products
- Changing mindsets through the pensions white paper, [We'll Live to 100 – How Can We Afford It?](#), which generated massive media coverage for its warning of significant shortfalls in the world's largest pension systems
- Building multistakeholder collaboration through new business working groups in Argentina, Brazil and Indonesia to help governments streamline and accelerate infrastructure project pipelines with private sector input
- Shifting agendas through the [Sustainable Development Investment Partnership](#), which is achieving acceptance for the role of blended finance in mobilizing sustainable infrastructure investment
- Shifting agendas through the World Economic Forum Compact for Responsive and Responsible Leadership, which over 130 CEOs of major companies across all regions and sectors have signed; a dedicated effort to measure long-term multistakeholder engagement has been started among the community of signatories

System Initiative on Shaping the Future of Mobility

How can the transformation to safe, clean and inclusive global transportation systems be accelerated?



Mobility – the way we move people and goods – is essential to economic development. It allows people to access jobs, education and healthcare, and enables trade. Yet today's mobility system is not sustainable. It cannot meet growing demand without increasing congestion and pollution, and is inaccessible to many, including the elderly and disabled. New technology such as drones and self-driving cars can transform mobility, but a truly inclusive and sustainable system requires the commitment of all stakeholders.

Launched in 2016, the System Initiative aims to create a mobility system that is safe and secure, clear and sustainable, and inclusive and efficient.

Major achievements this year include:

- Changing mindsets by publishing a white paper, *Digital Borders: Enabling a secure, seamless and personalized journey*, which outlines seven areas where action is needed to achieve a future of secure travel
- Building and deepening multistakeholder cooperation by providing a platform for the Logistics Emergency team, which gathers four of the largest global logistics firms to provide *pro bono* support during natural disasters, to convene and grow
- Shifting agendas by developing a framework for a Global Trusted Traveller Programme that will allow governments to share critical security data, and identifying potential government partners for a 2018 implementation
- Catalysing action by collaborating with the city of Boston to advance its urban mobility planning, develop a self-driving vehicle strategy and launch an autonomous transport pilot

In 2017-2018, the System Initiative will share lessons from the Boston autonomous vehicle programme with other cities, assess the potential benefits of civilian drones and the policy framework required to achieve these benefits, pilot a smart traveller programme between two major airports, and explore open data standards to integrate different modes of transportation.

System Initiative on Shaping the Future of Production

How can the transformation of production systems – from R&D to the consumer – drive innovation, sustainability and employment?



Production is the way products are made: from design, to use and reuse. This sector has been the foremost source of growth, jobs and innovation, but it also contributes heavily to emissions and climate change.

The System Initiative seeks to drive the application of new technologies, including 3D printing, robotics and artificial intelligence, to ensure that production stimulates innovation, sustainability and employment. It was established in 2016 and held its first meeting of Stewards at the World Economic Forum Annual Meeting 2017.

Major achievements this year include:

- Changing mindsets through three white papers that helped the System Initiative community develop a common understanding of the challenges and opportunities facing production, such as technology and innovation, and that answered some fundamental questions, in particular on individual countries' readiness for the future of production
- Building a high-level community of leaders from business, government and civil society to collaborate on shaping the future of production
- Shifting agendas by developing insights and strategy documents, and hosting workshops and discussions that support strategies, such as South Africa's new Industrial Policy Action Plan, Brazil's new Industry 4.0 platform and policy, and Mexico's Industry 4.0 roadmap

In 2017-2018, the System Initiative will focus on testing the effect of new technologies on production value chains; predicting changes in employment in production and proposing strategies for skills development; identifying how production can contribute to meeting the Sustainable Development Goals; building and testing a country readiness tool for the future of production; and launching an in-depth analysis in ASEAN on how countries, individually and collectively, are preparing for the future of production.

Shaping the Regional Agenda



By **Philipp Rösler**
Member of the Managing Board

World Economic Forum regional activities provide a framework for stakeholders to focus their energies on particular parts of the world, drawing from and feeding into global and industry engagement.

World events of the past year indicated a decisive shift in the course of history. Globalization and current economic models were under scrutiny in many developed economies and a rising dissatisfaction with the world order gave rise to nationalistic ideologies in large parts of the world. At a time when technological advancements are shifting the balance of power towards innovation and capital and away from manual labour, the need for public-private dialogue is greater than ever to replace the fear of technology and migration with a vision of progress that is inclusive and furthers integration without isolation.

Our regional meetings held on four continents established the role of the Forum as a platform for dialogue and commitment in an environment that encourages systemic thinking, knowledge sharing and partnerships. For example, during the World Economic Forum on the Middle East and North Africa in Jordan, we showcased 100 Arab start-ups. The goal was to pave the way for the economic and political reforms necessary to enable regional entrepreneurs to thrive. Many of the selected start-ups are using pioneering technologies, such as artificial intelligence, blockchain and satellite technology. Together they are shaping a generational transformation in the Middle East and North Africa. And over 2,500 youth attended the Open Forum sessions at the World Economic Forum on ASEAN in Cambodia, discussing issues of global and regional relevance, such as the Fourth Industrial Revolution and ASEAN relations.

The regional meetings also form a key milestone in the Forum's year-long work on the 14 System Initiatives, providing opportunities to accelerate positive change beyond the global frameworks. For example, the New Vision for Arab Employment achieved commitments to provide employability skills training to 250,000 people in the region. With the Fourth Industrial Revolution transforming manufacturing and markets, the Forum introduced the new Country Readiness for the Future of Production framework to the ASEAN community as a way to help assess future manufacturing competitiveness. The Government of Argentina together with the World Economic Forum, the

Inter-American Development Bank and private-sector leaders announced a plan to set up a Gender Parity Task Force in Argentina.

In addition to catalysing public-private dialogue in particular areas, the year 2016-2017 marked the successful launch of Regional Strategy Groups on nine regions. This multistakeholder body of top leaders from the respective regions will be responsible for advancing regional integration and development.

The following sections outline our achievements around the world.

Africa



The past year was a trying one for sub-Saharan Africa as the average growth rate slowed and a clear divide emerged between the countries experiencing high growth and those with low growth. The unpredictable global geopolitical and economic environment increased the need to adapt and build resilience while meeting citizen expectations. Thus, the theme of the 2017 World Economic Forum on Africa held in Durban, South Africa in May was Achieving Inclusive Growth through Responsive and Responsible Leadership. Over 1,000 regional and global leaders from business, government and civil society from approximately 100 countries gathered to explore solutions to create economic opportunities for all.

Key outcomes included the launch of *The Africa Competitiveness Report 2017*, and expression by the central banks of Kenya, Rwanda and Tanzania of their intent to partner with the Forum on financial inclusion. The Government of South Africa partnered with the Forum Internet for All project to accelerate the connection to the internet of 22 million unconnected South Africans by 2020. This was the third Internet for All African country platform launched over the past year, after Rwanda and Uganda. Africa's Global Shapers also launched the Durban Agreement on Open Africa, making a case for an open and border-free Africa and fostering cultural understanding and economic integration.

Asia-Pacific



In the Asia-Pacific region, efforts included building strong relationships with the new government in South Korea and continuing the Forum's ongoing engagement with Partner companies, especially on the Fourth Industrial Revolution, as the translated edition of Klaus Schwab's book on the subject sold nearly 200,000 copies there. In addition, we increased resources to drive country-wide engagement in the Australasia region with the appointment of a team dedicated to Australia and New Zealand.

Arguably, most progress was made in the ASEAN region, which celebrates its 50th anniversary in 2017. The 10 ASEAN nations set a record at the World Economic Forum Annual Meeting 2017 in Davos-Klosters, sending 100 participants, including 24 government ministers and the heads of 36 regional companies. At the World Economic Forum on ASEAN held in Phnom Penh in May, more than 700 participants convened under the theme of Youth, Technology and Growth: Securing ASEAN's Digital and Demographic Dividends.

The past year also saw the creation of the ASEAN Regional Strategy Group, which brought together 30 leaders (15 chief executive officers, 10 government ministers, 3 academics and 2 heads of international organizations) to shape the Forum's portfolio of work in South-East Asia. Among the ongoing initiatives, Grow Asia was on track to meet its target of educating 10 million smallholder farmers. The Regional Strategy Group organized a study examining how the ASEAN could adapt its goals and operating principles in light of accelerating global change. The World Economic Forum Future of Production team examined how ASEAN nations should respond to technological disruption, and a new initiative, Digital ASEAN, contributed to the growth of the region's digital economy. The Forum also established an ASEAN Infrastructure Hub to help bridge the area's investment deficit, along with infrastructure working groups in Indonesia and Vietnam.

China



This year was the most significant in our 38-year history with China, reflecting not only China's continually increasing geopolitical and economic importance globally, but also the World Economic Forum's growing importance as a platform for China to engage with the world.

In November, the Forum hosted the inaugural China Business Roundtable in Guangzhou under the theme of the Digital Transformation of Strategic Industries. Over 200 participants from leading Chinese companies and multinational corporations examined the rapid advances in digital technology taking place at an unprecedented speed in China, covering the spectrum from manufacturing to consumer and professional services industries. Discussions focused on the sharing economy, artificial intelligence and big data, the digital transformation of the manufacturing and services industries, and the impact of the Belt and Road initiative on these sectors.

President Xi Jinping's opening plenary speech at the World Economic Forum Annual Meeting 2017 in Davos-Klosters was historic. It was the first time a Chinese president spoke at a Forum gathering but, more importantly, President Xi's unprecedented defence of globalization and open markets was widely viewed by pundits as a turning point in China's role in the international system. The Annual Meeting benefited from record participation by Chinese companies, including a special delegation of 13 state-owned enterprises and the presence of the Chairman of the State-owned Assets Supervision and Administration Commission (SASAC) who interacted with numerous international CEOs. During the Annual Meeting, the Forum signed a 10-year partnership with the National Development and Reform Commission of the People's Republic of China to strengthen the engagement of the country with the Forum.

President Xi invited Klaus Schwab to give a keynote address at the opening plenary of the inaugural Belt and Road Forum in Beijing (14-15 May 2017) and requested the Forum join other leading international organizations in fostering greater regional cooperation between countries taking part in the initiative.

The year concluded with the Annual Meeting of the New Champions 2017 in Dalian (27-29 June) under the theme of Achieving Inclusive Growth in the Fourth Industrial Revolution, featuring record participation by China's business and scientific community. The Forum's truly exceptional connection to China is based on a long history of personal engagement and trust.

Europe and Eurasia



Europe is at crossroads and the Forum has an opportunity to play a critical role in shaping the region's future. Over the past year, the Forum has deepened its engagement with political and business leaders across the region to provide a much-needed platform for dialogue and public-private cooperation with the aim of revitalizing Europe.

In March 2017, the Forum launched the Europe Inclusive Growth and Competitiveness Lab. This joint effort with the European Investment Bank will support, design and implement agendas for public-private collaboration with the aim of increasing Europe's competitiveness and inclusive growth. Building on the findings of this paper and recognizing the transformative power of the Fourth Industrial Revolution on the region, the Forum launched Digital Europe. This seeks to create a pan-European ecosystem to foster innovation and entrepreneurship, and enjoys the support of the European Commission.

In addition, the Forum has fostered strong engagement with leaders in Europe and Eurasia: 31 policy-makers are engaged in System Initiatives and supporting projects around the world, such as the New Vision for Agriculture and the Sustainable Investment Dialogue. Furthermore, there have been an unprecedented number of European policy-makers participating in the Forum's regional events this year, seeking to support development and transformation.

The Forum also held a number of strategic interactions, including a National Strategy Day with German Chancellor Angela Merkel and 60 global chief executive officers, as well as a series of dinners to discuss the future of Europe with key thought leaders and decision-makers from government and business.

A platform initiative – the New Concept for Europe – was launched earlier this year to engage Shapers and youth from across the region. The initiative seeks to develop a new narrative for a modern Europe, which better reflects the voice and passion of those youth who feel disengaged from discourse about the region's future. This initiative will also develop policy priorities, which will be presented to decision-makers at the World Economic Forum Annual Meeting 2018. Key areas will include a common defence strategy, migration strategy and inclusive growth models.

Recognizing the urgent need for fresh thinking and strong leadership, the Forum consolidated its reputation as being a platform for bringing together leaders from government, business, and other parts of society:

- The Regional Strategy Group on Europe and Eurasia: A high-level multistakeholder community, which influences the critical issues that society is facing. It is providing strategic guidance for the Forum's regional agenda and engages with systemic issues in a regional context. More than 60 individuals including chief executive officers, prime ministers, government ministers and civil society leaders joined its inaugural meeting at the World Economic Forum Annual Meeting 2017.
- The Regional Business Council (RBC) on Europe: During the last year, the Forum has seen the members of this RBC rise to 27 members, including chief executive officers from European and global companies. They are committed to helping shape the European agenda through strategic guidance and advance public-private cooperation through action. The RBC has endorsed and championed current initiatives on the regional agenda, including Digital Europe and the New Concept for Europe.
- New Leaders for Europe: This is a group of rising political stars from a range of countries, parties and portfolios seeking new and practical solutions to regional challenges. They provide insights into the region's transforming political landscape and help shape activities related to its agenda.

In 2016-2017, the Forum completed work on the digital transformation of industries in Eurasia. This included sessions in the Russian Federation cities of Vladivostok and Kazan. In December 2016, the Forum hosted the Moscow Meeting, which explored the implications for the country of the Fourth Industrial Revolution. In total, the dialogue series on the impact of digitalization of business and society in Russia featured seven sessions and more than 500 participants.

At the World Economic Forum Annual Meeting 2017, a diverse group of high-level government leaders represented Eurasia, including Ilham Aliyev, President of Azerbaijan; Giorgi Kvirikashvili, President of Georgia; Igor Shuvalov, First Deputy Prime Minister of the Russian Federation; and Petro Poroshenko, President of Ukraine. The Annual Meeting featured several sessions with a focus on the region, which was continued into the year when building the ecosystem for the Fourth Industrial Revolution became the central theme of regional work in Eurasia.

A new project in the series, Shaping the Future of Production in Russia, was launched in June 2017 in St Petersburg. It is considering the implications of technology driven transformations on the region's production systems.

India and South Asia



The Forum's India and South Asia community comprises over 90 companies, 84 Young Global Leaders, 355 Global Shapers spread across 36 Hubs, and 42 entrepreneurs from the Schwab Foundation for Social Entrepreneurship.

The India Economic Summit held on 6-7 October 2016 brought together over 600 participants from the Forum's multistakeholder community. Held under the theme, Fostering an Inclusive India through Digital Transformation, the Summit had a strong focus on the Fourth Industrial Revolution and its opportunities and implications for India. During the meeting, the Regional Strategy Group on South Asia was formed, with Amitabh Kant, Chief Executive Officer, NITI Aayog (the National Institution for Transforming India) as its chair. It is a multistakeholder group comprised of senior government officials, business leaders, academics and experts committed to the shared mission of accelerating the regional transformation of South Asia through public-private cooperation. The Regional Strategy Group met again in May 2017 to shape the India Economic Summit programme for 2017.

Other workshops throughout the year focused on aviation, travel and tourism, the future of production, digital transformation, internet for all and enabling infrastructure investments in India. All led to active projects in collaboration with other partners.

During the year, the team also piloted the Forum's role as a platform in South Asia. Taking on the role of network orchestrator, convener and curator, the Forum worked with partners to define the agenda, engage in dialogue, and initiate and drive projects. For example, the India Innovation Index, launched at the World Economic Forum Annual Meeting 2017, brought together NITI Aayog (Government of India), Cornell University and the World Intellectual Property Organization to measure and rank the innovation performance of all Indian states with the aim of moving India towards an innovation-driven economy. The first ranking will be released at the India Economic Summit on 4-6 October 2017 in New Delhi.

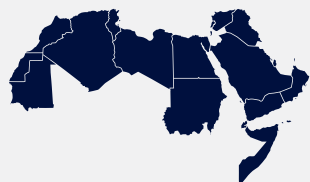
Japan



Organized in partnership with the Ministry of Education, Culture, Sports, Science and Technology of Japan, the World Forum on Sport and Culture took place in October 2016, bringing together the community of Young Global Leaders with key business, public-sector and civil society actors to explore the opportunities that the Olympics present for international partnerships and to reach the goals of Japan's Reform 2020 growth strategy. Participants considered the transformative power of sports for an economy and society, and the chance mega-sporting events can offer to even an advanced economic player like Japan to renew its infrastructure and development agenda.

In addition to hosting this event, our efforts in Japan continued to further the systems thinking on such critical issues as healthcare reform, longevity, urbanization and smart cities, and gender. Alongside the G7 Health Ministerial Meeting in September 2016, the Forum brought together senior policy-makers, business leaders and civil society executives to discuss innovative partnerships to strengthen health systems and mitigate the threat of future public health emergencies. The meeting co-hosts, Yasuhisa Shiozaki, Minister of Health, Labour and Welfare of Japan; Toshizo Ido, Governor of Hyogo Prefecture; and Kizo Hisamoto, Mayor of Kobe, reiterated the Forum's role in breaking silos and fostering public-private partnerships to address global health concerns and longevity.

Middle East and North Africa



In support of a comprehensive and progressive vision for prosperity and peace in the region, Forum communities made new strides towards unlocking a set of opportunities tied to youth, innovation and entrepreneurship and launched an array of initiatives. They included the Middle East and North Africa Hub of the Sustainable Development Investment Partnership to help close the infrastructure gap; the Jordan Internet for All project to support digital connectivity; and the second phase of the New Vision for Arab Employment to improve the quality of skills and enable 1 million youth to take up jobs in emerging fields.

Under the theme, Enabling a Generational Transformation, the World Economic Forum on the Middle East and North Africa, held in 2017 at the Dead Sea, Jordan, brought together over 1,200 global leaders from government, business and civil society. The gathering called for the emergence of a framework that supports social cohesion and responds to the aspirations of all, today and tomorrow.

Latin America



To strengthen the business environment, Latin America must continue advancing key reforms that include improving education, addressing the infrastructure gap, creating long-term certainty and fighting corruption. These matters, together with creating awareness on the challenges and opportunities deriving from the Fourth Industrial Revolution, were the focus of the World Economic Forum on Latin America in Buenos Aires, Argentina in April 2017, which convened more than 1,000 participants.

The meeting was also an opportunity for Argentina to advance its international reintegration, particularly as the country prepares for its G20 presidency, and provided a platform to discuss the potential convergence of the Pacific Alliance and Mercosur. In addition, it served to reflect on the Venezuelan crisis, among other sensitive regional issues.

Previously, at the World Economic Forum Annual Meeting 2017, Colombia addressed the role of business in building peace, and connected its post-conflict development agenda with global initiatives related to agriculture and forest protection; Brazil repositioned its economic and social goals on the global stage; Mercosur launched trade negotiations with the European Free Trade Association; and regional leaders examined the implications of the new United States–Latin America relations during the Regional Strategy Group meeting.

During the year, the Forum developed a series of country Transformation Maps in partnership with the Inter-American Development Bank to chart the region's key transformations; contributed to the competitiveness agenda in Argentina, Brazil, Colombia, Mexico and Peru; helped build a foundation to tackle corruption and build transparency and trust in Mexico through the Partnering Against Corruption Initiative (PACI); enabled higher internet access in Argentina; supported trade facilitation efforts and the modernization of electricity systems in Colombia; promoted the expansion of public-private collaboration on agriculture in Colombia and Argentina; fostered collaboration on infrastructure development in Argentina and Brazil; advanced economic gender parity in Chile and Argentina; and identified a vision on the future of production for Brazil and Mexico.

North America



Canada

Ties with Canada expanded during the year:

- Nine ministers served as Stewards of various System Initiatives, ensuring policy input in the discussions
- Six federal ministers participated in the World Economic Forum Annual Meeting 2017, actively engaging in the programme, while the Minister of Immigration, Refugees and Citizenship took part in the World Economic Forum on the Middle East and North Africa at the Dead Sea, highlighting Canada's much-admired approach to humanitarian and high-skilled immigration
- Several ministers, including the Minister of Finance and the Minister of Democratic Institutions, visited our New York office for intensive exchanges with constituents

Drawing on the Forum's work on inclusive growth, the Department of Finance hosted a roundtable focused on the subject, in collaboration with the International Development Research Centre.

United States

The Forum focused on deepening ties with US governors and mayors, in particular to align their priorities with the System Initiatives.

- US Vice-President Joe Biden, Secretary of State Kerry and several members of Congress and governors participated in the World Economic Forum Annual Meeting 2017, as did members of US President Trump's transition team, who shared their sense of the most pressing priorities for the incoming Administration
- With the launch of the World Economic Forum Center for the Fourth Industrial Revolution in San Francisco, dozens of policy-makers joined discussions there, including a cabinet member, governor and several mayors
- To support the System Initiatives of the Forum, a number of key relationships were forged, especially in the energy, health and mobility areas, further deepening the ties between policy-makers and the Forum

Shaping the Industry Agenda



By **Cheryl Martin**
Member of the Managing Board

World Economic Forum industry communities and activities provide an anchor for our Partners and Members to focus their engagement across industries, regions and global systems.

World Economic Forum industry communities provide a foundation from which our Partners and Members can identify the best ways to create significant positive outcomes for individual companies, the wider industry and the world at large.

During the past year, the Forum focused its efforts on bringing together the most influential global companies, policy-makers, industry leaders and disruptors to address global issues and better understand how to use the Fourth Industrial Revolution to create value for business and society. The Forum provides opportunities for business leaders to engage in cross-sector discussions about shared concerns and prospects, and interact with policy-makers on potential challenges. These discussions bring an in-depth understanding of issues from all stakeholder perspectives, reveal gaps in policies and norms, and enable positive action to benefit industry and society.

The industry-facilitated dialogues focused on broad global topics, new technology developments, specific regional agendas and driving results in coordination with local governments, businesses and civil society. The Industry Strategy Meeting, held in June 2017 at our new Center for the Fourth Industrial Revolution, brought together over 250 senior strategists from Partner companies to focus on agile technology governance, business model transformations and systems leadership to address an increasingly complex, interconnected industry landscape. Participants engaged in discussions and planning that built on the World Economic Forum Annual Meeting 2017 in Davos-Klosters. They left with new networks, insights and calls to action.

The World Economic Forum continued to concentrate on responsive and responsible leadership with discussions and action focused on two major trust and integrity initiatives aimed at senior business leaders:

- The Partnering Against Corruption Initiative (PACI), launched in 2004, aims at anti-corruption with added dimensions of trust, transparency and integrity. Forum Members willing to actively engage in anti-corruption efforts can apply to become PACI signatories.
- The Initiative for Responsive and Responsible Leadership, which is based on the World Economic Forum *Compact for Responsive and Responsible Leadership*, launched before the Annual Meeting 2017 and available for signature by Partner chief executives and chairpersons. The Compact covers long-term leadership, including durable financial performance and corporate responsibility, of which eliminating corruption is one part. To date it has garnered over 130 signatures from all business sectors and geographies.

Looking ahead, the Forum remains committed to providing unparalleled value to Partners at both the executive and board levels. Basing Forum efforts within strong industry communities and using the System Initiatives for a contextual view of the interconnectivity of today's issues gives Partners a unique platform to join other public- and private-sector leaders to create outcomes that benefit both business and society.



Industry Community Updates

Basic Industries

Chemistry and Advanced Materials

The chemistry and advanced materials industry comprises manufacturers of basic intermediates, specialty chemicals and advanced materials, chemistry-based technology developers and specialized service providers. During the past year, the sector continued to strengthen its commitment to the global sustainability agenda, while undergoing a deep structural transformation, largely through intensified portfolio restructuring.

In this context, the Forum identified opportunities for increased collaboration across stakeholder groups, commitment from industry leaders and visibility for the multiple ways the industry contributes to the sustainable development agenda. The community also joined leaders from civil society and the consumer industries in a multi-year effort to formulate a new framework for the development of bio-innovations in food and agriculture, an area where the fast pace of technological progress requires a thorough and rapid redefinition of governance parameters. Finally, the Digital Transformation of Industries project illustrated the main ways the chemistry and advanced materials industry is being transformed by digital technologies, including upgrading its productive infrastructure, enabling new business models and facilitating collaboration and discovery. During 2017-2018, the industry community will intensify its engagement in System Initiatives, especially in areas related to the circular economy, sustainable production and materials innovation for energy.

Infrastructure and Urban Development

The infrastructure and urban development industry community comprises business leaders from real estate, design, engineering, construction and urban services.

During the past year, the community continued to drive two projects: Shaping the Future of Construction, and Shaping the Future of Urban Development and Services.

Shaping the Future of Construction helps business leaders prepare the industry for urgently needed transformation. Over the past two years, the project identified key industry challenges and ways that innovation can address these challenges. The project will forecast the state of the industry over the next 30 years and advise government and business on strategic implications. It will analyse the behavioural, economic, social and technology trends with potential to transform the sector throughout its value chain – from procurement to construction and operation. Business executives and experts will assess strategic implications for businesses and the readiness of today's construction sector.

In 2016, Shaping the Future of Urban Development and Services engaged in global dialogue linked to the United Nations Conference on Housing and Sustainable Urban Development (Habitat III). In advance of this conference, which occurs every 20 years, the project produced a paper recommending the creation of an environment that enables public-private collaboration to drive the implementation of the New Urban Agenda. Following the conference, the project produced the *Harnessing Public-Private Cooperation to Deliver the New Urban Agenda* report, which suggests the actions necessary to achieve the New Urban Agenda objectives and deliver sustainable urban development worldwide over the next 20 years. The project will continue to disseminate the report and drive the implementation of its recommendations.



Mining and Metals

The mining and metals industry comprises companies involved in mineral exploration and the development and production of raw materials essential for key economic sectors, such as the automotive, aerospace and renewable energy industries.

The past year continued to be challenging for much of the sector, with shifts in demand for resources, global and regional geopolitical uncertainty, and changing investor interests and consumer demands. At the same time, the expectations of governments, communities and other stakeholders continued to grow.

These realities were reflected in the Forum's pilot of the Responsible Mineral Development Initiative in Guinea and broader review of voluntary responsible mining initiatives globally. In addition, the mining and metals community contributed significantly to advancing understanding and global dialogue on the role of the sector in achieving the Sustainable Development Goals.

The community is working towards a better understanding of how the sector will influence the Fourth Industrial Revolution through the new materials that will enable developments, and how digital transformations will affect the mining and metals value chain.

Consumer Industries

The consumer industries community, which comprises companies in the agriculture, food and beverage, retail consumer goods and lifestyle sectors, focuses on advancing consumer well-being by enabling a healthy population in concert with protecting the world's natural resources. Moreover, as the Fourth Industrial Revolution transforms entire production, distribution and consumption systems, new energy is being directed towards understanding and shaping its potential to generate positive benefits for business and society.

Over the past year, the community developed and discussed scenarios for the future of food systems, uncovering how leaders' decisions today affect the food systems of tomorrow. Additionally, efforts to ensure food security via the country-led, action-oriented New Vision for Agriculture partnership continued. The programme expanded to 21 countries in Africa, Asia and Latin America, with deepened focus this year in India and Latin America supported by \$10.5 billion in investment commitments.

In the area of environmental sustainability, the consumer industries community, through the CEO Climate Leaders group, continued to advance the climate agenda, with many making climate action commitments, such as adopting science-based targets and transitioning to 100% renewable power. In partnership with the Tropical Forest Alliance 2020, commitment to removing commodity-driven deforestation from all supply chains by 2020 remains a priority. Efforts are now focusing on accelerating the adoption of the circular economy regionally and globally.

As technological advancement continues to disrupt consumer industries, the Future of Retail project received cross-industry acclaim for its efforts to assess how the largest private employer in the world – retail – will evolve over the next decade. As new and disruptive technologies transform the industry value chain, significant societal challenges that must be addressed include the impact on the industry's workforce and communities, and the implications of last-mile delivery on sustainability. Moving forward, a deeper examination of how a multistakeholder platform can ensure inclusive benefits – to industry, consumers and society at large – as a result of the digital transformation of retail, will ensue.



Energy

Electricity

The electricity landscape is a prime example of the transformational impact of the Fourth Industrial Revolution; it is becoming increasingly complex, with rapidly evolving technology, emerging business models and shifting regulatory landscapes.

During 2016, the World Economic Forum Future of Electricity and Digital Transformation of Industry platforms built on earlier work to examine three trends transforming the sector: electrification, decentralization and digitalization. A set of recommendations to accelerate the adoption of new technologies and the societal benefits they bring was developed. The Forum and the community will continue to disseminate this information to stakeholders such as policy-makers through workshops and conferences, and will implement a country-specific initiative to accelerate the adoption of new technologies in Colombia.

During the past year, the electricity industry Governors provided industry insight and strategic leadership on the most critical issues – contributing to Forum System Initiative thinking not only in energy, but also in digitalization, mobility, climate and environment, long-term investing and trade. This leadership will remain a priority in the year ahead.

Oil and Gas

Oil and gas market volatility continued in 2016, but with prices higher than in 2015, the industry had a more favourable baseline. This, combined with strong capital discipline programmes implemented across the value chain and a focus on shorter-cycle projects, allowed the industry to begin a recovery phase. Uncertainty about the duration of the OPEC and Non-OPEC commitment to cut production remained, and analysts watched closely for new developments.

This economic environment meant the oil and gas community activities on digital transformation, capital projects efficiency and human capital were critical for the industry. In the digital space, a white paper identified the most significant opportunities and challenges for society and business. The community also took important steps to work across the value chain to improve performance and reliability. Moreover, it continued to lead multistakeholder initiatives to support human capital development in emerging markets and tackle the sector's gender gap.

Financial Institutions

Responsive and Responsible Leadership, the theme of the World Economic Forum Annual Meeting 2017, proved most appropriate for financial institutions. The need for thoughtful and considered leadership was perhaps even more imperative in the past year than during the global financial crisis. The Fourth Industrial Revolution, for example, was a leading factor forcing business model transformations for financial services firms, and that change brought about a range of new investment opportunities. At the same time, this revolution is a major factor behind the political discord reverberating across nearly all markets globally, which may bring regulatory and policy changes that could affect the industry.

The present uncertainty means all financial institutions must prepare for the future. As investors and insurers grapple with resource constraints for retiring and ageing populations, banks and financial market utilities are considering major investments in blockchain, machine learning and other disruptive technologies. The financial institutions community is well-positioned to navigate these challenges with the support of partnerships across industries, with high-techs and fintechs, public and private institutions and with other stakeholders.

Financial Services

The financial services industry community comprises banks, insurers, asset managers, risk advisers, financial analytics, market infrastructure companies and other financial services providers.

Regulatory reform, increased partnership with non-traditional financial services providers and significant geopolitical volatility were among the top trends affecting the industry during the past year. Against the backdrop of an uncertain political and economic context and factors such as accelerating technology and shifting customer preferences, these trends challenged existing models, while simultaneously bringing new opportunities for adaptation, innovation and collaboration.

This context was reflected in the programme of the financial services industry community, which worked in close partnership with the System Initiative on Shaping the Future of Financial and Monetary Systems. Through this partnership, some of the world's largest financial service providers, global IT and telecom companies, and the international humanitarian community agreed on six principles to better enable digital cash payments in crisis-affected populations. In addition, the community accelerated the Mitigating Risks in the Innovation Economy project, collaborating within and beyond the financial services industry to assess preparedness. This project focuses on building an effective response to interconnected risks from emerging technologies.

As the Fourth Industrial Revolution continues to lead business model transformations, the financial services industry will focus on understanding, embracing and leveraging rapid technological changes to help achieve profitability. The many potential opportunities include building business model agility, developing new analytic and automation capabilities, bolstering institutional readiness for cyberthreats, and exploring the business and policy implications of artificial intelligence and cognitive automation across the value chain.

Investors

The investors industry community is composed of two groups: alternative asset managers, such as private equity funds and hedge funds (private investors), and state-funded long-term asset owners, such as sovereign wealth funds and government pension funds (institutional investors).

The prolonged low-interest environment coupled with rising populism, geopolitical uncertainty and sustained weakness in commodity prices put pressure on institutional investors due to their spending obligations. In turn, pressure was placed on private investors to deliver needed returns.

The Forum response included the launch of the Retirement Investment Systems Reform project to highlight the growing challenge facing retirement systems because of demographic factors such as ageing and increased life expectancy, and capital market factors such as lowered long-term return expectations across all asset classes. The Forum white paper, *We'll Live to 100 – How Can We Afford It?*, estimated the underfunding figure and the dramatic growth in this amount by 2050. A complementary handbook outlined how certain countries have effectively addressed different aspects of this challenge.

The Forum will continue efforts to ensure the viability of infrastructure initiatives through the investors' lens. In addition, work has begun on a new project on strategic investment in innovation, which will involve strategic investors creating economic and social synergies as part of their long-term economic impact. Finally, as the Forum continues to spread the idea of responsible and responsive leadership, environmental, social and governance standards are being increasingly adopted by investors.

Health and Healthcare

The health and healthcare industry community includes healthcare providers, insurers, pharmaceutical companies, biomedical companies, medical device manufacturers and civil society with a health interest.

To keep a global population that is expected to reach 9.7 billion by 2050 healthy, the best science and treatments must be made accessible and affordable. The Forum established an expansive project portfolio within the System Initiative on Shaping the Future of Health and Healthcare to tackle the evolving challenges and the growing needs of the health and healthcare industry.

The Forum addressed the unsustainable rising cost of healthcare by seeking transformative solutions such as value-based healthcare – a patient-centric model that incentivizes health outcomes. Action included the publication of the report, *Value in Healthcare: Laying the Foundation for Health System Transformation*, and the identification of five cities to pilot value-based healthcare models in 2017. In addition, the newly-established Center for the Fourth Industrial Revolution will explore how to accelerate precision medicine so genomic, proteomic and metabolomic technologies can benefit patients in a personalized fashion.

At the World Economic Forum Annual Meeting 2016, governments, civil society and industry leaders called for coordinated efforts to prepare for future epidemics. In response, the Forum and cross-sector partners secured initial contributions of \$700 million to establish the Coalition for Epidemic Preparedness Innovations, an organization designed to drive vaccines for neglected diseases. Efforts advanced further at the Annual Meeting 2017 with the Epidemic Readiness Accelerator working group established to form public-private partnerships to shorten response times to infectious disease outbreaks. The Forum also added the global emergency on antimicrobial resistance to its health security agenda, and worked with pharmaceutical companies, civil society and policy-makers to create the research and development incentives necessary to combat the growing global resistance to antibiotics.

With non-communicable diseases (NCDs) continuing to be the biggest killer in the world, the Forum and Partners produced recommendations for a human-centric approach to mitigate risk factors and make healthier lifestyles the easiest choice. The Forum also launched the Dialogue Series on NCDs to address specific challenges identified by industry and civil society participants and policy-makers. The actionable solutions from the dialogue series will be shared at the UN High-level Meeting on NCDs in 2018.

Other new developments included joint-venture projects in which non-profit organizations partnered with other Forum constituents to address challenges such as access to primary care, healthy cities and NCDs, biomedical research capacity in Africa, access to eyeglasses, and roadside safety.

During the coming year, the community will seek to identify the benefits of patient-centric models through pilot programmes, enhance multistakeholder preparedness for future epidemics, improve access to primary care, continue efforts to reduce and treat NCDs, and produce a framework to enable precision medicine.

Technology, Media and Digital Communications

The theme of the Annual Meeting 2017, Responsive and Responsible Leadership, resonated strongly with the technology, media and digital communications community. The community works with other industries and stakeholders across the globe to address the opportunities and challenges presented by the Fourth Industrial Revolution.

Digital Communications

Over the past five years, the telecommunications industry has enabled sweeping changes through the digitalization of consumers' lives, enterprises and the broader economy. The industry provided the fundamental building blocks – ubiquitous digital access, interconnectivity and communication – that have generated unprecedented levels of internet penetration and social and financial inclusion. However, the telecommunications sector has not captured adequate value from this transformation. Instead, it saw a decline in its share of overall industry profits. In the past year, through the in-depth Forum Digital Transformation of the Telecommunications Industry analysis, the digital communications industry community highlighted the critical role the industry is playing in enabling digitalization across all industries in the Fourth Industrial Revolution, and identified the steps that must be taken to ensure the industry unlocks the potential value to industry and society over the coming decade.

The Forum platform can play a key role in ensuring digital communications unlock the value at stake to the industry and society as a whole. In the coming year, the industry community will focus on four broad digital areas expected to have the greatest results: examining the networks of the future; considering beyond the pipe opportunities to extend revenue streams beyond connectivity in areas such as the integrated internet of things (IoT); redefining the customer engagement; and bridging the gap on innovation through potential new models and revamped talent strategies for the digital workforce of the future.

The IoT for Global Development and defining new models for investment in smart infrastructure will also be an essential focus for the digital communications community.

Electronics

The electronics industry community includes companies across the electronics value chain, such as the world's largest semiconductor and chip producers, original design and equipment manufacturers, and consumer electronics companies.

The industry agenda set by the electronics Governors focuses on ensuring the responsible development of new electronics-enabled systems including the internet of things and virtual and augmented reality. The community will also focus on supply chain sustainability issues related to the entire electronics value chain, and how supply chain issues can be addressed through cross-industry collaboration.

Information Technology

The information technology industry community comprises hardware manufacturers, software and service providers, and global companies that generate most of their revenue from the industry.

Rapid advances in digital technologies – mobile, artificial intelligence, cloud, sensors, analytics and drones, among others – are accelerating progress and promising to create tremendous value for society. At the same time, the confluence and widespread availability of these technologies are likely to fundamentally alter the way people live, work and interact.

The core focus of the information technology industry community is identifying how the industry can ensure widespread technology adoption. The main focus during the past year was on building collaboration within the industry to develop greater understanding of the future landscape for jobs and skills.

The community will spend the coming year identifying how to combine industry efforts to collectively provide education and skills development to fill the gaps created by technology. The World Economic Forum platform will be used to launch a job-skilling consortium to pool company resources, allowing a clear view of available jobs. A number of organizations have agreed to commit resources to develop the consortium and the human resources required for the digital economy.



Media, Entertainment and Information

The media, entertainment and information (MEI) industry community includes companies that deliver news content, digital platforms, ad agencies, media analytics, media technologies and global conglomerates.

The industry agenda focuses on the effect of technology disruptions – specifically virtual and augmented reality, artificial intelligence and blockchain – in shaping the future of MEI, and the industry's role in the shifting norms and values of our society in the digital era. About 30 MEI Governors gathered at the World Economic Forum Annual Meeting 2017 to discuss the issues arising from the latest developments in artificial intelligence, virtual reality and augmented reality, and to explore cross-industry lessons on how these technology applications change lives.

The industry agenda will continue to address pressing opportunities and challenges affecting the industry's growth and sustainability while seeking broader collaboration across the information and communication technologies and telecom communities to address the health of overall technology, media and digital communications systems.

Mobility

Automotive

The automotive industry includes vehicle manufacturers, their suppliers and the emerging mobility service provider sector. The industry community concentrated on two projects during the past year: the Future of Urban and Autonomous Mobility, and Advancing Cyber Resilience.

In collaboration with the city of Boston, the Future of Urban and Autonomous Mobility project focused on advancing an innovative transportation plan for the city, developing an autonomous vehicles strategy, planning a self-driving vehicles pilot, and sharing lessons and best practices with the public and private sectors. An agent-based model was developed in collaboration with the Boston Consulting Group and the MIT Media Lab to demonstrate the implications of different mobility scenarios measured by environmental and societal indicators. Looking ahead, the community will deepen the collaboration with the city of Boston, expanding the autonomous vehicles strategy to include goods mobility, support the rollout of the pilot on a larger scale, and contribute to a network of cities to share implementation best practices and key learnings on the global level. Autonomous vehicle governance will be addressed at the international level through a dedicated project at the World Economic Forum Center for the Fourth Industrial Revolution.

Aerospace

The new aerospace industry community comprises actors from the aircraft, spacecraft and satellite manufacturing sectors, as well as space launch companies, satellite operators, metals engineering and materials companies, and communications and space solutions providers.

The community aimed to grow rapidly in its first year, bringing on board other industry leaders from these sectors as well as new space actors. The creation of this community comes at a time when new technologies promise to transform the sector from civil aviation to space exploration. New types of engine propulsion are forcing companies to look to the future and design faster, quieter and more efficient models; new forms of air transportation are emerging, with drones that may force city transportation and supply chain models to become more efficient and inclusive in some cases; and new space companies are entering the race for Earth orbits and beyond in an effort to make space more accessible.

The aerospace community met for the first time at the World Economic Forum Annual Meeting 2017 and identified the two topics that will be addressed in the year ahead: drone regulation and airspace optimization, and skills and training for new high-tech manufacturing jobs. The Civil Drones for Tomorrow's Commerce project will focus on building a regulatory framework, engaging relevant actors in policy discussions to help drive sustainable drone-based business models. Scoping activities linked to broader global airspace optimization will also be considered. The skills and training activities will plug into ongoing Forum efforts to better understand the changing nature of jobs and how reskilling efforts can help the industry move forward.

In addition, the Global Future Council on the Future of Space Technologies worked to create a first-ever space sustainability index to help address the issue of orbital debris and broader outer-space sustainability in the context of increasing activity in this sector.

Aviation, Travel and Tourism

The aviation, travel and tourism industry community encompasses the entire travel and tourism service system from airlines to airports, and service providers to hospitality. The industry partnership focused on three key areas in 2016-2017: security in travel, digital transformation, and travel and tourism competitiveness.

In the area of digital transformation, the Forum undertook an in-depth analysis to assess the implications and value at stake of digital disruptions on the sector. The analysis estimated that the transformation of the sector could unlock more than \$1 trillion of value for the industry and society over the next decade.

With the security of national borders considered a top priority, in collaboration with Interpol the Forum designed a vision and framework for the future of the cross-border movement of people. Building on past international border security solutions, a prototype proposal was put forward.

The Forum also launched *The Travel & Tourism Competitiveness Report 2017*, which provides a platform for stakeholders to collaborate to improve the industry's competitiveness in their national economies. The theme of this year's edition, *Paving the Way for a More Sustainable and Inclusive Future*, reflects the increasing focus on ensuring the industry's sustained growth in an uncertain

security environment, while preserving the natural environment and local communities on which it so greatly depends.

The industry community will take a leadership role in advancing initiatives linked to the pilot of a verified trusted traveller programme; the design of solutions to best mitigate the effect of outbreaks; the consideration of the importance of digital identity in the Fourth Industrial Revolution; and the development of a narrative focusing on the sector's potential to continue driving job creation.

Supply Chain and Transport

The supply chain and transport industry comprises the firms that enable the movement of goods and large supply chain operators, for example from the electronics and automotive industries. The core focus for the industry programme in the past year was on the Belt and Road initiative. The white paper, *How Technology Can Unlock the Growth Potential along the New Silk Road*, published in January 2017, points out that small and medium-sized enterprises along the routes could boost national GDPs by 4-7% as a result of increased market access through significant investment in technology – specifically smart infrastructure.

The industry will analyse the impact of Fourth Industrial Revolution technologies on selected vertical supply chains to understand the related consequences for economies, employment and the environment.

The supply chain and transport industry continued to contribute to effective humanitarian response. The Logistics Emergency Team (LET) has supported the humanitarian community during 12 emergency responses and seven preparedness projects since 2007. Recently, the LET, triggered by the Logistics Cluster and led by the United Nations World Food Programme, supported the response to Hurricane Matthew in Haiti. In addition, LET members helped respond to flooding in Peru, where record rains caused \$3 billion in damage. In 2017, the LET was strengthened by the addition of a new member, DP World.

Professional Services

In light of its wide spectrum of expertise (consulting, accounting/audit, legal and human capital), the professional services industry community is actively involved in shaping projects across the Forum portfolio, under both the System Initiatives and industry programmes.

During the past year, the community focused on two priority topics: digital transformation and long-term value creation. On digital transformation, the Digital Transformation of Professional Services study concluded that the industry is approaching a tipping point based on the changing needs of clients. This will drive the need to transform business models and better use technology, particularly intelligent automation, and to focus on empowering talent.

On long-term value creation, the professional services industry community was closely involved with the Compact for Responsive and Responsible Leadership, championed by the International Business Council. During the World Economic Forum Annual Meeting 2017, the Governors of the professional services industry and institutional investors discussed the economic and societal impact of short-term behaviour and the business case for moving to long-term investment and corporate strategies.

As trusted advisers to business, government and civil society, the professional services industry community will help shift the world towards business and regulatory practices that encourage transparency along with long-term value creation.

Partnering Against Corruption Initiative

This is a CEO-led anti-corruption initiative that raises awareness and promotes greater transparency for a corruption-free business environment. A cross-sector community, Partnering Against Corruption Initiative (PACI) is an exclusive space for private-sector-led thought leadership and collective action.

During the past year, in the area of thought leadership, PACI's capacity to effect formative change and shape the anti-corruption agenda was driven by the active participation of the community and the leadership of the PACI Vanguard CEOs. These leaders set the focus on rebuilding trust and integrity in business and institutions, including public-private cooperation, governance and technological advancements. On collective action, PACI launched the cross-industry Future of Trust and Integrity project, which aims to define the fundamental role of building trust and integrity and address the root causes of corruption, to promote sustained growth, restore organizational credibility and build stability.

Working together with international organizations, academics and government institutions, PACI is at the forefront of setting industry practices to rebuild and foster trust in business and institutions.

PACI will continue to shape:

- Opportunities for technology to be leveraged to enable trust and integrity
- Collective action through regional engagement in the Future of Trust and Integrity project
- Digital platforms to promote public-private cooperation, share knowledge and catalyse thought leadership to address corruption





Our Multistakeholder Communities

The World Economic Forum community of communities provides a powerful foundation for building multistakeholder engagement around complex issues.

Business Communities

Partners and Members

The World Economic Forum provides a platform for the 1,000 leading companies from across the globe to shape a better world. As a membership organization, the Forum aims to engage its Members and Partners deeply in projects and initiatives, at meetings and online, collaborating to tackle industry, regional and systemic issues.

Partner Companies

For the past four decades, the Forum has steadily deepened its engagement with the private sector. This year, the number of Partner companies, those actively engaged in Forum initiatives, increased to 587 from 549 at the end of the last fiscal year.

Partner companies can join the Forum at different levels of engagement. They can then join or steer meaningful projects and initiatives through their allotted number of engagement tracks. They participate in the World Economic Forum Annual Meeting as well as other Forum meetings, such as the Annual Meeting of the New Champions, and industry, regional and country meetings.

We see immense value in developing strong industry and regional communities where businesses can convene in trusted settings with groups of peers to advance shared agendas. Regardless of which System Initiatives, regions or communities our Partners engage with, they always work towards our common mission – to improve the state of the world.

Partner companies that are shaping their industry in a socially responsible way are invited to join the industry community, where they can collaborate with peers to set and advance the industry agenda.



Business Engagement Options

On 1 September 2016, the Forum widened its engagement options, allowing Partner companies to decide the depth and breadth of their engagement across the following four areas:

1. System Initiatives

The challenges facing our societies today are all deeply enmeshed in complex systems. Issues do not exist in isolation. To address these issues, the Forum developed System Initiatives to connect stakeholders within and across industries and regions to effectively combine expertise and resources to deliver positive change.

System Initiatives are designed to stimulate a more effective public-private response to complex challenges to drive positive change. They are supported by a governance framework incorporating the broadest spectrum of interests. This ensures a unique cross-dimensional approach strengthened by the stewardship of leading representatives from government, civil society, business and the world's top academic institutions, as well as young scientists and technology disruptors.

2. Regional engagement

In the world's major regions, the Forum is well positioned to further multistakeholder dialogue and public-private partnerships between business leaders and policy-makers, civil society actors and other top representatives.

Engagement at the regional level offers deeper insight into a region's dynamics, markets, policy-making and business communities. The Regional Strategy Group is a multistakeholder group providing strategic guidance for the Forum's regional agenda at the highest level and engagement on various systemic issues in a regional context. The Regional Business Council comprises business leaders committed to driving public-private collaboration on a regional level. Each year, the Forum hosts regional meetings in Africa, South-East Asia, Latin America, and the Middle East and North Africa, as well as National Strategy Days in a range of countries. Engagement programmes are active in Africa, South-East Asia, China, Europe, Japan, Latin America, the Middle East and North Africa, and South Asia.

3. Community engagement

Several Forum communities, including the Technology Pioneers, the Global Shapers Community, the Forum of Young Global Leaders and the Schwab Foundation for Social Entrepreneurship, represent the voice of young and dynamic generations and those who are building new models for business to create value across society. Partners collaborate with these outstanding young leaders, millennials and social entrepreneurs to receive a fresh perspective on discussions and initiatives, help them amplify and extend their projects, and co-develop distinct activities.

4. Knowledge engagement*

Knowledge engagement provides the contextual intelligence leaders need to identify, understand and anticipate technological, economic and societal transformations. Partners selecting knowledge engagement access Transformation Maps for up to 200 executives in their organization, in addition to a customized, company-specific Transformation Map that can unearth new perspectives and align the executive team on issues of strategic importance.

*Available only to Strategic Partners

Forum Members

The community of World Economic Forum Members connects 354 companies from 68 countries and 23 industries. Forum Members are industry influencers, niche market leaders and regional champions. They are supported in their endeavours through engagement at regional, annual and community meetings across the globe.

At Forum events, chief executives of Member companies meet and learn from each other, bringing contextual intelligence from their respective industries and regions, and focusing on the most pressing issues for globalizing firms. During the past year, Forum Members came together in South-East Asia, India, Africa and Latin America to discuss regional issues and the effect of the Fourth Industrial Revolution on society, business and governance. At the Annual Meeting of the New Champions 2017, Members engaged in multistakeholder discussions on science, technology and innovation, and discussed how they are reshaping the future of economic and political systems. In addition, Forum Member CEOs participated in an innovation workshop in Boston to sharpen their understanding of innovation management and share their experiences managing innovation across different regions.

International Business Council

One of the pertinent modern dilemmas of chief executives is to balance short-term pressures with the need for a long-term focus with stakeholder orientation. The aim of the International Business Council to develop a concrete set of recommendations and best practices resulted in a document entitled *The New Paradigm: A Roadmap for an Implicit Corporate Governance Partnership* on the role of investors, boards, corporate governance, compensation and incentive structures, reporting and disclosure, as well as regulation. With the active involvement of Council members to take this to the next level, the Compact for Responsive and Responsible Leadership was compiled and signed by many business leaders. Council members plan to share ambitions, experiences and best practices on how to best comply with the Compact, measure progress and determine next steps.

The leadership of innovation is at the forefront of business leaders' minds. Members of the Council and chief executives of pioneering companies exchanged ideas during the year on the paradoxes of innovation leadership, specifically on contradictions in leading innovation in areas such as organizational structure, culture, ecosystems of innovation and the economics of innovation in order to deal with the speed of innovation necessary for the future.

Community of Chairmen

Chairmen and boards are being challenged to navigate businesses through unprecedented levels of disruption and uncertainty. As such, exchanges between the chairmen of large global companies have never been more relevant and valuable. Among the many discussions during the Community of Chairmen Annual Retreat (21-23 April 2017, Zurich, Switzerland) as well as during their gathering at the World Economic Forum Annual Meeting 2017 was the issue of a chairman's role in aligning management, investors and all stakeholders for the long term. The commitment to responsive and responsible leadership was reiterated and a framework for measuring the ability to manage over long periods was examined. The prevailing level of geopolitical instability combined with fundamental changes driven by the Fourth Industrial Revolution warranted a dialogue on the role of business in reshaping companies and society. With the increased risk of cyberattacks, cybersecurity has also become a critical topic for boards and chairmen. The Community of Chairmen discussed a set of best practices developed by the Forum for chairmen and boards to ensure cyber-resilience. A real-time simulation of a cyberattack designed for the Community of Chairmen helped to put the theory into practice. Recent technological advances in artificial intelligence inspired a dialogue on the future of work and the changes to board-level decision-making.

Family Business Community

The World Economic Forum Family Business Community is a global, trusted group of family business owners and their next generation. It offers members a platform to analyse the challenges and opportunities facing family firms. It also helps them positively affect global and regional issues, and prepare future family business owners to lead in a challenging context.

Activities over the past year focused on the untapped potential of family businesses to act as agents of sustainable growth in a world characterized by technological innovation, velocity, interconnectivity, mounting populism and fear of change. This year the community tackled these challenges at its Annual Retreat, integrating next-generation family business owners; at a National Strategy Day in Germany; at a Harvard Kennedy School programme on Impact Investing for the Next Generation, together with Social Entrepreneurs from the Schwab Foundation; and at a number of additional community events.

Technology Pioneers

The Technology Pioneers are a global community of trailblazing companies developing new technologies and innovations. They inform and influence decision-making through the contribution of new ideas and perspectives that address long-term global concerns. They come from a wide range of sectors, including cybersecurity, entertainment, energy and environment, health, mobility, and production.

In June 2017, 30 new Technology Pioneers who are driving the Fourth Industrial Revolution were selected. They are tackling environmental challenges with renewable energy sources, blockchain systems for the energy sector and real-time environmental sensor networks; significantly improving patient outcomes through microbiome therapeutics and vascular tissue replacement; enabling production through 3D metal printing, robotics and smart sensor systems; creating the software and computer vision systems for autonomous navigation; applying virtual and augmented reality to business and entertainment uses; and implementing novel approaches to cybersecurity.

At the Forum Members and Technology Pioneers CEO Workshop on 16-18 November in Boston, the communities and experts took stock of what the Fourth Industrial Revolution will bring in terms of technological potential, and how it will affect growing and influential businesses across the globe. The Technology Pioneers met with the International Business Council in August 2016 and the Community of Chairmen in January 2017, two communities of leaders of multinational organizations, to exchange insights on harnessing technology disruption for success.

Non-Business Communities

Community of Philanthropic Organizations

Recognizing the rising influence and notable expertise of foundations, the World Economic Forum launched the Community of Philanthropic Organizations in 2013. The community has grown to include a diverse membership of prominent and forward-looking actors in the philanthropic landscape. Community members and partner foundations bring their expertise to Forum System Initiatives, projects and strategic dialogues, interfacing with business, government, multilateral institutions, academia, youth and civil society to enhance their philanthropic impact and influence global conversations.

In 2016-2017, members and partners convened to address topics of mutual interest, such as succession. This first community gathering took place at the World Economic Forum Annual Meeting 2017 and a prioritized set of issues and areas of action is being developed.

Civil Society

Throughout 2016-2017, representatives of non-governmental organizations (NGOs), labour unions and faith-based organizations contributed significantly to Forum initiatives and discussions at major events. They brought with them the diverse views and expectations of citizens and communities to support the development and implementation of critical partnerships from a grass-roots perspective.

The past year saw an unprecedented number of civil society leaders co-chairing Forum events and moving the voice of the people to the forefront of global and regional dialogues. In her role as Co-Chair of the World Economic Forum Annual Meeting 2017, Helle Thorning-Schmidt, Chief Executive Officer, Save the Children International, United Kingdom, raised important questions on the role of the international community in combating poverty and marginalization, for women and girls especially. Representing civil society as co-chairs of World Economic Forum regional meetings, three NGO executives emphasized the need for responsive and responsible leadership to fight inequality, and inspired world and regional leaders with innovative ideas for collaborative action to promote social change. In addition, with the participation of a first-ever special delegation of Iraqi religious leaders in the World Economic Forum on the Middle East and North Africa in 2017, the Forum offered a distinctive platform for faith leaders to influence high-level policy-making on critical issues affecting the region.

The Civil Society community continued lending expertise and thought leadership to the various initiatives and projects initiated under the umbrella of Forum System Initiatives, bringing a human-centred and values-based approach to the design and governance of multistakeholder partnerships to tackle global systemic challenges. In doing so, civil society organizations contributed to creating more just systems in the sphere of finance, production, food and agriculture, health, trade and investment. In addition, efforts were made to enhance the business–civil society exchange on critical global issues. In this respect, 2016-2017 saw the dawning of the Bio-Innovation Dialogue Series, a new platform for discourse aimed at building trust among stakeholders (including chief executives from the consumer and chemicals industries, civil society leaders, farmers, scientists and innovators) by co-shaping a shared narrative and more constructive dialogue on the role of biotechnology in agriculture.

The community also organized various business–civil society gatherings in 2016-2017 on the importance of promoting civic freedoms and the rule of law in the current global political environment, while exploring the incubation of multistakeholder partnerships to improve the rule of law and human rights at the regional and local levels. Furthermore, *The Global Risks Report 2017* included a dedicated section on the current global context of fraying rule of law and declining respect for basic civil and political rights.

The Fourth Industrial Revolution is creating new opportunities and challenges for all sectors, including civil society. Cognizant of the need to initiate a sector-focused analysis of the future of civil society, the Forum facilitated a gathering of NGOs, trade unions and religious leaders as well as private-sector executives to reflect upon new operating and business models for innovating social good efforts. This conversation highlighted the necessity to help civil society innovate and prepare for the Fourth Industrial Revolution by learning from the experiences of the Forum's industry communities and System Initiatives, all of which are focused on dealing with the impact of technology-enabled disruptive transformations.

Finally, the Forum intensified efforts to promote the inclusion of more diverse voices and dialogues in its events. The outcome included the participation of societal actors with various religious, gender, geographical and ethnic backgrounds in Forum Annual Meetings and regional gatherings, and the integration of new topics of discussion in Forum programmes (the business case for lesbian, gay, bisexual and transgender equality, for example).

Cultural Leaders

Arts and culture are at the root of vibrant, healthy and inclusive societies. Artists and cultural institutions collaborate with the Forum to forge new alliances across sectors, speak truth to power and create powerful and inclusive narratives that change hearts and minds. This is manifested in the creation and presentation of site-specific performances and in immersive installations and exhibitions, as well as in the launch of socially engaged projects.

In 2016-2017, cultural leaders continued to play an important role in the Forum's work. Cellist Yo-Yo Ma became the first cultural leader to join the Board of Trustees of the World Economic Forum. Pakistani film-maker Sharmeen Obaid-Chinoy became the first cultural leader to be a co-chair of an Annual Meeting, at the World Economic Forum Annual Meeting 2017. Cultural leaders were engaged in more than 60 sessions of the official programme in Davos-Klosters, lending their varied voices and visions on topics ranging from gender equality to populism. The 23rd Annual Crystal Award went to Shakira, Forest Whitaker and Anne-Sophie Mutter. Lynette Wallworth's virtual reality film, *Collisions*, which was co-produced by the Forum and launched at the Annual Meeting 2016, created extraordinary impact around the world in this period, including influencing the passing of international agreements and federal budgets related to nuclear weapon bans and the rights of indigenous communities. The first international tour of the Afghan Women's Orchestra – a group of 30 young and brave women making music despite abuse and threats – which the Forum produced, was launched at the Annual Meeting 2017 and travelled across Switzerland and Germany. The tour was a global media phenomenon that contributed to changing the lives of these young women.

Global Leadership Fellows

The enormous scale, complexity and urgency of the challenges facing the world call for more responsive and responsible leadership, meaning leaders who have the vision and values, the character and competence to shape the future while also balancing the tensions between short- and long-term goals. Based on the changing global context and the Forum's strategic focus on systems and platform curation, the Global Leadership Fellows (GLF) programme underwent significant changes in 2017 to ensure stronger institutional alignment, placing particular emphasis on developing leaders who are able to drive systems-level change through public-private cooperation.

The GLF redesign resulted in the creation (and evolution) of 12 modules over a three-year learning journey – one focused on helping Fellows discover, understand and develop three dimensions of leadership: self, others and systems. Each module was designed to provide the Fellows with the tools, frameworks and experiences required to drive systems change, working together with all stakeholders of global society. Examples of some of the new modules created this year include Understanding and Influencing Complex Systems, Curating Dialogues for Impact, and Systems Governance and Ethics.

In terms of admissions, the GLF programme continues to attract a diverse and talented pool of individuals. This year, acceptance to the GLF programme was the most competitive it has been since the programme started over 10 years ago, making the selection process exceptionally challenging. The admissions rate for the 2016 cohort was 2% (22 Fellows, from 16 nationalities, selected from a growing pool of over 6,000 applicants annually).

The Fellows continued to be exposed to a wide variety of challenges and opportunities in their Forum roles, working in teams spanning the entire organization – from System Initiatives to digital engagement, and global programming to industry and regional strategies. A rotation programme created this past year will provide Fellows with the opportunity to experience different parts of the organization during their three-year journey.

GLF graduates continued to assume leadership roles internally and externally. One Fellow now leads the Forum System Initiative on Shaping the Future of Digital Economy and Society, looking at how private-public collaboration can realize the potential for digital technologies to benefit humanity. Another Fellow is leading the Economic Prosperity initiative at MIT, exploring how collaborative innovation can solve some of the world's most intractable problems. Yet another Fellow was recently appointed Director for Gender, Women and Civil Society at the African Development Bank; one of her mandates is to dedicate time to the agenda of entrepreneurship for women and youth. These examples highlight how the Fellows continue to serve the Forum's mission in a powerful way.

Young Scientists

The Young Scientists community brings together 50 of the world's rising stars in science and engineering. They are selected from all regions of the world and a wide range of disciplines, and have a track record of advancing the frontiers of knowledge in areas of high societal impact. In their work, they exhibit exceptional creativity, thought leadership and high potential. Aged under 40, these individuals demonstrate their commitment to improving the state of the world by promoting evidence-based decision-making and scientific literacy among leaders from government, business and civil society at their yearly gathering at the Annual Meeting of the New Champions. In 2016-2017, the community represented 18 nationalities drawn from all continents, with full gender parity.

In 2017, for the first time, a Young Scientist, Maria-Elena Torres-Padilla, Director, Institute of Epigenetics and Stem Cells, Helmholtz Zentrum München, Germany, co-chaired the Annual Meeting of the New Champions. The community announced a number of important joint initiatives, including the development of a universal Code of Ethics for researchers.



Events Drive Progress



By **W. Lee Howell**
Member of the Managing Board

Annual Meetings serve as global platforms that enable decision-makers to define and advance crucial issues. The programme of each meeting is designed to foster interaction that enhances contextual intelligence, provides emotional inspiration and builds collaborative networks.

Annual Meeting of the New Champions 2016

(26-28 June, Tianjin, People's Republic of China)



Shifting from September to June for the first time, the 10th Annual Meeting of the New Champions brought together more than 2,000 leaders from over 90 countries under the theme of the Fourth Industrial Revolution and Its Transformational Impact. The programme highlighted technological innovations as a force for societal progress, but sessions also underscored the need for regulatory principles and governance frameworks that promote more inclusive growth in the new context. A special exhibition merging science and the arts ("Works in Progress") highlighted the necessity and importance of a human-centred approach to developing new technologies such as bio-inspired robotics or humanoid artificial intelligence.

Annual Meeting of the Global Future Councils 2016

(13-14 November, Dubai, United Arab Emirates)



The inaugural Annual Meeting of the Global Future Councils convened 700 members of the 35 newly formed Global Future Councils for the first meeting of their two-year council term. Experts from academia, government, business and civil society pursued a mandate to break down siloes and develop new perspectives on global systems while exploring the societal impact and governance dilemmas posed by the Fourth Industrial Revolution. A working programme was designed that focused on council objectives, exchange and generate new insights across the network, and shape an agenda for global systems change with implications for business, government and civil society and the wider strategic direction of the World Economic Forum.

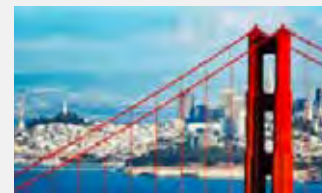


**World Economic Forum
Annual Meeting 2017**
(17-20 January, Davos-
Klosters, Switzerland)



More than 3,000 participants from nearly 100 countries responded to call for Responsive and Responsible Leadership, which was the central theme of the World Economic Forum Annual Meeting 2017. Over 400 sessions were organized to address five critical challenges: strengthening global collaboration, revitalizing economic growth, reforming capitalism, preparing for the Fourth Industrial Revolution and restoring a sense of shared identity. The opening plenary of the meeting featured Chinese President Xi Jinping's robust defence of globalization, which was widely reported by the media worldwide. There was record public interest in the topics discussed in Davos as over 1 million people visited the Forum's website, with over 30 million viewing sessions online. Among the outcomes that captured global attention were the announcement of the Compact for Responsive and Responsible Leadership to create a corporate governance framework that supports both the long-term sustainability of corporations and the long-term goals of society; and the launch of the Coalition for Epidemic Preparedness Innovations (CEPI), a \$460 million fund to finance and coordinate the development of new vaccines to prevent and contain infectious disease epidemics.

**Industry Strategy
Meeting 2017**
(7-8 June, San Francisco,
USA)



The World Economic Forum Industry Strategy Meeting convened the community of Industry Strategy Officers, a group of senior executives chosen by their companies to contribute to shaping the industry and global agendas. This year, 300 executives came together to define and shape the outlook for industries, identify where sectors could work together for economic and societal benefit, and explore how they could shift from managing disruption to pioneering new models of responsible capitalism – particularly in light of current and impending transformations brought about by emerging technologies. The Forum's new Center for the Fourth Industrial Revolution hosted the programme, designed to build on the business community's dialogue at the Annual Meeting in Davos-Klosters and on Forum System Initiatives, focused on creating value in the Fourth Industrial Revolution.

**Annual Meeting of the
New Champions 2017**
(27-29 June, Dalian,
People's Republic of
China)



The Annual Meeting of the New Champions returned to Dalian, China under the theme of Achieving Inclusive Growth in the Fourth Industrial Revolution. More than 2,000 leaders, researchers and entrepreneurs at the cutting-edge of innovation, science and technology engaged in over 200 sessions. Working sessions focused on advancing the efforts of the Global Future Councils and Forum System Initiatives supporting the newly established Center for the Fourth Industrial Revolution. Among the experiential highlights in Dalian was the "4IR Bio Lab" exhibition, co-curated with Science Gallery International and supported by Wellcome Trust, which explored research breakthroughs from synthetic biology to human enhancement and their effect on industries, economies and everyday lives.



Knowledge and Digital Engagement



By **Jeremy Jurgens**
Member of the Managing Board

The Forum's digital knowledge platform has matured into a core pillar of the overall institutional offering, complementing our events and public engagement platforms.

Aimed at supporting more informed decision-making, the model of digital collaboration and co-curation introduced to an initial group of universities from our Global University Leaders Forum last year was received with overwhelming enthusiasm by the academic community. More than half of the more than 120 topic areas covered by Transformation Maps are now co-curated on a rolling basis with an academic partner or international organization such as the Inter-American Development Bank or the International Organization for Migration. The aim is to have most of the remaining maps co-curated by the end of the year.

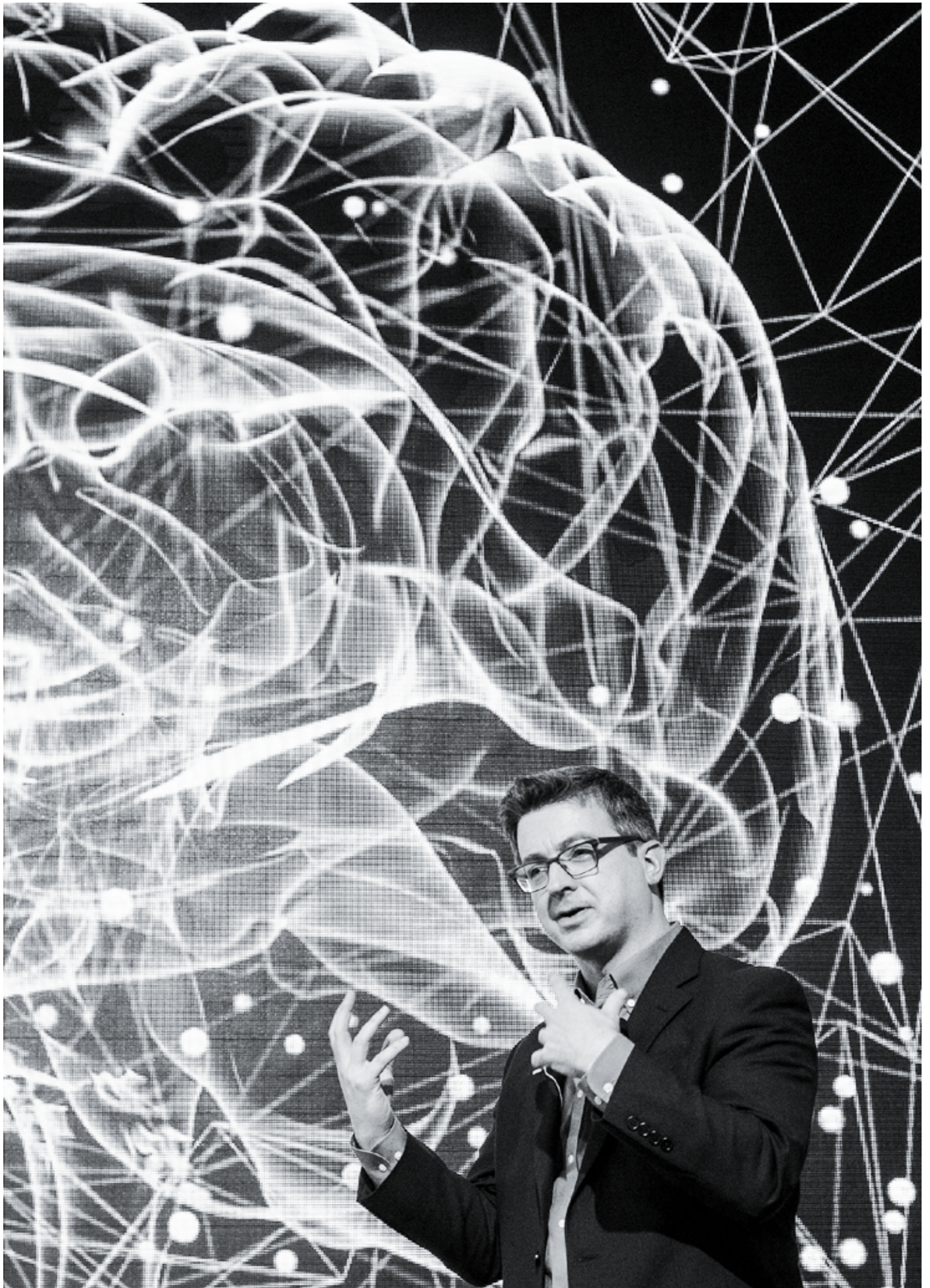
Knowledge and digital engagement also advanced through a sizeable increase in the flow of research and analysis from external sources, which are automatically scanned, summarized and classified into the various Transformation Maps based on a proprietary machine learning capacity. As a result, we curated more than 200 high-quality sources from think tanks and research organizations worldwide, covering analyses in five languages (English, Spanish, Chinese, French and German) with the plan to include Arabic by the end of the year.

The Forum continued to invest substantially in the underlying technology and introduced new features and improvements that are providing real value to our communities. A new dynamic briefing capability allowed users to generate reports on any topic and included the latest machine-curated research and analysis. A new version of the TopLink platform with an overhauled design and backend architecture allowed for more efficient engagement and future development.

In line with the World Economic Forum mission to promote a global and informed discussion on global issues, the core body of knowledge embedded in the Transformation Maps will be made publicly available, with a public launch planned to coincide with the Annual Meeting of the Global Future Councils in Dubai in November. The 35 Global Future Councils formed last year as research engines for the Forum's strategic initiatives made significant contributions to our forward-looking agenda, with more than 150 Agenda articles exploring the intersection of Fourth Industrial Revolution and global systems: <https://www.weforum.org/communities/global-future-councils/articles>

At the same time, the over 6,000 experts across all the topics covered by the Transformation Maps increasingly used our digital knowledge platform to share research, comment on developments and engage one another in exploring issues in greater depth.





Engaging the Global Public



By **Adrian Monck**
Member of the Managing Board

Forum communities, System Initiatives and projects produce high-level insights to fuel public engagement around complex issues.

The World Economic Forum's Public Engagement strategy has two major planks: build world-class relationships with the most relevant broadcast and print journalists around the world, and build globally competitive content channels that reach a mass audience through intelligent, volume publishing, video and social media operations.

The Forum has the fastest growing digital publishing activities among international organizations, and compares favourably with dedicated publishers. Our digital publishing activities on the web and social media are designed to build a global audience by providing an in-depth yet accessible stream of content that provides insight into topics and challenges that are top of mind for leaders. These ideas and

insights provide a rich source of stories and content for the global media, and our Members and constituents benefit from a world-class team of digital communications and public relations professionals working to amplify their messages.

Again this year, the Forum's digital publishing platform saw impressive growth across both social media and website audiences, with special success in reaching younger people in emerging economies. According to Facebook data, over 100 million people saw a piece of Forum-branded content in their Facebook feed over the course of the year, and the Forum accumulated nearly 1 billion video views. The combined social media following across the main social platforms (Facebook, Twitter and LinkedIn) now reaches in excess of 8 million, an increase of over 60% on last year, mostly driven by great success in the publication of custom videos produced for Facebook. The viewership of Forum videos on Facebook grew from 150,000 in January 2016 to over 100 million views per month.



These measures combined resulted in 45% growth in traffic to the Forum's website, with 4.5 million unique users visiting the site each month. An analysis of monthly traffic to the website showed the Forum's regular audience was one-third that of *The Economist*, half *Les Echos* and equivalent to that of *Handelsblatt*, according to similarweb.com.

As one of the largest non-sporting media events in the world, the World Economic Forum Annual Meeting 2017 was a record-breaking gathering for media coverage, with more than 148,000 media mentions globally. Webcast views of the Annual Meeting 2017 session coverage totalled over 1.3 million on our website alone.

A concerted focus to adapt and create content specifically for local consumption resulted in growth in coverage of our regional meetings. The 2016 World Economic Forum on Africa, for example, saw a five-fold year-on-year leap in terms of mentions to 11,000, and a tripling of editorial marketing value (EMV), a metric used to measure volume, length and authority of news articles. Meetings aside, the Forum's research drives public debate via the media.

In 2016-2017, the World Economic Forum publicly published 25 reports and 37 white papers on topics relevant to our 14 System Initiatives, 21 industry communities, and the regional transformations the Forum is working to shape. In addition, Forum communities generated hundreds of privately published papers and reports designed to shape interactions and accelerate outcomes. Through its Agenda blog platform, the Forum published nearly 11,000 articles last year, contributed by Forum constituents as well as reposted from a network of around 250 third-party content partners.

The Forum's globally recognized indexing reports reached new levels of public recognition. *The Global Competitiveness Report 2016-2017* was downloaded close to 1 million times from the Forum's website and was mentioned some 5,500 times in the global press, bringing the Forum over \$12.5 million in EMV. of the publicity value of the publication. *The Global Gender Gap Report 2016* was downloaded 850,000 times and mentioned over 12,000 times, earning over \$61 million in EMV.

Other highlights from the Forum's publishing in 2017 include:

- A white paper entitled *We'll Live to 100 – How Can We Afford it?* was released by the System Initiative on Shaping the Future of Long-Term Investing, Infrastructure and Development in May 2017. Containing the core message that the world's six largest pension systems will have a joint shortfall of \$224 trillion by 2050, it achieved huge global coverage, resulting in a much clearer mandate for the next phase of the project on Retirement Investment Systems Reform.
- Under the System Initiative on Shaping the Future of Environment and Natural Resource Security, the Circular Economy project published two reports to raise awareness of the need for a revolution in the plastics industrial ecosystem. *The New Plastics Economy 2017* report received more than 800 media and social media mentions on release, with an estimated potential reach of 21.6 million people. This in turn inspired a documentary by VICE media that aired in April 2017 on HBO, also featuring the Forum. Now, across the System Initiative on Shaping the Future of Environment and Natural Resource Security Stewards (the United Nations Environment Programme, Global Environment Facility, World Resources Institute and World Wildlife Fund), major oceans and plastics programmes are being pursued. Several World Economic Forum Partner CEOs are also championing similar initiatives as a result.
- The *Blueprint for Digital Identity* report on disruptive innovation in financial services, released by the System Initiative on Shaping the Future of Financial and Monetary Systems in August 2016, received in excess of 100,000 unique downloads from the Forum website and was extensively cited in academic publications, including three higher education textbooks and *The New York Times* bestseller *Blockchain Revolution*. The report is now required reading for a newly created MIT course on fintech.
- Released in January 2017 by the System Initiative on Shaping the Future of Economic Growth and Social Inclusion, *The Inclusive Growth and Development Report 2017* contains a new global index, the Inclusive Development Index (IDI), which provides both a more nuanced assessment of countries' level (and recent performance) of economic development than GDP per capita alone and a policy framework showing the many factors that can drive a more inclusive growth process. The report attracted significant media impact with its message that "annual median incomes declined by 2.4%" between 2008 and 2013 across the 26 advanced economies where data was available. The IDI is currently informing a number of G20 government strategies, notably Canada's Advisory Council on Economic Growth at the Ministry of Finance and the United Kingdom's Inclusive Economy Unit at the Treasury.

Social Engagement through Our Foundations

By **Adrian Monck**

Member of the Managing Board

Three independent foundations under the auspices of the World Economic Forum integrate the energies of global youth and the grass-roots activities of social entrepreneurs into Forum activities.

In January 2016, the teams of the Forum's three independent foundations, the Global Shapers Community, the Schwab Foundation for Social Entrepreneurship and the Forum of Young Global Leaders, consolidated into the Social Engagement team. This merger created a more cohesive structural base that leverages economies of scale to not only deliver more to each community, but to catalyse greater collaboration across communities. While many developments are still to be implemented, the early results were encouraging. Around the world, Global Shapers, Social Entrepreneurs and Young Global Leaders (YGLs) joined forces to promote change. In India, Global Shapers worked to scale social entrepreneur Brij Kothari's solutions for mass literacy. In South Africa, Global Shapers and YGLs promoted open, border-free travel across the continent. In Cambodia, YGLs facilitated a \$50,000 investment to a Global Shapers project to accelerate rural economies. And in Afghanistan, Global Shapers and YGLs together empowered women and girls through training in science, technology, engineering and mathematics.

Global Shapers Community

The Global Shapers Community is a global network of Hubs developed and led by young people between the ages of 20 and 29, who are exceptional in their potential, their achievement and their drive to catalyse positive change in their communities. The network's city-based structure ensures that Shapers can contribute to improving the state of the world, one community at a time. Today the community is present in over 350 cities in 169 countries and territories with over 6,000 active members.

In 2016-2017, the Global Shapers Community focused on strengthening its impact and influence. At the local level, Hubs undertook powerful projects to serve society, from responding to natural disaster, promoting quality services and combating poverty, to driving entrepreneurship, protecting the planet and building inclusive communities. At the regional level, Global Shapers organized eight SHAPE events, mobilizing key leaders and change-makers

to ignite regional transformation, for example open borders to drive greater cultural understanding and economic integration in Africa.

At the global level, Global Shapers mobilized a resounding 26,000 responses to the Global Shapers Annual Survey from young people representing 181 countries and territories. Throughout the year, the survey's insights were integrated into the activities of all Forum stakeholders. At the World Economic Forum Annual Meeting 2017, Global Shapers also promoted their messages via the #WorldWeShape and #ShapingDavos campaigns. Other highlights this year included integrating over 6,000 Global Shapers onto TopLink; equipping 320 curators with the skills needed for effective leadership at the Annual Curators Meeting; increasing the number of Global Shapers per Hub to strengthen our ability to deliver results; and relaunching our Advisory Councils to ensure community Members continue to shape our future.

Schwab Foundation for Social Entrepreneurship

The Schwab Foundation for Social Entrepreneurship is a global platform that aims to highlight and advance the world's leading models of sustainable social innovation. It represents a community of over 330 late-stage social entrepreneurs, who operate as founders and CEOs in more than 70 countries worldwide. They aim to tackle the world's most pressing issues through enterprising, non-profit and for-profit market-based solutions that disrupt the status quo and create positive systems-transforming outcomes worldwide.

In 2016-2017, the Schwab Foundation continued to equip global leaders with the knowledge and tools needed to innovate in the global public interest. This included hosting over 200 Social Entrepreneurs, Young Global Leaders and Global Shapers in Durban, South Africa, for the Solutions Summit in May 2017. Hailing from 40 countries around the world, including 25 African countries, the summit represented the largest gathering of Schwab Foundation social entrepreneurs in over a decade.



Under the theme, *Scaling What Works*, 94% of the social entrepreneurs indicated that they developed new insights about their organizational strategy or business model through participation in the summit; 81% identified new opportunities for collaboration; and 79% gained new skills and peer mentors to sustain their well-being.

In addition, the Schwab Foundation launched a report entitled *Beyond Organizational Scale: How Social Entrepreneurs Create Systems Change* aimed at helping social entrepreneurs, funders and policy-makers mobilize and adopt systems change strategies and approaches. The report was downloaded over 5,000 times. Finally, 13 social enterprises were presented with the Schwab Foundation Social Entrepreneur of the Year 2017 Award and featured in a successful global media launch, which reached over 1.5 million viewers.

Forum of Young Global Leaders

The Forum of Young Global Leaders is a community of over 800 innovative, enterprising and socially minded men and women under the age of 40, who operate as a force for good, scaling individual and collective solutions to global and local challenges. The community comprises exceptional leaders holding diverse occupations and positions in society from every region of the world and from every stakeholder group – across public, private and civil society organizations. Its growing Alumni Community has more than 450 active members worldwide.

More than ever, the world needs decision-makers capable of restoring people's faith in a better future. In 2016-2017, the YGLs showed the way. Lewis Pugh is one example. The endurance swimmer's "Speedo diplomacy", in partnership with YGLs Brian Herlihy, Dave Duarte and Enric Sala, helped negotiate the world's largest marine protected area. Another example involved YGLs H.R.H. Crown Princess Mette-Marit of Norway and Kate Roberts, who founded the Maverick Collective, which has redefined philanthropy and helped over 800,000 women and girls live healthier lives. Finally, YGLs continued to make a difference in the public sector through the YGL Public Leadership Initiative. A number of graduates of previous boot camps were elected and moved into ministerial positions in Canada and Argentina, and Class of 2016 YGL Emmanuel Macron was voted in as President of France.

The main focus this year was to strengthen the YGLs' capacity to create change together. This resulted in over 180 YGL collaborations, with new partnerships formed at the 2016 and 2017 Young Global Leaders and Alumni Annual Summits in Tokyo and Buenos Aires. Feedback surveys indicated that 92% of participants built alliances for individual and collective impact. Finally, 100 purpose-driven leaders were selected for the Class of 2017, over 150 YGLs benefited from learning opportunities at such world-class universities as Harvard, Wits University, Oxford and Stanford, and an endowment fund was launched to ensure the long-term sustainability of the YGL community.

Sustainability and Sustainable Development

The World Economic Forum contributes to the United Nations 2030 Agenda for Sustainable Development (Sustainable Development Goals – SDGs) through core activities and its 14 System Initiatives in particular. Multistakeholder partnerships, involving governments, businesses and civil society, are fundamental to ensuring that the SDGs are met and positive change is sustained. The Forum also integrates sustainability best practice into its operations.

Sustainability is central to the Forum's mission to improve the state of the world.

		1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
	World Economic Forum activities																	
System Initiatives	Consumption																	
	Digital Economy and Society																	
	Economic Growth and Social Inclusion																	
	Education, Gender and Work																	
	Energy																	
	Environment and Natural Resource Security																	
	Financial and Monetary Systems																	
	Food Security and Agriculture																	
	Health and Healthcare																	
	Information and Entertainment																	
	International Trade and Investment																	
	Long-Term Investing, Infrastructure and Development																	
	Mobility																	
	Production																	
Sustainable Forum Action Plan	Promote sustainable business models and practices																	
	Limit our environmental impact																	
	Uphold the highest standards of governance																	
	Be a responsible and inclusive employer																	
	Be a responsible and inclusive client																	
	Engage positively with communities																	

Legend

Goal 1 End poverty in all its forms everywhere
Goal 2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture
Goal 3 Ensure healthy lives and promote well-being for all at all ages
Goal 4 Ensure inclusive and quality education for all and promote lifelong learning
Goal 5 Achieve gender equality and empower all women and girls
Goal 6 Ensure access to water and sanitation for all
Goal 7 Ensure access to affordable, reliable, sustainable and modern energy for all

Goal 8 Promote inclusive and sustainable economic growth, employment and decent work for all
Goal 9 Build resilient infrastructure, promote sustainable industrialization and foster innovation
Goal 10 Reduce inequality within and among countries
Goal 11 Make cities and human settlements inclusive, safe, resilient and sustainable
Goal 12 Ensure sustainable consumption and production patterns
Goal 13 Take urgent action to combat climate change and its impacts
Goal 14 Conserve and sustainably use the oceans, seas and marine resources

Goal 15 Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss
Goal 16 Promote just, peaceful and inclusive societies
Goal 17 Revitalize the global partnership for sustainable development

System Initiatives: Responding to the Need for New Models

The world requires a new kind of cooperative platform in the 21st century – one that facilitates a more systemic approach to resolving problems and capturing opportunities at the intersection of multiple industries, stakeholders and intellectual disciplines. The World Economic Forum is applying its organizational capacity to this purpose. In each of its 14 System Initiatives, it provides a platform that enables deeper communication and cooperation across a multistakeholder ecosystem. Each System Initiative aims to provide a more efficient “operating system” for the cooperation required to innovate approaches or scale the impact of existing ones. Systems leadership seeks to cultivate a shared vision for change and sense of community, encourage distributed innovation and action aligned with that vision, and enable mutual learning and accountability across the community ecosystem.

The UN Sustainable Development Goals (SDGs) – also known as the 2030 Agenda for Sustainable Development – is a once-in-a-generation opportunity to transform the world. A geographically and ideologically diverse consensus has emerged on the need for a new, or at least radically improved, economic growth and development model that balances social and environmental interests. The SDGs are an important framework to help economies navigate a transition to more inclusive and sustainable growth. Despite widespread consensus on the need to accelerate action and adapt behaviour, policy guidance and resource mobilization remains at an early stage on the key economic, social and environmental priorities enshrined in the goals. Progress remains largely isolated and incremental at a time when exponential gains are needed.

Developing and scaling holistic, integrated approaches requires new ways of thinking and new forms of public-private cooperation. The Forum’s 14 System Initiatives seek to respond directly to this need. They are platforms for mobilizing a wider and more effective multistakeholder response to much of the agenda framed by the SDGs. From environment and natural resource security to health to economic growth and social inclusion, the System Initiatives are catalysing new and more scalable models of progress. They are designed to help society move from its current mode of fragmentation and reaction to one of synergy and proactive, long-term engagement – to help society become agile enough to respond to the evolving global context rapidly and at scale.

System Initiatives and the Sustainable Development Goals

The System Initiatives introduce new and more scalable models for progress in areas as diverse as the environment and natural resource security, health and healthcare, and economic growth and social inclusion. They are designed to help society transition from fragmented and reactionary responses to global challenges to proactive and agile long-term engagement.

The Forum’s multistakeholder platform brings together public-sector, private-sector and civil society leaders to obtain the blend of incentives and resources needed to achieve the SDGs. The 2030 Agenda for Sustainable Development offers tremendous business opportunities from expanded markets and value creation. It has become clear that companies embedding the principles of long-term value creation and social and environmental sustainability into core business strategies experience efficiency gains, attract investors and the best talent, and expand their client and customer base.

Each of the 14 System Initiatives of the Forum this year demonstrated synergies with one or more of the SDGs. Given the Forum’s status as the International Organization for Public-Private Cooperation, all the Initiatives contributed to the advancement of Goal 17. One example from a selection of System Initiatives is described below:

- **Shaping the Future of Environment and Natural Resource Security:** The CEO Climate Leaders initiative is part of the Scaling Climate Action and Solutions workstream and will engage in a joint venture with the World Bank-convened Carbon Pricing Leadership Coalition (CPLC) through 2018. The Forum will provide a platform to support the ongoing efforts of the CPLC and create the space for public-private dialogue on carbon pricing. This work is closely aligned with Goals 2, 6, 7, 8, 9, 11, 12, 13, 14, 15.
- **Shaping the Future of Food Security and Agriculture:** Part of the New Vision for Agriculture and Shaping Global Food Systems workstreams, the Grow Africa partnership has mobilized over \$10 billion in private-sector investment commitments from over 200 international and domestic companies, to meet nationally-determined agricultural priorities. Grow Africa and Grow Asia continued to serve as a platform to accrue responsible investment in agriculture. It is most closely aligned with SDG 2, as well as with Goals 1, 3, 4, 5, 6, 7, 8, 10, 12, 13, 14, 15.
- **Shaping the Future of Long-Term Investing, Infrastructure and Development:** The Sustainable Development Investment Partnership brings together a community of 35 governments, banks, pension funds and philanthropic organizations committed to mobilizing \$100 billion worth of projects by 2020 supporting sustainable and climate-resilient infrastructure. It aligns directly with SDG 9 and pertains to Goals 6, 7, 8, 9, 11, 14.

Walking the Talk: Sustainability in Forum Operations

The Forum's sustainable operations aim to mitigate environmental and social impact and contribute to achieving the SDGs. Its sustainability policy approach focuses on six priorities aligned with the SDG Compass business themes. Over the year, results were achieved under the six priorities:

- **Priority 1 – Promote sustainable business models and practices** (Goals 2, 16): The Annual Meeting 2017 was key in catalysing projects aimed at supporting the SDGs, leading to [10 achievements](#) in that field.
- **Priority 2 – Limit our environmental impact** (Goals 2, 3, 7, 9, 11, 12, 13): A main objective is to improve sustainability in the preparation and staging of the World Economic Forum Annual Meeting. An initial carbon footprint calculation supported the prioritization of environmental measures for the Annual Meeting. International travel to the event was shown to represent the highest CO₂ contribution. While outside its direct sphere of influence, to mitigate this impact the Forum employed an internationally recognized method to take responsibility for unavoidable carbon emissions by choosing to offset participant, media and staff CO₂ emissions. It also supported emission reduction projects in Switzerland and in other countries where Forum events were organized, including India, China, South Africa, Cambodia and Argentina.

Another environmental challenge arises from the fact that the Davos Congress Centre each year is decorated and adapted for the Annual Meeting, which requires large quantities of construction materials. While most of the equipment is rented or reused each year, in 2017, for the first time, solutions involving recycling and donations were implemented for carpet, fabric and plastic materials, which reduced the amount of waste sent to incineration by 16%.

In terms of environmental impact, other efforts included energy management and pertained to ground transportation.

- **Priority 3 – Uphold the highest standards of governance** (Goals 15, 16): The Forum introduced a sustainability management system approach according to the new ISO 20121:2012 standard, demonstrating our commitment to delivering measurable results and continually improving our sustainability performance.
- **Priorities 4 and 5 – Be a responsible and inclusive employer and client** (Goals 1, 2, 3, 5, 8, 12, 14, 15): The Forum is committed to respecting international environmental, social and ethical standards in alignment with the key principles of the UN Global Compact. Crucial to this effort, our principal event provider, PublicisLive, also set up a sustainability management system under ISO 20121:2012. For instance, PublicisLive supported the Forum in ensuring that the food provided to the participants and staff included a maximum of local, seasonal and healthy products, in line with Goal 2. In 2017, 60% of the food served was sourced in the Canton of Graubünden or Switzerland.
- **Priority 6 – Engage positively with local communities** (Goals 4, 8, 10): The Open Forum, which has taken place for more than a decade during the World Economic Forum Annual Meeting, continued to provide an opportunity for local citizens to participate in the event and engage in debate with high-profile personalities.



Investing in Our Human Capital

The quality of our people is at the heart of our ability to serve our communities. We invest in finding, motivating and fostering exceptional people, developing their skills and creating an environment that nurtures future leaders.

Led by Founder and Executive Chairman Klaus Schwab, the leadership and staff of the Forum comprise diverse and exceptional individuals from all walks of life, including industry and academia. Our diverse profile gives us the deep and broad experience we need to engage our communities on global issues. Our collaborative culture

fosters entrepreneurship and problem-solving to have an impact on improving the state of the world.

This last year has continued the momentum of our people strategy. We've transformed Learning and Development into a pioneering multi-delivery learning platform. We've designed and executed our Reward Strategy, including introducing policies for mobility, secondments and executive compensation. The graphics below highlight some key people measures at the Forum.

80

nationalities from all continents are represented at the Forum

Diversity is integral to the success of the Forum.

160

different Learning and Development courses were designed and launched across all locations

Our people continuously expand their ability to learn and rapidly translate learning into action.

56%

of our staff are female, with 40% of our leadership positions held by women

Gender diversity is embedded in the culture of the organization. We actively prioritize improving gender representation at all levels in the Forum.

17,500

candidates applied for 120 positions last year

People join us because they want to improve the state of the world.

36

is the average age of our staff

Our people bring academic excellence and broad experience, skills and competencies to their roles.

98%

of our staff achieve their performance management goals; 60% exceed our expectations

We set high expectations and have a culture of high performance.

653

staff work here; We also have secondees from 32 partner companies collaborating with us on projects

We hire exceptional people, developing our future leaders and inviting secondees from our Partners to collaborate with us on projects.

71

future leaders are in our current Global Leadership Fellows (GLF) programme; and 31% of our leadership and executive positions are held by former GLFs

Our GLF programme prepares future leaders for a complex and ambiguous world. We also invest heavily in the development of all our people.

Executive Compensation

The Executive Chairman is vested with overall institutional responsibility for World Economic Forum and is remunerated in line with compensation paid to executive chairpersons of international institutions and organizations of similar stature as the Forum and with that paid to the heads and chief executives of Swiss public services organizations. He does not receive a bonus or any outside remuneration.

Managing Board members have a collective executive responsibility for the Forum. They are selected for their diverse backgrounds, experience and credibility. Managing Board members are appointed by the Chairman with approval by the Board of Trustees. They all receive the same compensation, which is in the order of 70% of the compensation of the Executive Chairman, and likewise do not participate in any incentive plan.



Center for the Fourth Industrial Revolution



By **Murat Sönmez**
Member of the Managing Board

The World Economic Forum is working to speed up the benefits of science and technology for society. To help achieve this objective, it created a global hub of expertise, knowledge-sharing and collaboration in San Francisco. The Center's mission is to accelerate global collaboration across industry, government and other key stakeholders on the development of policy principles, decision-making tools and governance frameworks for science and technology, so they best serve citizens, society and the global public interest.

Since it opened in March 2017, the Center has convened start-ups, venture capitalists, experts, academics and government officials, among others, to discuss the benefits of science and technology, ethical issues, values and regulation concerning Fourth Industrial Revolution technologies. The following are among its projects, which aim to inspire exchange and promote the sharing of big ideas and insight:

– **Artificial intelligence and machine learning:**

Exponential increases in computing power and data, and the associated advancements in deep learning and neural networks, are creating new opportunities for the application of artificial intelligence across sectors – ranging from medicine, to criminal justice, manufacturing and finance. In many ways, these advances are fundamentally changing industries, communities, and even what it means to be human. To accelerate the social and economic benefits of these technologies and to address their uneven access across society as well as the many complex questions arising about bias, trust and culpability, this effort

convenes diverse stakeholders to develop policy and governance frameworks that will be piloted by governments and other partners around the world. One initial project is the Digital Protocol Network on Artificial Intelligence, which involves a number of Forum System Initiatives without being linked to any particular one.

– **Internet of things (IoT) and connected devices:**

Advances in sensor technology, miniaturization, wireless connectivity, and increased data storage and battery capacity have enabled almost any object to become data-generating “things” that can capture and transmit information and, increasingly, interact with their environment. Connected devices are driving transformation and disruption across industries, as well as raising new concerns about privacy, security and interoperability. This undertaking brings diverse stakeholders together to develop and pilot governance frameworks that aim to accelerate the opportunities presented by IoT and address the associated challenges. An initial endeavour is the Digital Protocol Network on the Industrial Internet of Things (IIoT), which is building an IIoT safety and security framework. This effort is linked to the Forum System Initiative on Shaping the Future of Digital Economy and Society.

– **Blockchain and distributed ledger technology:**

Blockchain technology has the potential to transform a range of domains from financial and logistical to governmental and humanitarian. However, unlocking this potential will require the commitment of regulatory and public policy representatives. By engaging regulatory, legal, technology, commercial, civil society



and domain experts, this project considers the needs of a range of blockchain use cases, exploring where informal governance cooperation and/or new multistakeholder partnerships could facilitate the technology's contribution to progress on specific societal challenges. These efforts will surface high-priority blockchain governance needs that cut across multiple applications. The Forum will convene multistakeholder dialogues to develop protocols and frameworks to fill these gaps, and will pilot the products with partner governments. Several System Initiatives are involved in this project.

- **Digital trade and cross-border data flows:** Policy frameworks must be updated to respond to the opportunities and challenges offered by digital trade, a component of nearly all trade. The Center is catalysing an international multistakeholder effort to develop common norms for the formulation of national policy priorities regarding the treatment of cross-border data flows, data localization and associated issues. It will partner with national governments to run pilot projects to advance these norms and iterate them based on lessons from on-the-ground implementation. The Center also supports Forum-wide case studies and projects with national governments, civil society and the private sector geared towards improving the enabling environment for e-commerce at both the global and local levels. This includes advancing action roadmaps for regional digital markets where appropriate and exploring cross-regional best practices. This work is linked to the Forum System Initiatives on Shaping the Future of Digital Economy and Society and on Shaping the Future of International Trade and Investment.
- **Autonomous vehicles:** Fully self-driving automobiles are at a critical juncture in their development, with test fleets operating on public roads and citizen trust increasing. Technology is rapidly advancing in crucial areas, such as sensors, laser scanners, radar, GPS, image-processing, intelligent algorithms and artificial intelligence processing speed. But governments are struggling to keep up and to enable the far-reaching benefits of this technology, ranging from reducing traffic and carbon emissions to increasing productivity and mobility options. They are also grappling with complex questions of safety and unintended social consequences. This undertaking convenes diverse stakeholders to develop and pilot governance frameworks and tools that will accelerate the adoption of this technology in ways that benefit society. It incorporates insights from and builds on the Forum's partnership with the city of Boston on urban mobility. It is linked to the Forum System Initiative on Shaping the Future of Mobility.
- **Civilian drone use:** Advances in technology, platforms, availability and affordability have allowed the civilian use of unmanned aerial systems to eclipse military use, challenging the response of both regulators and raising issues about human rights and privacy. The increasing accessibility and flexibility of drones provide unique opportunities for a wide variety of commercial sectors, as well as for humanitarian relief, agriculture, environmental and wildlife conservation, law enforcement, media coverage and scientific research. Policy-makers have been forced to play "catch up", with legislation sparse and uneven, but growing. This reality poses fresh challenges and opportunities to national governments, local municipalities, businesses and individual actors. This effort brings diverse stakeholders together to identify current gaps and roadblocks, and to develop and pilot governance frameworks and tools that will accelerate the adoption of this technology in ways that benefit society. The work is linked to the Forum System Initiative on Shaping the Future of Mobility.
- **Environment/New vision for oceans:** This effort looks at the potential for harnessing the Fourth Industrial Revolution to improve the global environmental commons, with a particular focus on oceans. Leveraging the extensive US West Coast oceans research and foundation community, it suggests where further public-private cooperation can help advance the global oceans agenda through an innovative public-private Oceans Project to be housed at the Center. In support of the UN Ocean Conference in June 2017, the effort focuses on helping governments, companies and NGOs address illegal, unreported and unregulated fishing, and will broaden into a more comprehensive platform on improving our oceans. The Oceans Project falls under the Forum System Initiative on Shaping the Future of Environment and Natural Resource Security.
- **Precision medicine:** Precision medicine is an emerging approach for disease treatment and prevention that takes into account individual variability in environment, lifestyle and genes, and provides more targeted and customized approaches to healthcare. It has great potential to improve healthcare outcomes while decreasing costs. The field of precision medicine is being driven by increased volume and quality of "omics" data, increased computational capacity and sophisticated digital information platforms. The Precision Medicine Project aims to create policy and governance frameworks piloted by governments and other stakeholders around the world in order to shape



the integration of emerging technologies into more targeted healthcare delivery – from prevention, to diagnostics treatment and cure (therapeutics) – so they benefit society while minimizing the downside risks. The project is initially scoped to tackle: generating evidence of precision medicine's effects; accelerating data sharing and infrastructure needs; integrating genomic and molecular data into clinical practice and research; and developing innovation-oriented reimbursement models and regulatory frameworks. It is linked to the Forum System Initiative on Shaping the Future of Health and Healthcare.

- **Innovation in production for small and medium-sized enterprises:** Technology is revolutionizing the full chain of production activities to “source-make-deliver-consume-reintegrate” products, from origination of inputs, product design, manufacturing and distribution, to customer/consumer use and circular economy return/reuse. The first phase of work explores how five major technologies will shape the future of production, including artificial intelligence, robotics, additive manufacturing, augmented reality/virtual reality and IoT. A key question is how leaders can best ensure the diffusion of these technologies to small and medium-sized enterprises and thereby drive the future innovation capacity of nations. This workstream convenes diverse stakeholders at the Center to develop and pilot new governance frameworks and tools as well as public-private partnerships, and to accelerate the adoption of these new technologies for small and medium-sized enterprises. This endeavour is linked to the Forum System Initiative on Shaping the Future of Production.

Cross-cutting focus areas

- **Ethics and values:** The challenges of the Fourth Industrial Revolution must be addressed by appealing to people's hearts and minds. Fear of technological change – some inflated, some real – is driving populist backlash. The Center works to enable solutions that are inclusive and generative, accelerating the benefits of technology to the individual and across society. It works to create new narratives that can reinspire hope and opportunity, as well as technologies that reflect

humanistic ethics rather than undermine them. Thus, ethics and inclusive growth inform key facets of all discussions and gatherings at the Center, and a particular partnership exists with the System Initiative on Shaping the Future of Economic Growth and Social Inclusion and those Geneva-based colleagues engaged in wider dialogues and initiatives on ethics and values across the Fourth Industrial Revolution, civil society and business leadership agendas.

- **Jobs and the future of work:** All Center projects and programming aim to put the individual back at the core of discussions on science and technology, bringing a human element to our work, with a particular focus on values and ethics. A key manifestation of this goal is the concentration on jobs and the future of work. The workforce dislocation and the opportunities that will be created by developments in science and technology are the main drivers of interest in the Fourth Industrial Revolution, topping the list of concerns from governments, industry and civil society.

To this end, the Center works particularly closely with the System Initiative on Shaping the Future of Education, Gender and Work. Center projects pay specific attention to identifying the workforce impacts of each scientific and technological development, understanding the corresponding social and economic implications, and developing innovative solutions (as well as evaluating current proposals) that can mitigate the negative consequences.

- **Agile governance:** The speed and scale of developments is putting enormous pressure on regulatory frameworks. Current public-policy systems evolved in an age when decision-makers had time to study specific issues and develop appropriate regulation. This linear process followed a strict top-down approach that is no longer feasible. A faster, more agile approach to governing emerging technologies and the business models they enable is urgently needed. Technology regulation developed in silos causes inconsistent applications and unintended consequences. As projects at the Center elaborate principles, norms and policy frameworks for specific technologies, thinking also goes more broadly into innovative approaches to policy-making that can keep pace with the increasingly complex global landscape. The Center will also work closely with the Forum Digital Protocol Network on National Digital Policy-Making in its efforts to create a source book, canvas and other tools to aid policy-makers in engaging relevant expertise from across society and assessing the most appropriate policy-making approaches for different sets of digital policy challenges.

The World Economic Forum Center for the Fourth Industrial Revolution is located at 1201 Ralston Avenue, San Francisco, CA 94129.



Our Presence around the World

World Economic Forum Beijing Representative Office

The Beijing Representative Office of the World Economic Forum was established in 2006 to provide a third centre for Forum activities focusing on Global Growth Companies. The office continued to grow and integrate Chinese leaders from government, business, academia and the New Champions community into Forum communities, activities and System Initiatives.

Since the opening of the Forum Beijing Representative Office, China's economy has grown rapidly, leading to an increasingly prosperous society. Along with growth and prosperity, China is encountering major challenges, such as rapid urbanization, pollution and the need to ensure greater social inclusion, among others. At the same time, opportunities are expanding for Chinese enterprises to go global, upgrade manufacturing value chains and broaden innovation and entrepreneurship as the country becomes ever more integrated in the global economy. Again this year, the Forum Beijing Representative Office and China team worked with Chinese and international stakeholders to help address these challenges and opportunities.

Lead colleague based in Beijing

- **David Aikman**, Chief Representative Officer, China

World Economic Forum LLC

In January 2015, the Forum signed a Headquarter agreement with the Swiss Federal Council, which resulted, among other things, in the desire to simplify cooperation with our US organization. To achieve this, at the beginning of 2016 the Forum requested the IRS free the Swiss Foundation for activities in the USA from possible income taxes. On 13 September 2016, the Forum's tax-exempt status in the USA was recognized as a non-profit organization under section 501(c) 6 of the Internal Revenue Service Code of the United States, with an effective date of 18 February 2016, the date of submission of the request.

World Economic Forum USA Inc. was converted into a Limited Liability Company (LLC), effective 1 January 2017. The Swiss Foundation is the sole member and owner of World Economic Forum LLC.

Lead colleague based in New York

- **Sarita Nayyar**, Chief Operating Officer, World Economic Forum LLC

World Economic Forum Japan

The World Economic Forum Japan first established its representative office in 2009 with the support of its current Board of Directors. It is registered as a non-profit general incorporated association and is impartial, tied to no political, partisan or national interests. In 2016, Yorihiro Kojima, Chairman (2010-2016) and Honorary Chairman of Mitsubishi Corporation, joined Sadako Ogata as Co-Chairperson of the World Economic Forum Japan.

World Economic Forum Japan Co-Chairs

Yorihiro Kojima, Honorary Chairman, Mitsubishi Corporation

Sadako Ogata, United Nations High Commissioner for Refugees (1991-2001)

Center for the Fourth Industrial Revolution

A global hub of expertise, knowledge-sharing and collaboration, the Center for the Fourth Industrial Revolution is located at the Presidio of San Francisco, close to the world's foremost technology companies, start-ups, investors, venture capital firms and academic institutions. Its impartial platform mobilizes global cooperation to develop policy principles and frameworks that speed up the application of science and technology in the global public interest. The projects of the Center aim to inspire exchange and sharing of big ideas and insight. They include: Artificial intelligence and machine learning; internet of things and connected devices; digital trade and cross-border data flows; autonomous vehicles; civilian use of drones; new vision for the ocean; and distributed ledger technology.

The Center convenes start-ups, venture capitalists, experts, academics, governments and more to discuss the benefits of science and technology. Its mission is to accelerate global collaboration across industry, government and other key stakeholders on the development of policy principles, decision-making tools and governance frameworks for science and technology so that they best serve citizens, society and the global public interest.

Lead colleague based in San Francisco

- **Murat Sönmez**, Head of the Center for the Fourth Industrial Revolution

A Model for Global Governance and Leadership

The Forum strives to lead global best practice in governance, transparency and institutional leadership.

Incorporated as a foundation in 1971, and headquartered in Geneva, Switzerland, the World Economic Forum is impartial and not-for-profit; it is tied to no political, partisan or national interests. It is under the supervision of the Department of the Interior of the Swiss Federal Government. The Forum strives to model world-class corporate governance where values are as important as rules. Legitimacy, accountability, transparency and concerted action are the pillars of effective governance and the guiding principles of the Forum. By clearly articulating its principles, the Forum continues to reinforce and renew what makes it relevant and unique, and keeps its independence as it adheres to its mission to improve the state of the world.

Members of the World Economic Forum Managing Board

Klaus Schwab, Founder and Executive Chairman

W. Lee Howell, Head of Global Programming

Jeremy Jurgens, Head of Knowledge and Digital Engagement

Cheryl Martin, Head of Industries

Adrian Monck, Head of Public and Social Engagement

Philipp Rösler, Head of Regional and Government Engagement

Richard Samans, Head of Global Agenda

Murat Sönmez, Head of the Center for the Fourth Industrial Revolution

Alois Zwinggi, Head of Operations and Resources

Managing Board

The Managing Board acts as the executive body of the Foundation. It ensures that activities fulfill the mission of the World Economic Forum and acts as its representative to outside parties.

The Managing Board has a collective executive responsibility for the Foundation and reports to the Board of Trustees.



Board of Trustees

Recognizing that an organization is only as strong as its leadership, the Forum is guided by a Board of Trustees, consisting of exceptional individuals who act as guardians of its mission and values and oversee the Forum's work in promoting true global citizenship. The Board of Trustees comprises outstanding leaders from business, politics, academia and civil society. In their work on the board, members do not represent any personal or professional interests. To reflect the Board of Trustees' multistakeholder status, its membership is divided equally between representatives of the business community and leaders from international organizations and civil society.

The board determines and supervises the activities of the Forum and its bodies, including approving the annual accounts and strategic direction, and manages its statutes. Two committees facilitate the work of the board: the Governing Board, which fulfils governance and strategic functions; and the Audit and Risk Committee, which remains in close contact with the auditors and the Forum's Chief Financial Officer.

As custodians of the Forum brand, Board of Trustee members review internal operations and make recommendations to respond to the needs of all the Forum's stakeholders.

Members of the World Economic Forum Board of Trustees

(As of 24 August 2017)

Klaus Schwab*, Chairman of the Board of Trustees, World Economic Forum

Peter Brabeck-Letmathe*, Vice-Chairman of the Board of Trustees, World Economic Forum

H.M. Queen Rania Al Abdullah of the Hashemite Kingdom of Jordan

Mukesh Ambani, Chairman and Managing Director, Reliance Industries, India

Marc R. Benioff, Chairman and Chief Executive Officer, Salesforce, USA

Mark Carney, Chairman, Financial Stability Board; Governor of the Bank of England

Orit Gadiesh**, Chairman, Bain & Company, USA

Al Gore, Vice-President of the United States (1993-2001); Chairman and Co-Founder, Generation Investment Management LLP, USA

Herman Gref, Chairman of the Board and Chief Executive Officer, Sberbank, Russia

Angel Gurría, Secretary-General, Organisation for Economic Co-operation and Development

André S. Hoffmann, Non-Executive Vice-Chairman, Roche Holding Ltd., Switzerland

Jim Yong Kim, President, The World Bank, Washington DC

Christine Lagarde, Managing Director, International Monetary Fund (IMF), Washington DC

Ursula von der Leyen, Federal Minister of Defence of Germany

Yo-Yo Ma, Cellist, USA

Peter Maurer, President, International Committee of the Red Cross (ICRC), Geneva

Luis Alberto Moreno**, President, Inter-American Development Bank, Washington DC

Indra Nooyi*, Chairman and Chief Executive Officer, PepsiCo, USA

L. Rafael Reif, President, Massachusetts Institute of Technology (MIT), USA

Jim Hagemann Snabe**, Chairman, A.P. Møller-Maersk, Denmark

Heizo Takenaka**, Minister of State for Economic and Fiscal Policy of Japan (2002-2006)

Min Zhu*, President, National Institute of Financial Research, People's Republic of China; Deputy Managing Director, International Monetary Fund (IMF), Washington DC (2011-2016)

*Member of the Governing Board

**Member of the Audit and Risk Committee

Executive Committee

The Executive Committee comprises senior management and meets monthly for strategic discussions on key institutional issues.

Members of the World Economic Forum Executive Committee

David Aikman, Chief Representative Officer, China

Marco Albani, Director, Tropical Forest Alliance 2020

Marisol Argueta, Head of Regional Strategies, Latin America

Emma Benameur, Head of Programme Design

Arnaud Bernaert, Head of Global Health and Healthcare Industries and System Initiative

Matthew Blake, Head of Financial and Monetary System Initiative

Roberto Bocca, Head of Energy and Basic Industries

Giancarlo Bruno, Head of Financial Institutions

Sebastian Buckup, Head of Programming, Global Programming Group

Denise Burnet, Head of Event Management

Nicholas Davis, Head of Society and Innovation

Jean-Loup Dénéreaz, Head of General Services and Event Operations

Sean Doherty, Head of International Trade and Investment System Initiative

Lisa Dreier, Head of Food Security and Agriculture System Initiative

Michael Drexler, Head of Financial and Infrastructure System Initiative

Margareta Drzeniek, Head of Economic Growth and Social Inclusion System Initiative

Silvio Dulinsky, Head of Business Engagement, Europe, Eurasia and Latin America

Miroslav Dusek, Head of Regional Strategies, Middle East and North Africa

Diana El-Azar, Head of Marketing and Outreach

Maha Eltobgy, Head of Investors Industries

Paolo Gallo, Chief People and Culture Officer

Julien Gattoni, Chief Financial Officer

Malte Godbersen, Head of Technology and Digital Services

Mike Hanley, Head of Digital Communications

Zara Ingilizian, Head of Consumer Industry and System Initiative

Philippe Isler, Director, Global Alliance for Trade Facilitation

Elsie Kanza, Head of Regional Strategies, Africa

Zvika Krieger, Head of Technology Policy and Partnerships

Martina Larkin, Head of Regional Strategies, Europe and Eurasia

Helena Leurent, Head of Government Engagement

Alan Marcus, Head of IT, Telecommunications, Media and Entertainment Industries

Fon Mathuros Chantanayingyong, Head of Media

Viraj Mehta, Head of Strategic Partnership

John Moavenzadeh, Head of Mobility Industries and System Initiative

Sarita Nayyar, Chief Operating Officer, World Economic Forum LLC

Derek O'Halloran, Head of Digital Economy and Society System Initiative

Mel Rogers, Head of Strategic Affairs

Olivier Schwab, Head of Business Engagement

Paul Smyke, Head of Regional Strategies, North America

Mark Spelman, Head of Industry Programmes, Digital Economy and Society System Initiative

Masao Takahashi, Head of Business Engagement, Japan

Terri Toyota, Head of Philanthropic Organizations and Sustainable Development

Jean-Luc Vez, Head of Public Security Policy and Security Affairs

Dominic Waughray, Head of Public-Private Partnership

Alex Wong, Head of Global Challenge Partnerships

Justin Wood, Head of Regional Strategies, Asia-Pacific

Saadia Zahidi, Head of Education, Gender and Work System Initiative

Managing Our Resources

The Forum is conscious that our financial resources are provided in trust by our Members and Partners. We ensure financial management best practice and discipline.

Consolidated financial statements

Auditors

The consolidated financial statements and the financial statements of the World Economic Forum and World Economic Forum LLC are audited by PricewaterhouseCoopers. The external auditor is elected for a period of one year at the Board of Trustees meeting.

Supervisory body

The report of the statutory auditor, as well as all institutional documents, are submitted to the Federal Department of Home Affairs, which by law acts as the supervisory body for the Foundation.

Accounting principles

Basis for the establishment of the consolidated accounts

The consolidated financial statements (hereafter also “the accounts” or “financial statements” or “annual consolidated accounts”) of the World Economic Forum are prepared in accordance with the provisions of Swiss GAAP FER. We observe the standard of consistency, the accrual basis of accounting, prudence and no netting of amounts. The main accounting rules used in the preparation of the World Economic Forum’s consolidated financial statements are described below. The accounts are presented according to the principles of historical cost and presented in CHF. The accounts also comply with article 83a of the Swiss Civil Code. All the entities included in the consolidated close their books at 30 June.

Restricted fund – Direct costs have been classified in separate caption into Profit & Loss statements as at 30 June 2017. As a result, the prior year figures have been restated without impact on the net result in order to be comparable.

Method of consolidation

The consolidated financial statements include the accounts of the World Economic Forum and of the entities that are controlled by the World Economic Forum as listed in the scope of consolidation. Control exists when the World Economic Forum is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its powers over the entity.

Entities included in the scope of consolidation

			2017	2016
Name of the Entity	Activity	Country	Voting rights	Voting rights
World Economic Forum LLC	Not-for-Profit Organization	United States of America		

The World Economic Forum fully consolidates entities in which it exercises exclusive control, either directly or indirectly. The assets and liabilities of its controlled entities, together with the expenses and income, are included in full in the annual consolidated accounts.

Any minority interests in the net funds and the result appear separately in the consolidated balance sheet and the consolidated profit and loss. Under the unity principle, the minority interests are included in the funds.

Intercompany balances, expenses and income are eliminated upon consolidation.

Modification to the scope of consolidation

The consolidated financial statements have been prepared for the first time for the year ended 2017.

The World Economic Forum LLC has been consolidated for the period in which the World Economic Forum exercises its control, thus since 1 January 2017.

Functional currency

The elements included in World Economic Forum financial statements are measured in the currency that best reflects the transaction’s economic reality. The accounts are presented in Swiss francs (CHF), which is the functional currency of the World Economic Forum.

Transactions in foreign currencies

Transactions in foreign currencies are converted to the functional currency at the opening rate of the current month provided by the Swiss Administration for foreign currencies. The exchange losses and gains arising from the settlement of transactions and the re-evaluation of balance sheet items expressed in foreign currencies as at the balance sheet date are posted to the profit and loss statement.

Conversion into Swiss francs

The consolidated accounts are prepared and presented in Swiss francs (CHF). The controlled entities express their financial statements in local currency. The individual items in the profit and loss statement as well as the cash flow

statements of the foreign entities are converted into the functional currency at the average exchange rate for the year published by the Swiss Administration for foreign currencies.

The balance sheet items (with the exception of the funds) are converted into the functional currency at the balance sheets rate published by the Swiss Administration for foreign currencies. The conversion differences resulting from the translation of the balance sheet items have no effect on the profit and loss statements and are recognized in the Funds along with the translation differences on the profit and loss statement arising from the difference of the average and the year-end exchange rate.

Cash and short-term cash deposit

This item represents assets in current accounts as well as short-term cash deposits. These transactions are recorded at the prevailing exchange rate at the time of the transaction. They are revalued at year end at the closing rate.

Receivables

Receivables are recorded at the amount originally billed. A provision for bad debts is established on the basis of a review of the open items at the end of the period, when there is high probability that the amounts will not be recovered. Amounts that are definitively unrecoverable are written off.

Prepaid expenses/accrued revenues

This position includes prepaid expenses relating to the following accounting period, as well as accrued revenues.

Investment securities

Securities are valued at acquisition cost less impairment. Gains are realized when securities are disposed of and are posted under financial income.

Property, plant and equipment

Property, plant and equipment are recorded at historical cost, less accumulated depreciation.

The depreciation method used is straight-line and is based on the following useful lives, by asset category:

Nature of the assets	Depreciation term (years)
Building, new construction	30
Real estate	10
Furniture and equipment	5
Intangible assets	5
IT software	5
IT hardware	3
Furniture and equipment (events)	3
Vehicles	3
Art objects	No depreciation
Land	No depreciation
Assets under construction	No depreciation

Expenses for repairs and maintenance are booked to the profit and loss statement under "expenses for equipment". Expenses for major renovations are capitalized and amortized over the life of the element replaced, but never beyond the remaining useful life of the underlying asset. Costs of research for ongoing projects are not capitalized, but expensed when incurred.

Intangible assets

Intangible assets are included at their historical value, reduced by depreciation. The depreciation method is straight-line and is based on a standard useful life of generally five years.

Impairment

The Foundation tests each asset at the balance sheet date and any impairment is recognized if necessary. The tests are performed in a cyclic manner on the basis of three years for art objects, land and buildings.

Accrued liabilities

This item includes expenses payable relating to the current period, which will only be paid in the following period.

Provisions

A provision is booked when the Foundation has a probable obligation that is based on a past event and its amount and/or its due date is uncertain but can be estimated. This obligation gives rise to a liability.

Revenue

Revenue is recognized when there is persuasive evidence that an arrangement exists, and risks and rewards are transferred. The amounts are posted to the statement of income, net of taxes.

Pension plan

The Foundation covers the costs relating to the professional pension of all its workers, as well as their assignees, under the legal prescription. The pension plan is covered by both Swiss and US law in accordance with the World Economic Forum statutes. The pension obligations and the plan assets are managed by a legally independent pension fund. The organization, management and financing of the pension plans are governed by the law, together with the deed of foundation and the regulations applicable to pensions in force.

Transactions with related parties

According to Swiss GAAP RPC 15, the following foundations are considered as related parties:

- Schwab Foundation for Social Entrepreneurship
- Forum of Young Global Leaders
- Global Shapers Community
- World Arts Forum

Agreements have been signed with these related parties stating that any deficits, should they occur, will be covered by the World Economic Forum.

All other transactions between the parties are conducted at arm's length.

Donations

Institutional donations

- These funds, committed by a written donation agreement to the World Economic Forum, are recorded in full in the statement of operations as donations in the year the commitment is made. All donations received with use restrictions, donor-imposed purposes or time restrictions are classified as restricted funds.
- Foreign currency exchange gains and losses realized between the date of the written donation agreement and the date of the actual receipt of cash, and those unrealized on the date of the statement of the financial position are recorded in the profit and loss statement.

Individual donations

- These are accounted for on a cash basis given their relative size and significance.

Risk management policy

Risk assessment

To satisfy internal control system requirements, the World Economic Forum operates continuous risk and control reviews through various independent institutional review and governance organs, such as the Foundation Board, Audit Committee and Statutory Audit under Swiss Law. Internally, the World Economic Forum is governed by the Managing Board under the chairmanship of Founder and Executive Chairman Klaus Schwab. Internal committees, such as the Engagement Leadership Team and the Project Review Board, assess the suitability and eligibility of Partners and Members and review project activities.

Management of exchange risk exposure

The Swiss franc is the functional currency of the Foundation. The World Economic Forum receives its revenue in Swiss francs and US dollars. Most expenses are in Swiss francs and a minority are in euros and US dollars. The exchange rate risk exposure is very low and generated gains and losses are posted to the profit and loss statement.

Management of liquidity risk

The Foundation is exposed to this risk in the event certain counterparts default or have refinancing problems. The liquidity position is proactively supervised to ensure the Foundation can cover its short-term obligations at all times.

Market risks

The Foundation has low exposure to market risks thanks to the diversity of its revenues. This low risk is mainly linked to the dependence on the World Economic Forum Annual Meeting in Davos-Klosters. Annual Meeting revenues represented 15% of total revenues in 2017. The cancellation of the Annual Meeting could have negative consequences on the Foundation's revenues.



Report of the auditor to the Foundation Board of World Economic Forum Cologne

Report of the auditor on the abstract of financial statements

The accompanying financial information, which comprise total revenue total expenses, total assets and total liabilities as at 30 June 2017 for the year then ended are derived from the audited financial statements of World Economic Forum for the year ended 30 June 2017. We expressed an unmodified audit opinion on those financial statements in our report dated 7 August 2017. This financial information does not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The financial information does not contain all the disclosures required by Swiss GAAP FER, the Swiss law, the foundation's deed and internal regulations. Reading the financial information, therefore, is not a substitute for reading the audited financial statements of World Economic Forum.

Foundation Board's responsibility

The Foundation Board is responsible for the preparation of the financial information in accordance with the requirements of Swiss GAAP FER, the Swiss law, the foundation's deed and internal regulations.

Auditor's responsibility

Our responsibility is to express an opinion on the financial information based on our procedures, which were conducted in accordance with Swiss Auditing Standard (SAS) 810, 'Engagements to Report on Summary Financial Statements'.

Opinion

In our opinion, the financial information derived from the audited financial statements of World Economic Forum for the year ended 30 June 2017 are consistent, in all material respects, with those financial statements, prepared in accordance with Swiss GAAP FER, the Swiss law, the foundation's deed and internal regulations.

PricewaterhouseCoopers SA

Marc Secretan

Audit expert

Marcello Stimato

Audit-expert

Geneva, 7 August 2017

Enclosure:

- Financial information

PricewaterhouseCoopers SA, avenue Giuseppe-Motta 50, case postale, CH-1211 Genève 2, Switzerland
Téléphone: +41 58 792 91 00, Téléfax: +41 58 792 91 10, www.pwc.ch

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Revenues and Costs, Balance Sheet 2013-2017

Scope					Consolidated*
Profit & Loss					
Swiss Francs (000s)	30/06/13	30/06/14	30/06/15	30/06/16	30/06/17
Total Revenue	186'340	198'823	205'758	228'343	280'022
Thereof:					
Membership	35'169	33'614	32'019	34'876	30'817
Participation Fees	43'200	43'890	47'080	43'568	43'200
Partnership	95'011	105'543	114'896	140'643	185'307
Other	12'960	15'776	11'763	9'256	20'698
Total Expenses	184'526	197'342	205'025	227'101	278'809
Thereof:					
Staff	84'205	89'286	94'958	101'865	108'360
Office & Activity	100'322	108'056	110'067	125'236	170'449
Carried to Foundation Capital	1'814	1'480	733	1'241	1'213
Scope					Consolidated*
Balance Sheet					
Swiss Francs (000s)	30/06/13	30/06/14	30/06/15	30/06/16	30/06/17
Total Assets	174'040	265'248	264'459	330'312	455'690
Current Assets	54'059	63'753	80'347	125'262	162'982
Thereof:					
Cash & equivalents	10'884	29'734	45'405	59'054	97'760
Receivables	43'175	34'019	34'942	66'208	65'222
Non-current Assets	119'981	201'495	184'112	205'050	292'708
Thereof:					
Fixed assets	29'210	106'233	108'577	107'489	115'993
Investments	90'771	95'263	75'535	97'561	176'715
Total Liabilities	174'040	265'248	264'461	330'312	455'690
Current liabilities	94'093	96'797	94'888	146'561	185'514
Thereof:					
Payables	6'035	14'042	11'775	10'250	13'278
Provisions	88'058	82'755	83'113	136'311	172'236
Funds	79'948	168'451	169'573	183'751	270'176
Thereof:					
Foundation capital	26'808	28'621	30'102	30'834	32'075
Reserves & other	51'326	138'349	138'739	151'676	236'888
Surplus	1'814	1'480	733	1'241	1'213
Scope	30/06/13	30/06/14	30/06/15	30/06/16	Consolidated* 30/06/17
Staff					
Headcount	440	474	489	491	653
Full Time Equivalents	433	464	476	482	645
Seconddees					
Seconddees from our Partners	35	28	40	34	32

(*) The consolidated figures above include figures from the World Economic Forum and of the World Economic Forum LLC as of 1st January 2017. Therefore, last year figures are not fully comparable.



COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

The World Economic Forum, committed to improving the state of the world, is the International Organization for Public-Private Cooperation.

The Forum engages the foremost political, business and other leaders of society to shape global, regional and industry agendas.

World Economic Forum
91-93 route de la Capite
CH-1223 Cologny/Geneva
Switzerland

Tel.: +41 (0) 22 869 1212
Fax: +41 (0) 22 786 2744

contact@weforum.org
www.weforum.org