

World Economic Forum

Annual Report 2017–2018

www.weforum.org



Contents

World Economic Forum®

© 2018, All rights reserved.
No part of this publication
may be reproduced or
transmitted in any form or
by any means, including
photocopying and
recording, or by any
information storage and
retrieval system.

REF 170817

3 From the Executive Chairman

5 A Year of Transformation: Building Our Platform for the Future

7 A New Kind of International Organization

10 Shaping Future Agendas

12 The Forum as Convenor

14 Centre for Global Industries

26 Centre for Regional and Geopolitical Affairs

38 Centre for Global Public Goods

42 Centre for the New Economy and Society

46 Strengthening Public-Private Cooperation

48 Centre for the Fourth Industrial Revolution and Its Global Network

52 Centre for Cybersecurity

54 Our Core Functions

62 Our Multistakeholder Communities

60 Business Engagement

62 Public Engagement

64 Strategic Intelligence

66 People and Culture

68 Organization of the World Economic Forum

69 Heads of the Major Organizational Functions of the World
Economic Forum

70 Finance, Technology and Operations

72 Social Engagement through Our Foundations

78 Our Global Presence

78 USA

78 China

78 Japan

80 Governance and Leadership

84 Compliance and Institutional Affairs

86 Financial Statements

From the Executive Chairman



Klaus Schwab
Founder and Executive Chairman

A handwritten signature in black ink, appearing to read 'Klaus Schwab'.

Dear Stakeholders,

It has been almost 50 years since the Forum was established as a small, not-for-profit foundation. In that time, the world has seen unprecedented advances: humanity has been connected digitally, financially and through trade and integrated value chains. Yet progress is threatened by critical global risks, deep fissures have split global society and a tidal wave of technologically-driven change – the Fourth Industrial Revolution – is breaking over history. The need for global cooperation has never been greater, yet frameworks of governance and the rules-based order are under threat.

Since the founding of the Forum, our objective has been consistent: to be the world's foremost platform to shape global, regional and industry agendas through multistakeholder engagement. First, through the course of the 1970s, the Forum established its convening power; in the next phase, we focused our efforts on building communities of leaders in business, government and civil society; later, we developed a strong internal knowledge base resulting in numerous reports; and, most recently, we have built sustained impact through a thriving portfolio of multistakeholder projects. When combined together, these capabilities have established our unique global position and strengthened the trust of our stakeholders in our capability to act as a platform for interaction and evidence-based impact. All this time, the Forum has been striving for a position of excellence *committed to improving the state of the world*.

Today, the Forum is making its most significant transition to reflect our new status as the **International Organization for Public-Private Cooperation**. As such, it will provide what could be termed the “operating system for global cooperation”. The ambition for the coming years is to

integrate all our communities and capabilities into a focused effort to establish new systems of national, regional and global cooperation that preserve the successes the world has achieved and address the challenges it faces. This new forward-looking framework must not only reflect the fact that the world has moved from a unipolar to a multipolar system, it must also be capable of integrating different political, economic and social systems while recognizing basic values that are essential to harmonious global coexistence. In addition, this framework must also integrate the concerns of all the segments of the global population that feel left out. This can only be achieved by creating platforms that integrate all parts of society into our collaborative efforts.

To achieve this ambitious objective, this year the Forum underwent a major strategic transformation to make it fit for purpose as an international organization designed for the 21st century: agile, multistakeholder, forward-looking and solutions-oriented. We are critically aware that, in today's complex world, challenges can be addressed only if placed within the larger context of political, economic, technological, governance and social interrelationships.

I am grateful to my 800 colleagues at the Forum, and particularly to all the stakeholders in government, international organizations, business, civil society and academia who support us and engage directly in our activities to achieve our ambitious mission.



A Year of Transformation: Building Our Platform for the Future

By **Børge Brende**, President, and the **Managing Board**, W. Lee Howell, Jeremy Jurgens, Cheryl Martin, Adrian Monck, Sarita Nayyar, Richard Samans, Olivier Schwab, Murat Sönmez and Alois Zwinggi

The year was marked by strong achievement, even by the standards of an organization in which exceptional performance is the rule. Working to deliver against ambitious targets, the World Economic Forum's team of over 700 collaborators around the world remained conscious of the long-term mission: to build a new kind of international organization, one that is multistakeholder-based, multidisciplinary, agile, top-level and enduring. It is a pioneering mission that endeavours to create lasting yet agile structures that can respond to the ever-changing and challenging environment that affects all stakeholders in the quest for a positive future.

Efforts this year were focused on strategic priorities, including restructuring the Forum's core activities into four interdependent Centres:

- **Centre for Global Industries:** to continue to shape industry agendas for public-private cooperation in the context of the Fourth Industrial Revolution, characterized by new competitive forces and a rapidly evolving business environment.
- **Centre for Regional and Geopolitical Affairs:** to intensify Forum efforts to be a major partner in building strong and prosperous regions by strengthening the focus on peace-building, reconciliation and humanitarian efforts.

- **Centre for Global Public Goods:** to accelerate and amplify the global business community's engagement to formulate solutions to systemic issues, such as the UN Sustainable Development Goals and the Paris Agreement on climate change. The World Economic Forum Sustainable Development Impact Summit, launched this past fiscal year, has proved to be a major action-oriented contribution to making the world safer, cleaner and more inclusive.
- **Centre for the New Economy and Society:** to create concepts for economic and social policy-making that reflect and adapt to the fast-moving transformation of the global economic and social systems, based on the Forum's recognized work in competitiveness, gender parity, the future of work and skills development.

The Forum also introduced two major new endeavours this year:

- **Centre for the Fourth Industrial Revolution Network:** to co-design and pilot the principles and protocols that govern emerging technologies. Following the establishment of the Centre in San Francisco, work began on rolling out a global network that includes Centres in Japan (Tokyo), operational in July 2018, and in

India (Mumbai) and China (Beijing), planned for the second half of 2018.

- **Centre for Cybersecurity:** to provide an independent and impartial platform to build and maintain global trust between the public and private sectors in addressing cyberthreats, and to reduce the overall cyberattack surface, contain attacks and deter malicious actors. Key governments, such as China, Russia and the United States, as well as key businesses are already engaged.

Focus was placed on expanding the Forum's platform structures to enable its stakeholders to integrate their own initiatives or engage in collaborative projects based on their priorities. This design principle is key to empowering Forum Members to integrate their own initiatives, leveraging the depth and breadth of the Forum's network, convening power, and intellectual and digital strength, thus ensuring that the commitment to improving the state of the world is not limited only to Forum-led initiatives. The goal by 2020 is for 80% of the initiatives on the Forum platform to be externally led, from 39% today.

The business community's continuous and deep engagement is critical to achieving the Forum's mission. Over the past year, the number of Partners increased by 6%, and 93% of

Partners renewed their engagement, reflecting the international business community's commitment to and expectations from the Forum as a global platform of interaction, insight and impact.

Deep, broad and continuous engagement with the top government leaders has become ever more critical and imperative in times of accelerating dislocation and fragmentation, as geopolitical affairs intensify unpredictably in the context of profound and rapid change. This year, the Forum took important additional steps to establish itself as a platform for peace and reconciliation, building an intensive set of informal diplomatic dialogues by placing the Forum at the service of the international community. The effectiveness of this approach was reflected in the record participation of over 80 heads of state in the World Economic Forum Annual Meeting 2018 in Davos-Klosters, Switzerland.

Achieving the Forum's mission relies on the people and culture of the organization. One of the most critical priorities of the Managing Board was to further strengthen the Forum's operational and cultural foundations to act as the global trailblazer in systems leadership through public-private cooperation.

This report outlines achievements that resulted from efforts over the past 12 months. It highlights some of the outcomes that marked this year as one of the most successful in the Forum's 49-year history, as much an indication of the Forum's diversity of activities as the significance of its impact.

To support the World Economic Forum's positioning as a distinctive partner of business, government and civil society, public engagement activities were further developed over the past year. The Forum is the most often mentioned international organization in print media, and the most active on social media.

The Forum's strategic insight capabilities were enhanced, as evidenced by the publication of more than 80 reports. It also established a Global Leadership Institute to help strengthen and stimulate the mindset, skill set and toolkits needed to lead in the age of the Fourth Industrial Revolution, and beyond.

To be a leader in the Fourth Industrial Revolution, the Forum continues its pioneering work in curating platforms and exercising systems leadership by developing proprietary knowledge and interaction tools such as TopLink and Transformation Maps.



A New Kind of International Organization

As the International Organization for Public-Private Cooperation, the World Economic Forum serves the international community by providing a platform for advancing systemic improvements in cooperation and governance through the engagement of multiple stakeholders, industries, technologies, regions and intellectual disciplines.



By Richard Samans
Managing Director,
Head of Policy and Institutional Impact



The Forum is working to expand the geometry of international cooperation at a time when a more interdependent and multipolar world is facing important challenges that no single set of actors can resolve alone, and for which the business community has critical capabilities that need to be brought to the table.

The Forum engages its numerous communities in different modes of public-private cooperation corresponding to its Centres, aiming to inspire and enable them to collaborate in ways that shape global, regional and industry agendas in a positive direction. The Centres seek to maximize their impact by exercising system leadership – improving cooperation at an ecosystem-wide rather than solely project-specific level – by:

- Curating communities of interest and purpose across industries, technologies, stakeholders, regions and intellectual disciplines (system integration)
- Enabling these communities with the support of our knowledge, convening and project facilitation capabilities to identify systemic gaps in cooperation and innovate multistakeholder collaborations to address them (system activation and optimization)
- Providing a platform that makes it easier for community members to create their own multistakeholder projects on a self-organized, distributed basis by providing them greater access to Forum networks, digital tools, events and communications (system scaling)

Multilateral and other intergovernmental institutions and arrangements remain the

cornerstone of global governance. But their effectiveness can often be enhanced by embedding them in broader networks that harness multistakeholder and multidisciplinary expertise and resources in self-associating coalitions of actors working to accelerate progress where they believe it is most needed and attainable.

Through their ecosystem and platform approach, the Forum's Centres and 14 System Initiatives are designed to add a more networked and multidimensional dimension to existing efforts in their respective fields. This includes helping to expand the capacity of formal intergovernmental institutions and arrangements to integrate the capabilities of business, civil society and academia, along the way improving the scale, innovation and efficiency of global governance and cooperation.

The growing contribution of public-private cooperation to international governance poses no inherent threat to the role of states and intergovernmental institutions. To the contrary, in many cases it holds the key to accelerating the implementation of the norms, goals and principles states have established.

For this reason, the Forum's strategy is to place each of these thematic public-private ecosystems (each Centre and Initiative) more readily at the service of the international community by creating strong links between them and the relevant intergovernmental organization(s). Going forward, the objective is to make a further contribution by helping to connect the dots across these specialized communities and institutions in ways that strengthen the performance and coherence of the international system as a whole.

14

System Initiatives are designed to add a more networked and multidimensional aspect to existing efforts in their respective fields

Centre for Global Industries

- Shaping the Future of Consumption
- Shaping the Future of Digital Economy and Society
- Shaping the Future of Energy
- Shaping the Future of Financial and Monetary Systems
- Shaping the Future of Health and Healthcare
- Shaping the Future of Information and Entertainment
- Shaping the Future of Long-Term Investing, Infrastructure and Development
- Shaping the Future of Mobility
- Shaping the Future of Production

Centre for Global Public Goods

- Shaping the Future of the Environment and Natural Resource Security
- Shaping the Future of Food

Centre for the New Economy and Society

- Shaping the Future of Economic Progress
- Shaping the Future of Education, Gender and Work

Policy and Institutional Impact Group

- Shaping the Future of International Trade and Investment

The inaugural Sustainable Development Impact Summit process represents an important first step in this direction. The Summit is a gathering of the World Economic Forum during the United Nations General Assembly in New York to spotlight and expand promising multistakeholder initiatives worldwide

that advance the implementation of the multidisciplinary 2030 Agenda and Paris Agreement on climate change.

This Summit and its preparatory process aim to provide the international community with an ongoing, cross-cutting approach to expand countries' application of public-private partnerships and advanced technologies to the Sustainable Development Goal (SDG) and climate change plans.

Technology cooperation is a second area in which the Forum is working to make a cross-cutting contribution to the effectiveness and coherence of global governance. The Forum's three technology-related Centres on Cybersecurity, Innovation and Entrepreneurship, and the Fourth Industrial Revolution Network endeavour to maximize the opportunities and mitigate the risks for societies posed by technological progress. In particular, the Centre for the Fourth Industrial Revolution Network is helping to fill a long-standing gap in the international institutional architecture in the area of technology governance and cooperation by creating a new international mechanism for policy development, dialogue and coordination through the following set of activities:

- *Policy development.* Multistakeholder development of a growing suite of policies/protocols that address critical governance gaps (major social risks and opportunities) related to each major advanced technology
- *Piloting and implementation.* Support for governments interested in piloting such policies/protocols at the national, subnational or regional levels

- *International experience exchange and policy dialogue.* Cross-fertilization of national, subnational and self-regulatory policy experience through Global Fourth Industrial Revolution Councils aimed at sharing learnings from pilots, identifying best policy practices and framing opportunities to advance international policy consistency or interoperability
- *Thought leadership and knowledge diffusion.* Dissemination of information and analysis on the latest Fourth Industrial Revolution policies and pilots around the world, the foremost thinking on key cross-cutting and future-oriented aspects of the Fourth Industrial Revolution (e.g. human-centred and agile governance), and the framing of Fourth Industrial Revolution implications/opportunities for other international governance domains (humanitarian, development, human rights, etc.)
- *Network development and support (national Fourth Industrial Revolution capacity building).* Encouragement of local ownership and translation of the Fourth Industrial Revolution concept to national circumstances through the creation of a semi-distributed network of affiliated institutions

To provide a roadmap for this work, earlier this year the book *Shaping the Fourth Industrial Revolution* was published as a practical companion and guide to Klaus Schwab's 2016 volume, *The Fourth Industrial Revolution*. Drawing on contributions from 200 of the world's leading experts, the book explores 12 key emerging fields – from machine learning to geoeengineering to

nanotechnology to data ethics – and offers a practical framework for leveraging these advances to leave the world better, safer and more resilient than we found it.

A third area, the Forum's informal dialogue process among heads of international organizations, the Global Issues Group, is a forum for system-wide discussion about the priorities of these leaders for increasing the synergy and collective impact of global cooperation. A special effort is being planned to deepen this process by consulting more closely with individual international organizations to help them identify practical opportunities to leverage the Forum's platform – its multistakeholder networks and knowledge, convening and communications capacities – to advance their individual objectives; and by discussing among the group how initiatives and resources in one thematic domain of international cooperation could be better connected to and leveraged by those of others. There are precious few opportunities, let alone structured processes, to support such truly horizontal, long-term thinking.

Thus, the Forum is a new kind of international organization: multistakeholder, multidisciplinary and leader-level. It works at the intersection of stakeholders, industries and regions to strengthen the strategic focus, systemic coherence and delivery capacity of international cooperation. It helps to strengthen the performance of the international system by systematically connecting the capabilities of business, civil society and academia, as well as governments at both the national and subnational levels in concrete ways that improve the state of the world.

The background is a solid light blue. Overlaid on this are several large, white, semi-transparent geometric shapes: a large triangle on the left, a large circle on the right, and a large square at the bottom. A faint, tilted, light blue text overlay is scattered across the image, appearing as if it's a digital or code-like background. The text is partially obscured by the white shapes. The text includes HTML-like tags and phrases such as "Shaping Future Agendas", "Welcome to the World Economic Forum", "name='generator' content='Wix.com We", "name='fb_admins_meta_tag' content=''", "name='gle-site-verification' content=", "E7UPXnaAspFg' />", and "keywords' content='World Econom".

actuer adipiscing elit.

hoice">
/option>
/option>
/option>

1>
xtextarea" id="textarea"></textarea>

Forum - Davos 2018</title>

Website Builder">

/>

"Y10ynpSQ7kqQIdK5hR274-gjR-

Public Forum - Davos 2018 / Forum,

<title>Welcom

<meta n

<meta name="gle-site

<meta name="keywords" c

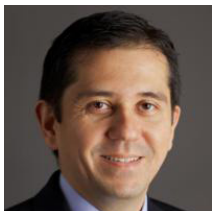
<input type="t

<input type

<input ty

<label fo

The Forum as Convenor



By **W. Lee Howell**
Managing Director,
Head of Global Programming



Convening diverse communities in a trusted, collaborative environment is essential for building platforms that integrate relevant decision-makers in systems leadership. The World Economic Forum's unique capability in multistakeholder engagement was evidenced by over 300 working group and task force meetings that took place at its offices in Geneva, New York, San Francisco, Beijing and Tokyo last year. Such working events are instrumental to achieving the objectives of the Forum's Centres and to developing the agendas for the major events highlighted in this report.

The Forum's core events act as curated platforms that shape global, industry and regional agendas by convening the most relevant stakeholders. Each agenda is developed by integrating insights and initiatives from the appropriate Forum communities, System Initiatives and Centres. The strategic objective is to develop an integrated programme flow (by linking issues, insights and innovations) in a systematic, structured and stimulating manner across key Forum events, such as the Annual Meeting, the Annual Meeting of the New Champions, the Annual Meeting of the Global Future Councils, the Sustainable Development Impact Summit, the Industry Strategy Meeting, as well as regional meetings.

To cite one example, the inaugural Sustainable Development Impact Summit was launched in September during the United Nations General Assembly in New York with 700 leaders from over 70 countries, including nine heads of state and government. The Summit focused on accelerating progress towards the Sustainable Development Goals and Paris Agreement on

climate change commitments through deeper public-private cooperation and wider application of the transformative technologies of the Fourth Industrial Revolution. Further efforts to catalyse coalitions, partnerships and alliances and to harness advanced technologies to address development, environmental and other societal challenges were undertaken two months later in Dubai on the occasion of the Annual Meeting of the Global Future Councils.

Thirty-five Global Future Councils comprising 700 experts from academia, government, business and civil society convened to advance systemic change in such critical areas such as health, energy and infrastructure using innovative digital tools, including the World Economic Forum's Transformation Maps. These Transformation Maps were made available to the public and currently more than 60,000 people around the world access them online.

The two events in the last quarter of 2017 were instrumental in the design and development of the overall agenda and specific sessions of the World Economic Forum Annual Meeting 2018 in January in Davos-Klosters. *Creating a Shared Future in a Fractured World* was the overarching theme of the 48th Annual Meeting at which 3,000 leaders engaged in over 400 sessions focusing on four main topics: Driving sustained economic progress, Navigating a multipolar and multiconceptual world, Overcoming divisions in society, and Shaping the agile governance of technology. Six months after the Annual Meeting, the Industry Strategy Meeting was held in San Francisco at the World Economic Forum Centre for the Fourth Industrial Revolution.

The gathering brought together 350 Industry Strategy Officers to reflect further on key priorities shaping the global, regional and industry agendas, to advance the work of relevant System Initiatives and to learn about the new Centre for Cybersecurity and Centre for Innovation and Entrepreneurship.

The Forum's role as convenor takes into account the fact that the world has become much more complex, multipolar and multiconceptual. To overcome the growing uncertainty in the world, and to refrain from merely reacting to developments as they unfold, various Forum events enable leaders from all walks of life to be much more thoughtfully and actively engaged in shaping the future.

Centre for Global Industries



By **Jeremy Jurgens**
Managing Director,
Head of Industry Agendas and Knowledge Engagement

The Centre for Global Industries is a unique platform for industries to shape their agenda and advance sector-related public-private cooperation. The Centre, with teams mainly based in Geneva, New York and Beijing, comprises all industry-related activities, including industry-focused System Initiatives and

community curation (i.e. Steward and Governor communities). During this past year, excellent progress was made on strengthening communities, which cover over 20 industries and impact industry-related issues through various initiatives and collaborative projects.





Shaping the Future of Consumption

The Fourth Industrial Revolution is transforming entire systems of production, distribution and consumption, providing opportunities for new value creation through game-changing technologies.

Consumer spending supports approximately 60% of global GDP; hence, emerging business models of the consumption landscape, enabled by disruptive technologies, are a source of new global economic growth. These models, however, can also contribute to societal challenges, including trust and transparency concerns related to consumer data, environmental degradation, digital divides and workforce volatility.

In this context of seismic change, the System Initiative on Shaping the Future of Consumption aims to shape the impact of technological disruption to drive enhanced and inclusive models of consumption with sustainable benefits for business and society. It envisions a future where technology is firmly embedded in people's lives, making consumption simpler, more accessible, highly personal and more enjoyable, while also imbued with trust and in harmony with nature.

Major achievements this year include the completion of two flagship projects, which fostered awareness and deep understanding of the key issues and opportunities facing the consumption landscape. They also created the necessary momentum to establish a community of purpose to address the societal implications of technological disruption.

- Operating Models for the Future of Consumption provided insight into

the essential characteristics digital-era enterprises must embrace to ensure they thrive. It illuminated how creating agile operating models – people, processes, technology and governance – is critical to support new patterns of consumption on the demand side, while also enabling automation and efficiencies on the supply side. In this context, as technology-led innovation rages ahead, significant workforce disruption is an inevitable outcome that was brought to the forefront. To mitigate economic inequality, representatives of the consumer industries, which employ 19% of the workforce across OECD countries, will form a task force and explore labour-force transformation solutions required to enable the reskilling and upskilling of employees.

- The Future of Consumption in Fast-Growth Consumer Markets, a multi-year initiative, sought to illuminate scenarios on the future of consumption in such emerging markets as China, India and ASEAN, which comprise over 40% of the world population. In its first year (2017), this study portrayed a compelling vision of the evolution of consumption in the world's second largest consumer market – China. According to extensive proprietary research conducted across 20 cities with leading experts across the private and

public sectors, China is predicted to transition to a consumption-driven growth model, with the purchase of goods and services by the public expected to grow 6% annually over the next decade, fuelled by income growth. This body of work also triggered an exploration into how the Forum can leverage its multistakeholder engagement to advance the consumption landscape via the evolution of data policy principles.

In parallel, research began in another of the world's fastest growing markets – India. The body of work will include collaboration with NITI Aayog (the National Institution for Transforming India), the Government of India's policy think tank, as well as the Confederation of Indian Industry, the leading business association in the country.



Shaping the Future of Digital Economy and Society

Shaping the Future of Digital Economy and Society is a multistakeholder platform to ensure an inclusive, trustworthy and sustainable digital future.

Significant progress was made this year through Forum-led, joint venture and community-led platform projects. Under the guidance of its Stewardship Board and Global Future Council, a shared narrative and an initial set of six Shared Digital Outcomes were defined – considered as the SDGs for digital – to align activity and enhance collaboration among existing initiatives. Notable progress included:

- *Delivered public-private platforms with a common methodology to drive internet accessibility, in partnership with five governments in Africa, the Middle East and Latin America.* These platforms have catalysed a range of projects, such as the Digital Ambassadors initiative in Rwanda – to train 5 million youth in digital skills – or the Girls Power Tech in Jordan, linking Jordanian girls to successful female mentors. This led to a joint partnership with Smart Africa to constitute the operational entity to implement the approach in all its member states.
- *Launched a cyber-resilience Playbook for Public-Private Collaboration.* This publication includes practical steps on how business and governments can collaboratively tackle 14 difficult cyber-policy questions, such as how to deal with encryption.
- *Drove uptake of the cyber-resilience Principles and Tools for Boards through the Forum Member community and beyond.* Focused on tackling cybercrime, the tools were endorsed at the International Business Council and the Community of Chairmen and have become a foundational tool (along with the *Playbook for Public-Private Collaboration*) for the Forum's Centre for Cybersecurity.
- *Conducted original research to develop innovative ways to measure value in the digital economy.* At the macro level, the Value-at-Stake framework was launched, aiming to capture the economic and societal value of digital transformation. At the micro level, pioneering research on *maximizing the return on digital investments* – published in a white paper by the same name – analysed investments by 16,000 companies in 14 industries to provide a data-driven perspective on where technologies are adding value.
- *Raised awareness of the importance and challenges of digital identity.* At the Annual Meeting 2018 in Davos-Klosters, 17 organizations publicly committed to working together to ensure the empowerment of individuals and access to critical services through digital technologies while protecting their human rights: UNHCR, the World Bank, the World Food Programme, Consumers International, Omidyar Network, the Linux Foundation, the FIDO Alliance, the GSMA, Hyperledger, ID2020, the Open Identity Exchange, the Sovrin Foundation, the World Identity Network, Accenture, Barclays, Deutsche Bank, Mastercard, Microsoft, Sedicii and Visa.
- *Scaled research, methods and tools developed within this System Initiative by partnering on digital initiatives across the broader Forum network.* Examples include Digital ASEAN, a regional platform for public-private collaboration on the digital agenda; a CEO-led Electricity industry initiative to leverage and iterate the Principles and Tools for Boards to enhance cyber-resilience; support for a network of young European entrepreneurs to connect with corporates and government to develop a guide on start-up and enterprise collaboration; and support for the humanitarian community launch of a major digital transformation initiative leveraging insights from 14 industry in-depth examinations.

In addition, and as a critical enabler of the Fourth Industrial Revolution, the Information and Communications Technology (ICT) industries are



at the heart of the ongoing global transformations. Rapid advances in computing and connectivity technologies are creating both immense opportunities for human development and extraordinary challenges for both the private and public sectors. The work of the Forum's ICT communities ensures that governments and businesses collaborate and form partnerships to help realize the potential of technologies for society.

The international community of ICT leaders focused on the human and environmental impacts of existing and emerging technologies. Together they spearheaded multiple initiatives to drive positive impact, including:

- TheSkillSET.org, an initiative designed to help individuals understand and prepare for the changing employment landscape in the increasingly digital economy. The online skills portal was launched at the Annual Meeting 2018, making corporate learning modules available to anyone online for free. The initiative aims to reach 1 million people with resources and training opportunities by 2021.
- Circular Electronics in China, a multistakeholder initiative to rethink the electronics supply chain to proactively mitigate the rise of e-waste, the world's fastest growing waste stream.

The first phase of this initiative is focused on creating an enabling policy landscape for the greater recyclability and reuse of electronics in China.

- The IoT Guidelines for Sustainability, based on the analysis of over 640 IoT deployments worldwide, provide recommendations related to cooperation, investment, business models and impact measurement to encourage the prioritization of sustainability goals within IoT commercial strategies.



Shaping the Future of Energy

Energy is at the heart of modern economic prosperity. Without it, daily activities and dreams of a cleaner, greener, more efficient world – which includes self-driving cars, the IoT, the data centres and AI needed to run them – would grind to a halt.

The global energy system is in a state of flux. Rapid developments in areas such as the digitalization of energy, energy efficiency, renewables, energy storage and electric mobility are transforming the energy landscape and corporate strategies while helping to reduce the environmental footprint of energy.

Still, greenhouse gas emissions from energy consumption and production represent two-thirds of the global total and are growing alongside global energy demand. While awareness has increased and new market opportunities have been created, the energy transition is happening at a pace that is too slow to deliver on the Paris COP21 targets for secure energy. For the transition to progress, the world requires a collaborative, systematic approach that involves policy-makers and multiple industry sectors committed to solving problems and capitalizing on new opportunities.

The System Initiative on Shaping the Future of Energy aims to accelerate the development of effective policies, private-sector actions and public-private collaboration to enable an effective energy transition. It serves as a platform to move to action. Over the course of the last 12 months, the Forum brought new data and frameworks to the table and formed action-oriented partnerships.

Highlights include:

- The Energy Transition Index provides data on today’s performance and transition readiness of more than 100 countries, and a holistic framework to support effective energy transition.
- Concerning the future of electricity, the Forum enabled the acceleration of grid edge technology and policy deployment as witnessed by the work conducted in Colombia, led by the Minister of Energy and Mines, which has leveraged the framework developed by the Forum and its partners. A new agenda to maximize opportunities from electric mobility and advanced electricity solutions in cities in an integrated way was developed and will be deployed in partnership with interested cities.
- The collaboration with Mission Innovation, an alliance of leading governments committed to accelerating clean energy R&D and innovation, has created significant opportunities for public-private partnerships to increase investments in energy innovation and bring new solutions to markets.
- The Global Battery Alliance is supported by a significant number

of companies and institutions and has become a truly global public-private partnership for an inclusive, sustainable and innovative battery value chain.

- The Forum platform has also supported other alliances in areas such as developing blockchain solutions for energy, expanding energy access and advancing developments in hydrogen for this fuel to become part of the global mix of energy solutions.



Shaping the Future of Financial and Monetary Systems

A well-functioning global financial system serves as the cornerstone of economic activity, long-term growth and development.

Today's financial and monetary systems are contending with a wave of tech-enabled innovation. These advances mean firms are increasingly competing or partnering at different points along the financial services value chain, driving costs down overall while increasing efficiencies and access. Concurrently, the public sector seeks to balance the benefits of technological innovation with the emerging risks to consumer protection and system stability.

The System Initiative on Shaping the Future of Financial and Monetary Systems seeks to understand, influence and catalyse positive transformation by generating domain knowledge and strategic insights, proposing leading practices and policy recommendations, and working with governments to increase the access and use of quality, affordable financial services for unserved and underserved populations.

Key areas of focus include:

- 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

- Identifying and acting upon opportunities to increase the availability of quality, affordable financial services for all around the world

To date, these efforts have resulted in:

- Catalysing public-private partnerships via memoranda of understanding with governments on digitizing payments across value chains, including government-to-person transfers, business-to-business payments, and consumer electronic payment adoption
- Changing mindsets through thought leadership; knowledge products (e.g. white papers, reports and policy recommendations) have generated more than 100,000 unique downloads on a diverse set of topics, including disruptive innovation in financial services, improved financial inclusion metrics and innovation-driven cyber-risk in financial services, and the insights have been used to inform senior policy-makers and business leaders around the globe
- Driving robust engagement across traditional financial service providers, fintechs, civil society (e.g. the Vatican, labour unions), international organizations (the

United Nations, the International Monetary Fund, the International Finance Corporation, the World Bank), telecommunications and technology companies, and professional services institutions

- Creating public-private consortia to reduce cyber-risk in the financial services system and promote the fight against financial crime
- Defining high-level, global principles on the appropriate use of customer data for providers of financial services

These areas of focus stem from engagement with the leadership of the System Initiative, with input from the Financial Institutions industry, and the World Economic Forum Global Future Council on Financial and Monetary Systems.



Shaping the Future of Health and Healthcare

The System Initiative on Shaping the Future of Health and Healthcare transforms the global health landscape by working along the continuum of care – from prevention to diagnosis, treatment, cure and maintenance of health – to enable people to lead healthier lives and access the care they need to fulfil their potential.

Examples of success in 2017-2018 include:

- *Catalysing action by setting up a coalition with 70 healthcare stakeholders, including the Government of Canada, in a value-based healthcare transformation project to reduce the negative impact for patients of type 2 diabetes in Ontario, Canada.* Almost 6 million people are expected to have this type of diabetes in Ontario by 2026, and this collaboration will deliver better care and higher quality of life for patients across the region.
- *Positioning the World Economic Forum as the platform for international public-private cooperation.* Two examples include supporting the World Health Organization (WHO) in realizing a major breakthrough in designing a policy for managing liability/compensation associated with the use of experimental vaccines during infectious disease outbreaks such as the Ebola outbreak in May 2018, and entering into an agreement with the WHO and World Bank for the Forum to become the official host of the private-sector constituency of the global partnership for achieving universal health coverage by 2030 through primary healthcare.
- *Changing leadership mindsets by working with key industry Partners, the World Bank and the World Travel and Tourism Council.* The work involved creating a network of health, travel, tourism and hospitality operators that committed to improving communications and minimizing risks, promoting travel advisories and managing border measures related to infectious disease outbreaks.
- *Developing the roadmap for advancing the precision medicine agenda.* This effort included fostering stakeholder cooperation in four countries to build technology for accessing genomic data across country borders, developing a policy playbook for cross-border data access, and formulating ethical principles for the access and use of genomic data.



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

The System Initiative on Shaping the Future of Long-Term Investing, Infrastructure and Development comprises a broad portfolio of work that operates under the hypothesis that today's world is driven excessively by short-term pressures that prevent optimal outcomes for all stakeholders in the long term.

In this spirit, it focuses on those areas where long-term orientation can make the biggest difference, notably in long-term investing (which includes corporate leadership) and infrastructure. Both pillars enjoyed successes over the past year.

Key activities and deliverables include:

- The World Economic Forum Compact for Responsive and Responsible Leadership, with over 140 signatories in its first year, is at the centre of the initiatives promoting long-term entrepreneurship and corporate leadership. In collaboration with Thomson Reuters, it also led to the development of a digital workbench that CEOs can use to benchmark themselves on multiple dimensions of long-term leadership.
- The Global Future Council on Long-Term Investing, Infrastructure and Development advanced significant thought leadership by surveying the asset owner community to study investor practices that support long-term focused business strategies. It published a white paper on *Insights on Practitioner Progress beyond Short-Term Financial Considerations* on constructive engagement between corporations and their investors.
- The mainstreaming of impact investing advanced through a collaboration with the Government

of the United Kingdom on how to create policy conditions that promote private-sector solutions to social problems.

- The Retirement Investment Systems Reform project partnered with five US states to help them implement global best practices as they redesign their pension schemes.
- The Sustainable Development Investment Partnership, a collaboration between the Forum and the OECD to promote blended finance solutions, has attracted 41 member institutions representing governments, philanthropy and private capital to its platform. It has also successfully launched its African hub in partnership with the Development Bank of South Africa and catalysed its first reference transactions.
- The Africa Infrastructure Fellowship Programme, designed to build infrastructure procurement capacity at the government level across Africa, is a partnership with the Global Infrastructure Hub, Meridiam Capital and the Government of France.
- A Forum-curated dialogue between private-sector chief executive officers and multilateral development banks (MDBs) helped catalyse the G20 “Hamburg Principles” (the *Principles of MDBs*

Strategy for Crowding-in Private Sector Finance for Growth and Sustainable Development).

- In partnership with Atkins Acuity and Caisse de Depot et Placement du Quebec, the Forum published *Recycling Our Infrastructure for Future Generations*, an insight piece on asset recycling, providing policy-makers with a promising tool to enhance their infrastructure portfolios.
- Under the umbrella of “National Infrastructure Acceleration”, the Forum continued to work with the Governments of Argentina, Brazil, India and Viet Nam on efforts to make their infrastructure pipeline more investable by private capital.
- The portfolio on urban development published reports on migration (*Migration and Its Impact on Cities*), the circular economy (*Collaboration in Cities: From Sharing to ‘Sharing Economy’*) and big data (*Circular Economy in Cities: Evolving the model for a sustainable future*), providing urban policy-makers with additional intelligence on the trends in these areas.



Shaping the Future of Information and Entertainment

The System Initiative on Shaping the Future of Information and Entertainment continued to stimulate positive change across the creative and information sectors.

Focus was placed on improving the resources and skills for different stakeholders to access and participate in the free flow of more reliable and credible content, and on strengthening the positive outcomes of the creative economy for business and society by fostering innovation in content creation, distribution and consumption.

In association with the World Economic Forum, the DQ Institute expanded its public-private partnership model aimed at increasing youth digital intelligence quotients (DQ): by the end of 2017, the model was piloted in 30 countries with an average increase in DQ of 14% in over 600,000 children reached to date. An example of the partnership model can be found in Turkey, where Turkcell, the DQ Institute and the Ministry of Education worked towards a national roll-out and full programme integration of the Institute's curriculum and platform.

In addition, the System Initiative broadened its programme by launching three new consortium-led and joint-venture projects. United For News, in collaboration with the World Economic Forum, is improving the economic sustainability of local and independent media. The project is funded by the News Integrity Initiative, led by Internews, and coalition members include Vodafone, Bloomberg, the GSMA, Edelman and AppNexus. Merid.io,

a start-up initiative catalysed by the Forum, seeks to provide a consumer compliant user data exchange for digital publishers to enhance revenues from advertising. It is funded by the Craig Newmark Foundation in partnership with the Mozilla Foundation. Finally, a new coalition to define a comprehensive framework of content credibility signals for digital platforms and content distributors was recently formed, involving the Tow-Knight Centre, the World Wide Web Consortium and the Trust Project.



Shaping the Future of Mobility

Mobility – the movement of people and goods – is a fundamental human need and a key enabler of economic and social prosperity.

The objective of the System Initiative is to deliver a platform for business and government leaders to design a global mobility system that is safe, clean and inclusive. The System Initiative seeks to identify the interventions in which a relatively small amount of effort through public-private collaboration can yield significant impact.

The 2017-2018 projects include Security in Travel, SIMSystem: Designing Seamless Integrated Mobility, Drones and Tomorrow's Airspace* and Autonomous and Urban Mobility* and their work has had the following outcomes:

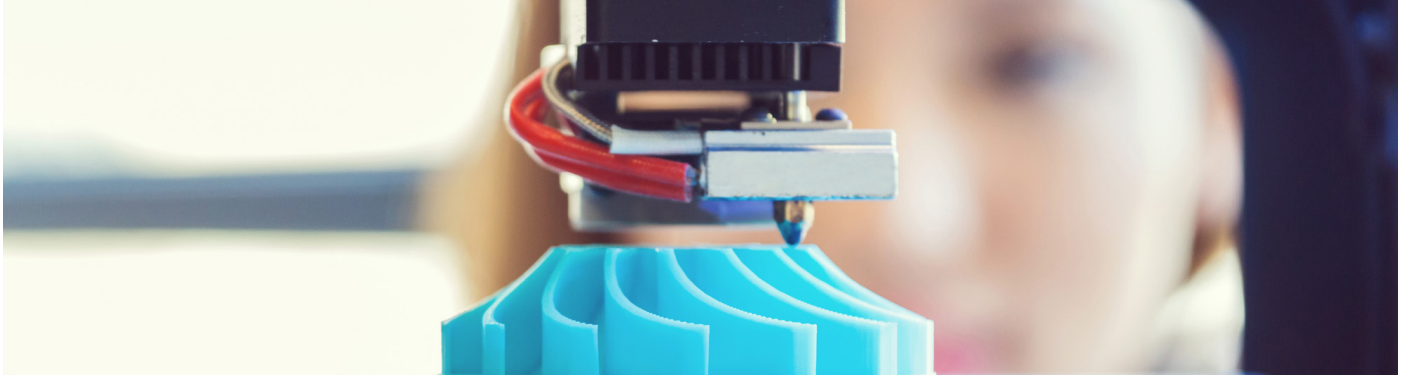
- Continuing to partner with the City of Boston to develop more sophisticated models to quantify the impact of shared autonomous vehicle fleets on Boston's mobility and to catalyse autonomous vehicle testing in the city
- Improving the delivery of aid to Rohingya refugees and other groups relocating from Myanmar to the Bangladesh border through the Logistics Emergency Team
- Developing the Known Traveller Digital Identity (KTDI) concept, which serves as an interoperable digital identity linked directly to government-issued identity documents (i.e. ePassports) that leverages biometrics and distributed ledger technology.

- Securing commitment from the Governments of Canada and the Netherlands to design a pilot to demonstrate how unique digital identities could make international travel safer and easier for passengers
- Collaborating with the Government of Rwanda and the International Civil Aviation Organization to create new regulations for drones that demonstrate best-in-class principles for performance-based regulation
- Developing guiding principles to guide public- and private-sector organizations to foster seamless and integrated mobility through the SIMSystem initiative
- Launching an application process to demonstrate the SIMSystem principles and encourage government leaders to improve mobility in their region
- Concluding the collaboration with the City of Boston following publication of the research findings showing that autonomous vehicles will decrease city traffic overall, increase traffic in the city's core and free up half the parking spaces across the city, among other conclusions
- Collaborating with the cities of Detroit, Ann Arbor and Windsor at the recommendation of the

SIMSystem Working Group and Steering Committee to launch a SIMSystem pilot

- Establishing the Drone Innovators Network to accelerate the speed of policy innovation to better keep pace with technical innovation
- Developing the Space Sustainability Rating concept under the leadership of the World Economic Forum Global Future Council on Space Technologies, with support from the Aerospace community, which seeks to promote existing guidelines for orbital debris mitigation by increasing transparency and creating market pressure to drive the sector's sustainable growth
- Bringing together leaders from the Indian public and private sectors to address how India can enhance its value proposition and create an enabling environment for the country's travel and tourism industry through the Incredible India 2.0 work, following the launch of *The Travel & Tourism Competitiveness Report 2017*.

** Projects based at the Centre for the Fourth Industrial Revolution*



Shaping the Future of Production

Production is more than manufacturing; it encompasses everything from R&D and design, to consumer behaviour and end-of-use cycles.

Production includes sectors as diverse as automotive, chemicals, electronics, healthcare and textiles, among others. It has been the foremost source of growth, jobs and innovation, but also contributes heavily to CO₂ emissions and climate change. Launched in 2017, the System Initiative on Shaping the Future of Production drives the application of new technologies in manufacturing to stimulate innovation, sustainability and employment through innovative pilots and partnerships.

In 2017-2018, led by more than 130 leaders from government, business, academia and civil society, the System Initiative focused on five areas.

- New insights published in *The Next Economic Growth Engine: Scaling Fourth Industrial Revolution Technologies in Production* showed that most companies are not moving sufficiently quickly to adopt technology at scale and maximize returns on their investment. The first global network of lighthouses, test beds and capability centres for manufacturing is being established to kick-off a cross-industry learning journey and help multinational corporations and small and medium-sized enterprises escape “pilot purgatory”, when pilot trials of IoT technology systems progress at a snail’s pace, or not at all.

- The Readiness for the Future of Production 2018 project is a new data-driven framework building on *The Global Competitiveness Report* to assess 100 countries and their ability to capitalize on future production opportunities. It informed and supported the revision of national priorities, such as South Africa’s new Industrial Policy Action Plan, Brazil’s new Industry 4.0 policy and Mexico’s Industry 4.0 platform. A transition framework is being built to help economies upgrade their industrial strategies through public-private cooperation, and successfully shift towards the future of production.

- A report on *Driving the Sustainability of Production Systems with Fourth Industrial Revolution Innovation* shared a strategic framework to harness technological advances in production and drive sustainable development and competitiveness. The framework is now being piloted in Andhra Pradesh, India, and will soon be deployed in other geographies across the United States and China as proof of concept to inform global conversations and reach scale.

- The study and publication on *The New Production Workforce* highlighted the gap in manufacturing across

industries and geographies. It emphasized the need to drive major collaborative efforts with businesses, governments and labour unions, to cause a paradigm shift and enable continuous skilling and reskilling of the production workforce. Further work will identify examples of reskilling for production workers and help redefine the role of business, government and labour in the age of AI and automation.

- The Future of Production in ASEAN project brought together business and government representatives to agree on a three-step programme to ensure ASEAN as a region is ready for the future of production. Results will be shared at the World Economic Forum on ASEAN in Viet Nam in September 2018.

In addition, the System Initiative serves as a platform for new collaborative efforts driven by partner organizations, for example to test the effects of new technologies on production value chains across Latin America (in collaboration with the Inter-American Development Bank), and to establish a G20+ learning platform for digitizing manufacturing (in collaboration with the Ministries of Economy or Industry of Germany, Argentina and Japan).



Centre for Regional and Geopolitical Affairs



By **Børge Brende**
President and Head of the Centre for Regional and Geopolitical Affairs



The Centre for Regional and Geopolitical Affairs maintains the World Economic Forum's long-standing commitment to delivering regional and country-level impact, and helps stakeholders decipher and navigate the transformations in the international system.

We have moved into a global era that is radically plural. The world is not just multipolar but multiconceptual. Important global institutions are under growing strain, and the world's fissures and fractures increasingly affect norms and values as much as the distribution of conventional geopolitical power. But this is also a period of vibrant experimentation, with leaders around the globe exploring diverse political and economic reform agendas.

More than ever, therefore, platforms allowing dialogue and collaboration among stakeholders within and between countries are needed. Facilitating this kind of engagement remains at the core of the World Economic Forum's mission, with regional meetings and initiatives an indispensable locus for insight and action. As national and global institutions come under mounting pressure, regions have become an increasingly important tier of international collaboration. This was reflected in the rich regional agendas that the Forum steered over the past year.

The Forum also continued to make its platform available for dialogue to bolster peace, reconciliation and reconstruction. For example, at the Annual Meeting 2018, a new series of diplomacy dialogues around the world's key fault lines was inaugurated, such as on the Korean Peninsula, Venezuela and the Sahel, as well as exchanges within the

Breaking the Impasse community of Israeli and Palestinian business leaders. In May in Sofia, the Forum convened public figures and business leaders from the Balkans and the European Union for a strategic discussion on helping advance welfare and economic development in the Balkan region through public-private cooperation. Similarly, work continues with global humanitarian actors to support the transformation of the international humanitarian system.

In a similar way that global political superpowers have shaped global affairs, the world will witness over the coming decade the emergence of technology superpowers, which will shape the future of business, society and possibly even human nature. In anticipation of this trend, the Forum works closely with governments to harness the transformative power of the Fourth Industrial Revolution for the benefit of society. For this purpose, in early 2017 the Centre for the Fourth Industrial Revolution in San Francisco was created, now being supplemented by a global network of Centres that have increased the number of government and international organization partnerships five-fold over the past year. Among others, Centres are being launched in China, India and Japan. One of the notable focuses of the government-facing work on the Fourth Industrial Revolution has been in the area of agile governance, where the Forum is working with representatives of the public and private sectors to reimagine how policy-making can be effective against a backdrop of far-reaching and rapidly evolving technological change.

In March 2018, the World Economic Forum strengthened its efforts to provide insights related to geopolitics

and geo-economics. This focus is anchored in the long-standing work of *The Global Risks Report*, which will include new insights on the intersection of geopolitics on one side, and the environment, the Fourth Industrial Revolution and trade on the other. This track constitutes a key element in the efforts to help stakeholders decipher and navigate tumultuous changes in the international system.



India and South Asia

Deep multistakeholder dialogue is critical as South Asia manages rapid growth and looks to address the challenges of inclusion and the need for deeper economic integration across the region.

Strong performance from India, Bangladesh and Pakistan drove GDP growth in the region. Indian Prime Minister Modi set out his vision for a new “Indo-Pacific” as his country strengthens its role on the subcontinent. Despite this positive story from an economic standpoint, South Asia remains the least integrated and one of the poorest regions in the world. It is home to over 300 million poor, which is one-third of the global poverty headcount. India, the world’s largest democracy, continues to be the fastest-growing major economy globally and is expanding its leadership in a wide range of global initiatives.

The Forum’s India and South Asia community comprises over 80 companies, 91 Young Global Leaders, 443 Global Shapers spread across 34 Hubs, and 49 entrepreneurs from the Schwab Foundation for Social Entrepreneurship.

The India Economic Summit, held on 4-6 October 2017, brought together over 650 leaders from business, government, civil society, the arts and culture, science and academia. Held under the theme of *Creating Indian Narratives on Global Challenges*, the Summit explored how India can increase its global relevance and seize a unique opportunity to ensure that economic growth is enduring, broad-based and socially inclusive. The participants explored a range of issues, including climate

change, India’s cultural renaissance, infrastructure, gender parity, tourism, education, skills and economic reforms.

Prime Minister Modi delivered the opening address at the World Economic Forum Annual Meeting 2018. His participation was a great milestone in the over 30-year relationship between the World Economic Forum and the Government of India.

At the Annual Meeting, the opening of a Centre for the Fourth Industrial Revolution India in Mumbai in the second half of 2018 was announced on 23 January 2018 in the presence of Prime Minister Modi. Additionally, the Forum signed a separate partnership agreement with the State of Maharashtra to initiate a project on drones and airspace. The Centre for the Fourth Industrial Revolution India will help to develop and pilot protocols and governance frameworks to harness the latest scientific, technological and policy innovations spurred by the Fourth Industrial Revolution, both from within India and internationally.

The Annual Meeting 2018 also benefited from the strong participation of Bangladesh and Pakistan and the Forum continued to engage with Sri Lanka on various projects. The World Economic Forum aims to deepen its role as a platform in South Asia, working with its multistakeholder

community to shape the agenda, engage in dialogue, and initiate and drive projects.



Asia-Pacific

The Forum is collaborating with partners in the Asia-Pacific region to shape the Fourth Industrial Revolution in a way that creates opportunities for regional integration, inclusion and sustainability.

The Asia-Pacific region is one of the fastest growing areas, driven by a broad-based global economic recovery and strong domestic dynamics. Against this backdrop, the Forum continued to deepen its relationships with governments and strengthen its portfolio of regional projects and initiatives.

This work was characterized by several high-level goals, including collaborating with many partner governments to reinforce the underlying drivers of the growth story. Just as importantly, the Forum is working to improve the quality of growth to match the impressive quantity of growth. It is helping to shape policies to drive economic inclusion, to improve environmental performance and to position countries to stay competitive in an era of rapid, non-linear change. Navigating the disruptions of the Fourth Industrial Revolution is a critical part of the initiatives. So, too, is building an understanding of how the region's rising economic weight will reshape geopolitical relationships, economic interactions, and global institutions and governance.

In Australasia, the Forum invested in expanding its team with promising results. In Australia, for example, a strong multistakeholder community is taking shape, with a particular focus on shaping the Fourth Industrial Revolution in a positive, human-centred direction.

In South Korea, the Forum established a strong working relationship with the new administration, based on the unique role that it can play in supporting the country's ongoing transformations. The changing geo-economic dynamics of the Korean Peninsula are of particular importance, but so, too, is the unfolding impact of the Fourth Industrial Revolution. In this regard, the Forum announced plans to establish an Affiliate Centre for the Fourth Industrial Revolution in collaboration with the Government of Korea, to take shape in the year ahead.

In ASEAN, two communities of interest and action – the ASEAN Regional Strategy Group and the ASEAN Regional Business Council – are driving a powerful set of projects focused on key regional priorities. Among them are work on assessing how the Fourth Industrial Revolution creates opportunities for new forms of regional integration, what the future of production looks like, and how governments can respond to the future of jobs. The most recent initiative launched was Digital ASEAN, a set of projects directed at building a regional digital economy and single digital market.



Europe and Eurasia

A fundamental priority for Europe is to develop an inclusive political and economic narrative, while Eurasia must increase digital resilience for the Fourth Industrial Revolution.

The World Economic Forum engaged over 150 political, civil society and business leaders and youth from the region to provide a much-needed platform for dialogue and public-private cooperation. With the aim of developing a new narrative for a modern Europe, which also reflects the voice of those who feel disengaged from the discourse on the region's future, the group developed practical recommendations for five focus areas (including a common defence strategy, migration strategy and inclusive growth models). These were published in the *Renew Europe* report in January 2018.

The Forum worked on implementing select objectives, such as the Universal Right to Learn – an innovative approach to lifelong learning and the acquisition of digital skills. Another goal was to partner with the European Union to benefit from the Fourth Industrial Revolution with the Digital Europe project, which seeks to create a pan-European ecosystem for innovation and entrepreneurship in which entrepreneurs thrive and easily scale their operations across borders. A group of European ecosystem builders addressed the nine opportunity areas in the “Declaration on a Pan-European Ecosystem for Innovation and Entrepreneurship” that was pre-launched at the Annual Meeting 2018, together with *Collaboration between Start-ups and Corporates: A Practical Guide for Mutual Understanding*. The Forum also forged strong collaborations with European and Eurasian G20

economies, which led to partnerships on the Centre for Cybersecurity, the Centre for the Fourth Industrial Revolution Network and thematic task forces, as well as commitments to strengthen public-private cooperation even further.

Eurasia continued to pursue economic integration with long-term sustainable growth as a priority, diversified away from natural resources, given the changing energy landscape and disruptions created by the Fourth Industrial Revolution. Over the past year, the Forum lent support to Eurasian economies to increase their digital competitiveness and resilience.

The Forum fostered strong connections with leaders in Europe and Eurasia: some 40 policy-makers engaged in System Initiatives and related endeavours. Over 40 European and Eurasian heads of state and government participated in the Annual Meeting 2018 in Davos-Klosters, including all European leaders from the G7. In the context of the Forum's geopolitical agenda, the Western Balkans dialogue regularly convened regional decision-makers on such focus areas as opportunities for economic development through public-private partnerships and a regional digital agenda. The high-level exchange at the Annual Meeting 2018 continued in Sofia in May (hosted by the Bulgarian EU Presidency). Recognizing the urgent need for fresh thinking and strong leadership, the Forum consolidated

its multistakeholder platform in both regions:

- Global Future Council on Europe: policy experts, decision-makers, youth and business leaders addressing critical issues and providing strategic guidance for the Europe agenda at the Annual Meeting 2019
- Regional Business Council (RBC) on Europe: 38 chief executives from European and global companies endorsing and championing current initiatives on the regional agenda, including Digital Europe and Universal Right to Learn
- Global Future Council on Russia: government, business and civil society representatives exploring the role of Russia in the world and the country's social and economic development, as well as its readiness for the transformations brought on by the Fourth Industrial Revolution
- New Leaders for Europe: young, influential political leaders from a range of countries, parties and portfolios seeking new and practical solutions to regional challenges
- Digital Leaders of Europe: ecosystem builders including investors, incubators, public figures and serial entrepreneurs with a keen interest in building a pan-European entrepreneurial space.



Japan

The Forum is working with leaders in business, government and civil society in Japan to advance new dialogues around innovation and the implications of the Fourth Industrial Revolution.

Following significant development of the World Economic Forum's presence in Japan – with the appointment of a new director at the helm of its Japan Office and an expanded team – Klaus Schwab announced the opening of the Centre for the Fourth Industrial Revolution Japan. This first Centre for the Fourth Industrial Revolution located outside the United States was officially launched on 2 July 2018 in collaboration with the Ministry of Economy, Trade and Industry (METI) of Japan and the Asia Pacific Initiative (API).

Throughout the year, the Forum engaged in various activities, including a System Initiative Workshop in October 2017 that brought together four Forum System Initiatives (Digital Economy and Society, Health and Healthcare, Mobility, and Production). Over 170 leaders from business, government, civil society and academia from Japan and around the world discussed issues critical to Japan as it builds a community to advance multistakeholder cooperation on achieving a sustainable, inclusive and trusted digital future.

Within the Innovative City Forum 2017 organized by a Partner in October 2017, the Forum hosted a session on *Top 10 Urban Innovations* based on the report by the Global Agenda Council on the Future of Cities. The session highlighted the 10 best global examples of how cities can create

innovative solutions to a variety of urban problems and gathered more than 80 participants from business, the public sector, academia and civil society from Japan and elsewhere.

The Forum also participated in the third RRI (Robot Revolution Initiative) International Symposium for Connected Industries in November 2017 in Japan, organized by the Robot Revolution Initiative in partnership with the METI. The objective was to raise awareness of the effects of the Fourth Industrial Revolution, the fundamental transformation happening in business, economic and social systems, and of the need to strengthen multistakeholder cooperation to improve the state of the world.



Africa

The Forum's work in Africa includes a focus on building peace and security, increasing investment in inclusive opportunities and promoting digitalization across the continent.

Many countries elected new heads of state, heralding an era of new political dispensation across the continent, committed to rooting out corruption. Accordingly, the theme of the Africa agenda at the Annual Meeting 2018 in Davos-Klosters was *Reimagining Africa's New Dawn*. Nine heads of state or government participated, including the new leadership in Angola, Somalia and Zimbabwe. The Forum hosted a session on peace and security in Africa, in the presence of the incoming and outgoing chairmen of the African Union, which culminated in the launch of a new peace-building platform. Additional outcomes included the new Africa Infrastructure Fellowship Programme partnership and Foster Trust and Integrity in Africa initiative.

As part of the National Strategy Series, in June 2018 the Forum hosted an informal, interactive and action-oriented roundtable with the new President of South Africa and his cabinet, under the theme *Shaping South Africa's Economic Renewal – the role of Business*. President Ramaphosa issued a call for \$100 billion in investment from the international business community over the next five years to restore inclusive economic growth and create jobs, with a focus on youth. This gathering of the Forum's business community ahead of the government's Investment Conference provided an opportunity to partner with the president and his cabinet to shape the agenda for South

Africa's ambitious transformation. Also in June 2018, the Africa Regional Business Council held its annual meeting and pledged to drive high-impact regional initiatives with a focus on integration, industrialization and innovation over the coming year. These initiatives will build on existing frameworks for ongoing projects related to infrastructure and internet connectivity.

Additionally, the Africa Regional Business Council launched an initiative to create jobs by scaling 100 million small and medium-sized enterprises across Africa over the next five years. The Africa Regional Strategy Group also held its inaugural meeting under the theme of *Africa 4.0: Shaping Africa's Inclusive Growth Agenda in the Fourth Industrial Revolution*.

Among the ongoing initiatives, following the launch of Internet for All – South Africa at the World Economic Forum on Africa in May 2017, the Internet for All initiative and the Fourth Industrial Revolution agenda were adopted by the Southern African Development Community (SADC) Ministers for Communication and Postal Services as part of the Digital SADC 2027 vision.

The Forum also signed a memorandum of understanding with Smart Africa to implement the Internet for All initiative across Africa. In addition, the Government of South

Africa proposed to host the Centre for the Fourth Industrial Revolution Africa. Other workshops throughout the year dealt with the Sustainable Development Investment Partnership, Financial Inclusion in East Africa and Competitiveness in West Africa. The general assembly of the Tropical Forest Alliance 2020 and a SHAPE Africa event also took place.



Middle East and North Africa

The Forum is building partnerships in the Middle East and North Africa that are focused on harnessing new digital opportunities and overcoming longstanding fractures.

Uncertainty kept real GDP growth in 2017 at 1.7%, a rate insufficient to create the jobs needed to absorb the number of people looking for work yearly. At the same time, a blossoming digital and technology scene accompanied by a renewed drive for reform offered prospects in some countries – most noticeably in Saudi Arabia with the deployment of Saudi Vision 2030.

In this pivotal context, some 70 public figures from the Gulf Cooperation Council countries, the Levant and North Africa participated in the Annual Meeting 2018 in Davos-Klosters, demonstrating that this year's theme, *Creating a Shared Future in a Fractured World*, could not have been more relevant for the region. Leaders who participated included King Abdullah II Bin Al Hussein of Jordan, Prime Minister Benjamin Netanyahu of Israel, Prime Minister Haider Al-Abadi of Iraq and Prime Minister Saad Hariri of Lebanon.

The regional programme highlighted the need for increased diplomacy to overcome geostrategic fractures, and the role of technology as the region immerses itself in the digital era. The future of Syria and geopolitical uncertainty in the larger Levant area dominated discussions during the Informal Gathering of World Economic Leaders (IGWEL) programme. The Breaking the Impasse community of Israeli and Palestinian business leaders renewed its commitment to

the two-state solution and pledged its support, together with leading global technology companies, to strengthen the Palestinian economy. The Annual Meeting 2018 also convened decision-makers from the Government of Saudi Arabia for a strategic dialogue with the international community on the Kingdom's economic and social transformation, which has the potential to rekindle region-wide growth and development.

The past year marked the launch of partnerships to embrace the Fourth Industrial Revolution. The Government of Saudi Arabia signed a Letter of Intent, which includes collaboration with the Centre for Cybersecurity and the Centre for the Fourth Industrial Revolution. The Government of Jordan partnered with the Forum Internet for All project to develop new scalable and replicable on-the-ground models of public-private collaboration that will accelerate internet access and adoption. The United Arab Emirates and Bahrain partnered with the Centre for the Fourth Industrial Revolution on the integrated national data policy and cross-border data flows project areas, respectively.

The activities of the Middle East and North African Regional Business Council were held under the overarching theme *Digital Arab World*, to help narrow the gap between the aspirations of the Arab population and the policy agenda required to realize them. In November 2017, Sheikha

Bodour bint Sultan Al Qasimi, Chair of the Regional Business Council, convened the community with disruptive start-ups and policy-makers in Sharjah, United Arab Emirates.

At the Annual Meeting 2018, members of the Regional Business Council discussed innovative approaches that are being tried and tested to harness the benefits of technological advancement in the Arab world.

Key outcomes of the Regional Business Council activities included the publication of *The Digital Arab World* white paper, an initial step to a broader project to shape the innovation and technology agenda, and the Arab Supply Chain Impact Initiative, inviting businesses to commit to allocating 10% of their procurement to start-ups by 2020.

The Beirut and Tripoli Global Shaper Hubs – a network of young people driving dialogue, action and change – hosted the SHAPE MENA 2017 event in September 2017, held in Lebanon for the first time. Over three days, 70 Shapers from 37 Hubs worldwide shared their knowledge in an immersive experience that built lasting relationships and new collaboration channels.



Latin America

At a time of great change in Latin America, the Forum is spearheading initiatives to address priorities around agriculture, infrastructure, trade and the Fourth Industrial Revolution.

The 13th World Economic Forum on Latin America took place in São Paulo, Brazil at a decisive economic and political time for the region given the intense electoral cycle, with nine countries holding presidential elections. The meeting convened more than 750 regional and global leaders to discuss and advance an actionable agenda under the theme *Latin America at a Turning Point: Shaping the New Narrative*. With the support of the International Finance Corporation, 50 outstanding start-up entrepreneurs from the region were convened, to enhance collaboration, visibility and further development. The regional SHAPE event gathered some of the most remarkable Latin American Global Shaper community members.

The Forum strengthened its relationship with host country Brazil by signing a Memorandum of Collaboration setting the framework for broader partnership, notably in investment, industry, innovation and competitiveness. The Forum successfully implemented a Brazil Competitiveness and Inclusive Growth Lab and helped channel a multistakeholder dialogue to improve the country's infrastructure investment environment. A similar project was launched in Argentina, in partnership with the Inter-American Development Bank. In the area of energy infrastructure, the Forum guided the development of multistakeholder-platform work to contribute to modernizing Colombia's

energy framework and establishing the mechanisms needed to implement smart metering systems and the integration of decentralized energy resources.

Important public-private partnerships for sustainable development were advanced, including to boost agriculture value chains in Colombia through the New Vision for Agriculture initiative, and reduce tropical deforestation related to key global commodities by 2020 with a focus on Tropical Forest Alliance initiatives in Colombia and Brazil.

The Forum helped to expand the Global Alliance for Trade Facilitation, with significant progress made on related initiatives in Argentina, Brazil, Colombia and the Dominican Republic. Private- and public-sector leaders were convened by the Regional Strategy Group to support the dialogue for convergence between the Pacific Alliance and Mercosur.

Working to increase awareness of the potential of digital technologies and of the challenges and opportunities of the Fourth Industrial Revolution, the Forum introduced related issues in regional activities, and consolidated a partnership with the Inter-American Development Bank. Progress was made on establishing a partnership with the Government of the State of Jalisco, Mexico, and Centre for the Fourth Industrial Revolution Network Affiliates in Brazil and Mexico.

A public-private partnership initiative was launched to support Argentina's policies to address the digital divide through the implementation of the Internet for All project and the drafting of a policy strategy framework to modernize national production systems in Mexico.

Forum efforts towards fostering equality were rewarded by the consolidation of a successful Gender Parity initiative in Chile in collaboration with the Inter-American Development Bank. To date, 110 companies have committed to the initiative and to reducing the economic gender gap. This initiative was expanded to Argentina, Panama and Peru.

As the economic, political and humanitarian situation in Venezuela deteriorated, constructive solutions were sought to incorporate the diversity of views and proposals.



China

As China consolidates its position as an economic and technological leader, the Forum is deepening its role as a platform for global dialogue.

This year, the World Economic Forum's work in China built on the positive momentum of President Xi Jinping's historic opening plenary address at the Annual Meeting 2017 in Davos-Klosters, with the ever-increasing recognition of the Forum's growing importance as a platform for China to engage with the world. This was reflected in the record number of Chinese companies joining the Annual Meeting 2018, as well as in the number of companies from China choosing to Partner with the Forum on key industry and global initiatives.

Building on 12 years of mutual trust and collaboration, the Forum's partnership with the National Development and Reform Commission (NDRC) was elevated to a new height with more in-depth cooperation on key issues. The Forum expanded its collaboration with other ministries and institutes, such as the State-owned Assets Supervision and Administration Commission (for the engagement of state-owned enterprises) and the Chinese Academy of Social Sciences (to explore areas of joint research), and deepened its association with the China Council for International Cooperation on Environment and Development (on sustainability issues). In November 2017, the Forum hosted its annual China Business Roundtable under the theme of *Accelerating Innovation in the Fourth Industrial Revolution*. Hosted in Shenzhen – the fusion hub of

advanced manufacturing, start-ups and tech trailblazers – the meeting explored China's vision and solutions for accelerating the country's transformative potential for strategic industries in the region, its reform trajectory and opportunities for collaboration between the public and private sectors.

In his address at the World Economic Forum Annual Meeting 2018, Liu He, who was subsequently promoted to Vice-Premier, focused on further opening up China, with a notable commitment to "further integrate with international trade rules and ease market access" and to "substantially open up the services sector, and the financial sector in particular, and create a more attractive investment environment". He outlined China's three critical challenges: 1. to prevent and resolve major risks; 2. to conduct targeted poverty reduction; and 3. to control pollution, sharing with the participants the specific measures that China is taking in each respect.

The geopolitical context related to China's role internationally has grown more complex with, for example, increased tensions pertaining to trade with the USA, and potential disruptions emanating from China's desire to seek a greater leadership role in vast basic science projects and key technologies like AI and blockchain.

At the same time, the country is looking to new economy industries as the major drivers of growth. The Forum is thus establishing the Centre for the Fourth Industrial Revolution China to leverage its experience and capabilities in international public-private cooperation to engage China further.



North America

New milestones were reached in North America, including great progress in developing the work of the Centre for the Fourth Industrial Revolution in San Francisco.

New milestones were reached last year in the Forum’s relationship with the public sector in the United States and Canada. This engagement was reflected in its events and in the thought leadership contributed to various industry and thematic issues.

Institutionally, considerable effort was put into developing the work of the Centre for the Fourth Industrial Revolution in San Francisco, by hosting a steady stream of senior political leaders during visits to learn about practical policy innovations and protocols that help shape the development and application of Fourth Industrial Revolution technologies. This included cabinet members, members of the House of Representatives, governors, mayors and ambassadors, and other senior officials. As a result, several formal partnerships were signed or are in advanced stages of discussion.

United States

President Donald Trump participated in the Annual Meeting 2018, delivering a message stating that “America first does not mean America alone”. His presence was complemented by the participation of eight cabinet members and five senior officials, who had extensive contacts with various constituents over the course of their five-day stay.

Also during the year, contact was deepened with several governors,

including Governor Brown of California, who took part in the Sustainable Development Impact Summit in September 2017 and Governor Inslee of Washington, who participated in the Annual Meeting 2018. A working relationship with the National Governors Association is also yielding positive results through closer cooperation and planning.

Engagement with the US House of Representatives deepened: Majority Leader Kevin McCarthy led a bipartisan delegation to the Annual Meeting and another delegation visited World Economic Forum headquarters in October to learn about the Forum’s expertise in the field of skills and workforce development.

Collaborative work with various Forum industry teams continued to pay off, with special efforts in the health and mobility sectors worthy of note, including the US Transportation Secretary and USAID Administrator becoming Stewards of Forum initiatives.

Canada

Prime Minister Trudeau returned to the Annual Meeting in January 2018 and spoke of the importance of gender as a key tenet for successful economic and societal development. As Chair of the G7, his presence served to highlight a number of Canadian priorities related to the G7 agenda, with special emphasis on the importance of

gaining traction for Canada’s Oceans Protection Plan and coordinating global action to safeguard the ocean ecosystem.

Ties with the federal government expanded, with nine ministers serving as Stewards across a range of topical issues, allowing for deep engagement between the government and various Forum work streams. Mobility, blended finance and health were just a few of the areas where this collaboration generated valuable outcomes.

Canada showed great interest in the Forum’s work related to the Fourth Industrial Revolution, with the government as well as leading cities and provinces seeking to benefit from a closer association with the Forum on this topic. The stage is set for this groundwork to be rewarding for a diverse set of Forum constituents, given how closely the Fourth Industrial Revolution agenda and the innovation agenda of Canada are linked.



International organizations

As the International Organization for Public-Private Cooperation, the Forum continues to strengthen its role as the world's foremost platform for multistakeholder engagement.

Building on its long-standing relationship with the United Nations system and with peer international organizations (IOs), the Forum intensified its engagement with the international community, particularly on mobilizing partnerships and platforms to help deliver the SDGs. This was reflected in the success of the first Sustainable Development Impact Summit organized by the Forum in New York in September 2017. Additionally, a record number of heads of IOs were welcomed to the Annual Meeting, where they made important contributions to discussions related to sustainable development, climate change, migration, ocean health and refugees, among other critical subjects.

Given the depth and breadth of these interactions, the Forum organized a series of consultation meetings for the IO community to integrate its feedback in key Forum activities. It plans to continue structured collaboration with a core group of multilateral institutions throughout the year.

On humanitarian issues, the Forum catalysed deeper public-private collaboration in two focus areas: the Humanitarian Investing project and the Digital Transformation of the Humanitarian System. Through a number of key events and activities,

it garnered support to transform the humanitarian sector, exploring new models to deploy capital in protracted crises, and to better understand the potential of digital technologies for humanitarian action. A working group was established in June 2018 to define shared outcomes for the humanitarian system to responsibly leverage digital solutions in humanitarian efforts.

Finally, as a new track, the Forum significantly expanded its engagement with IOs on the Fourth Industrial Revolution. In particular, it focused on enhancing the understanding of the Fourth Industrial Revolution within the multilateral system, highlighting the transformative impact that technology has on IO operating environments. In addition to exploring joint projects through the Centre for the Fourth Industrial Revolution in San Francisco, the Forum co-hosted a UN Leaders Programme module on "The Fourth Industrial Revolution and Systems Leadership".

Centre for Global Public Goods



By Dominic Waughray
Head of the Centre for Global Public Goods



The World Economic Forum Centre for Global Public Goods brings innovation and frontier approaches to the agenda of international institutions, in particular their processes and agreements related to implementing the 2015 UN Sustainable Development Goals (SDGs) and the Paris Agreement on climate change. The Centre aims to improve management of the global commons and build sustainable markets to meet the 2030 SDGs.

Global public goods refer to those things that all humans need and cannot be excluded from, such as a functioning global environmental system, access to safe, nutritious food, affordable energy, public health and universal education, among others. This requires developing our global commons and markets – including sustainable production and consumption systems – to deliver accessible and long-term value for all, as enshrined by the nations of the world in the SDGs. To help achieve this aim, the 17th SDG calls for a new global partnership agenda between the public, private and civil society sectors.

Our unprecedented era of higher, increasingly unequal, human consumption is putting pressure not only on industry and regional agendas, but also on the international institutions mandated to manage and deliver our global public goods. As technological capacity grows, the realization of how much better humanity could organize itself to deliver inclusive, sustainable growth becomes more evident.

At this remarkable juncture in human history, it is increasingly clear that a raft of pressing – and interconnected – global public good challenges must be resolved. At the same time, we have unprecedented means with which to collaborate across public, private and civil society sectors on global solutions.

A new cooperative architecture is required, calling for compelling, practical examples and proofs of concept of what such a future could look like and how it could urgently be developed.

For these reasons, the World Economic Forum established the Centre for Global Public Goods, incorporating the Forum's System Initiatives on Shaping the Future of Environment and Natural Resource Security and on Shaping the Future of Food, as well as the Forum's work on SDG partnerships and innovative and blended development finance. The Centre draws on over 180 Forum industry Partners engaged in various dimensions of this work in addition to leading international institutions, civil society groups, academic and research institutions.

The Centre is also responsible for the Forum's Sustainable Development Impact Summit, working in close cooperation with the Forum's Global Programming group.

Creating a compelling, practical portfolio of solutions and suggestions for how our global public goods could be managed, the Centre focuses on three major areas:

- Developing new platforms to show proof of concept for scaled public-private cooperation
- Helping international organizations adopt and scale some of these new kinds of cooperative solutions
- Curating strategic dialogues to help shape aspects of the wider global public goods agenda

Achievements from the past 12 months include:

Developing new platforms for public-private cooperation

- **The Global Battery Alliance** aims to ensure that the exponential demand for batteries grows via a socially responsible, environmentally friendly and innovative value chain. Partners and initiatives representing over 30 leading organizations including businesses along the entire value chain connect on the Alliance's global platform and drive efforts on actions and initiatives relevant to the supply of raw materials for batteries, a circular economy for batteries, and innovation along the value chain to achieve results.
- **The Sustainable Development Investment Partnership (SDIP)** is a growing platform of over 40 organizations that is changing the nature of development finance by applying blended finance approaches to manage, transfer or mitigate risk inherent or perceived in emerging and developing economies. The Partnership is a key pillar in the over \$50 billion blended finance industry, exponentially increasing the pool of development finance by catalysing private investment. In 2017, SDIP built regional hubs in Africa and ASEAN through local institutions and enabled a project to reach financial closure.
- **The Friends of Ocean Action (FOA)** initiative was launched at the World Economic Forum Annual Meeting 2018 to help deliver practical action on SDG 14 on the world's oceans. Co-chaired by the UN Secretary-general's Special Envoy for the Ocean and the Deputy Prime Minister of Sweden, supported by the Benioff

Ocean Initiative and delivered in collaboration with the World Resources Institute, this initiative assembled a multistakeholder group of 46 senior leaders and influencers engaged in the Ocean agenda. In its first six months, it mobilized a broad network of action on ocean issues, identified seven key areas of global impact requiring additional public-private cooperation and business innovation, triggered a major global plastic action partnership, catalysed a broad public-private effort to create an open access “digital ocean” platform by bringing together cutting-edge technology companies with UN agencies responsible for ocean data, and accelerated the delivery of new global value-chain partnerships to help ocean countries and companies address illegal fishing worldwide.

- **The Platform for Accelerating the Circular Economy (PACE)** Co-chaired by the Chief Executive Officer of the Global Environment Facility, the Executive Director of UN Environment and the Chief Executive Officer of Royal Philips, PACE is designed to support and complement SDG 12 on sustainable consumption and production. As a global convening mechanism and impact project accelerator, the PACE platform now enables over 40 global leaders from business, government and the international community to co-design and advance their projects. In 2017-2018, PACE launched a major Secondary Materials Market initiative with the support of the Government of China and major electronics companies, supported a network of African ministers to launch the Africa Circular Economy Alliance focused on eliminating electronics waste and enabled a

group of leading global companies to commit to new measures on reusing their capital equipment, advancing into additional materials areas such as textiles, bio-materials and construction. The Government of the Netherlands, together with several leading Dutch circular economy innovators, UN Environment and the Global Environment Facility is currently exploring collaboration with PACE to help secure its position with the international system.

- **The Tropical Forest Alliance 2020 (TFA)** is a public-private platform to help consumer goods companies advance their commitments on deforestation in key soft commodity supply chains by enabling deeper collaboration with forested nations, donor governments, and civil society and expert groups. As of June 2018, the TFA platform brings together 145 organizations, a growth of 45% on the previous year. In June 2018, the TFA platform renewed its mandate for 2018-2021 with funding from the Governments of the Netherlands, Norway and the United Kingdom. Moving into the next phase of implementation, the Tropical Forest Alliance helped its partners launch a Forest and Commodities Agenda – setting out 10 clear strategic priorities for action by the end of 2020 – and develop an increasingly decentralized network, with devolved responsibility for regional implementation through public-private action across numerous jurisdictional programmes. The TFA also launched a national platform and national zero deforestation sectoral agreement in palm oil in Colombia.

Helping international organizations adopt and scale new kinds of cooperative solutions

- **The New Vision for Agriculture (NVA)** established an important network of public-private value-chain action platforms that are being gradually incorporated into the international architecture.

Achievements this year include:

- The successful transition of Grow Africa from a World Economic Forum-led project to a platform hosted and funded by the African Union's NEPAD Agency
- The progression of Grow Asia towards being a hosted platform that works across five ASEAN countries, with coordination linkages managed through the ASEAN secretariat
- Commitment by the Government of India to launch and build a new national platform for agricultural innovation, involving an agricultural drones initiative, through initial collaboration with the Government of Maharashtra and the Forum's Centre for the Fourth Industrial Revolution Network
- A New Vision for Agriculture secretariat to be launched in Colombia – a first example of a nationally owned and driven NVA platform

- **The 2030 Water Resources Group (WRG)** Governing Council held its first meeting under the new hosting arrangement within the World Bank Water Global Practice. This cements 2030 WRG

– originally incubated within the World Economic Forum as the unique multi-donor partnership vehicle through which the Water Global Practice will engage strategically with the private sector on water resource issues. This advancement offers a good example of how major players in international developments are beginning to incorporate multistakeholder partnerships and platforms of action into their strategic operations.

Curating strategic dialogues to help shape the wider global public goods agenda

- With the World Business Council for Sustainable Development and EAT Foundation, the System Initiative on Shaping the Future of Food launched multistakeholder dialogues to help the international community pursue a new collaborative approach to food-system transformation. It seeks to define a shared agenda, identify science-based targets and share ideas on the policies and incentives that can promote innovation and inclusivity. Such a public-private, global initiative is particularly pertinent to the future of food, as this is a global public goods agenda that has no equivalent to the Intergovernmental Panel on Climate Change to generate scientific consensus, and no equivalent to the UN Climate “COP” (Conference of the Parties) process to generate political consensus and momentum for change.
- The *Building on the Innovation with a Purpose* report launched at the Annual Meeting 2018 looked at the potential for harnessing the Fourth Industrial Revolution within and across global food systems. Three new work streams were initiated:

a digital scaling agenda for East Africa, improving traceability and transparency in food value chains and exploring systems that can deliver sustainable feedstock production. They seek to unlock the transformative potential of Fourth Industrial Revolution technologies to address food system challenges by connecting innovators with food system leaders, catalysing opportunities for scaling technological innovations for food systems transformation and developing strategies for inclusive innovation.

- Further global dialogue took place on the future of protein, given the need to deliver safe, sustainable and affordable meat and protein to a world of close to 9 billion people, over 55% urbanized. Launched at the Annual Meeting 2018, leading research organizations, companies, technology innovators and international organizations are involved in this dialogue. Ideas are emerging for new public-private arrangements to accelerate the future systems for protein delivery that the world will need.
- In climate change, the Alliance of CEO Climate Leaders grew to 83 global companies. The alliance released a report on *Two Degrees of Transformation*, highlighting the CEOs' transformational actions to tackle climate change. The Friends of Climate Action, a key informal, multistakeholder platform for coordinating the public-private climate action agenda, helped to curate over 100 organizations to shape the Global Climate Action Agenda, including the “Stepping Up Climate Action” campaign launched at the Annual Meeting 2018.

Shaping the Future of International Trade and Investment*

Turbulence in international trade and investment during the year highlighted the importance of the World Economic Forum as a platform to convene leaders and address trade risks and shocks. The Forum's trade community emphasized the need to protect yet reform an open, rules-based system to empower markets and development.

The community drove dialogue, insight and outreach on the systemic factors underlying current trade tensions, including the race for technological leadership, trade balances and the interaction between trade, inequality and environmental sustainability. High-level interactions included partnering with Argentina for the first-ever business forum at a WTO Ministerial Conference.

Actionable policy protocols were developed to respond to trade and investment priorities. These included a suite of digital trade options produced with the WTO as part of the Enabling E-commerce initiative. Further policy responses were outlined to incentivize inclusive global value chains through reforms to taxation, competition, services and investment facilitation, and other government and industry priorities. Opportunities for technology-enabled trade disruption were explored.

The Global Alliance for Trade Facilitation, a multi-organization collaboration, launched a border risk-management system in Colombia, is building a trade bond mechanism in Viet Nam and is implementing growth-oriented projects in six other emerging economies.

** This System Initiative sits within the Policy and Institutional Impact group.*

Centre for the New Economy and Society



By **Saadia Zahidi**
Head of the Centre for the New Economy and Society



How can humanity promote inclusive economic growth and universal social progress in an age in which technological disruption is rapidly changing labour markets and the very nature of economic value creation? What is needed to ensure people are equipped to fulfil their full potential in this changing global economy? How can global leaders develop a renewed vision for shared prosperity and human progress in the new economic and social context?

Creating human-centric economic growth in the Fourth Industrial Revolution requires shaping a new social contract between all stakeholders of society to deliver education that matches the needs of the future, a workforce that is better prepared for shifts in labour markets, and socio-economic structures that allow for gains, risks and opportunities to be shared equitably.

The World Economic Forum Centre for the New Economy and Society aims to provide leaders with a platform to build catalytic public-private partnerships and proactively shape a future in which people are at the heart of economic growth and social progress. To do this, the Centre brings together a forward-thinking community of committed leaders, equipping them with frameworks, insights and tools to promote productivity and innovation, foster social mobility and inclusion, adapt policies to the new economic context, understand and shape markets for data, and redefine the nature of competitiveness in the Fourth Industrial Revolution. It also furnishes leaders with the latest frameworks, insights and tools to understand today's and tomorrow's labour markets, close skills gaps through education, reskilling and upskilling, close gender gaps through workforce integration and future-ready practices, and prepare for

the future of work across sectors and society. Operationalizing the Forum's platform concept, the Centre also promotes greater synergies between the most impactful initiatives of its worldwide multistakeholder community, highlighting and supporting those with the greatest potential for generating systems change through an accelerator approach.

To support its work, the Centre for the New Economy and Society also seeks to gather consensus on the most relevant and impactful analytics and metrics to empower stakeholders to understand and shape the new economic and social context. It considers both innovative and traditional methods of gaining insight into the global economy and society – covering the domain of “big data” as well as opportunities to reinforce existing and established sources of statistics and research.

At the core of the Centre's activities are the System Initiative on Shaping the Future of Education, Gender and Work and the System Initiative on Shaping the Future of Economic Progress.

The System Initiative on Shaping the Future of Education, Gender and Work aims to enable people, regardless of gender, age and origin, to fulfil their potential by developing and deploying their talent, thereby contributing to more prosperous economies and societies. It does this by providing the latest insights to inform and influence the global agenda on social progress and by serving as a platform for sharing best practice, building consensus and action.

In 2017-2018, the System Initiative:

- Remained at the forefront of the global debates on the future of work, reskilling and gender parity,

contributing globally recognized insights and thought leadership in the service of changing policy and mindsets. This included consistently benchmarking national gender parity through *The Global Gender Gap Report 2017*; supporting the global community, national governments and companies in strategic workforce planning through the development of the next edition of *The Future of Jobs* report; and highlighting new tools and ways of thinking about reskilling and job transition opportunities in disrupted industries through a complementary set of innovative knowledge products: *Towards a Reskilling Revolution*, proposing a methodology for identifying viable reskilling pathways, and *Eight Futures of Work: Scenarios and Their Implications*, providing a guide for thinking through what various possible visions of the future of work might look like and taking anticipatory action.

- Launched a major new effort to address workforce disruptions and talent gaps in the Fourth Industrial Revolution through the development of *Future of Work Industry Roadmaps*, building on the System Initiative's latest thought leadership to develop industry communities and outline recommendations and emerging best practice for intra- and inter-industry-level action to prepare for the future of work.
- Scaled its country-level work significantly. It expanded its Gender Parity Task Force model from Chile and Argentina to Peru, Panama and France to close national gender gaps in employment, wages and leadership roles and its Closing the Skills Gap Task Force model for addressing current skills gaps and reshaping education and training

for the future from South Africa to three additional G20 economies: Argentina, Australia and India. Both models are now also supported by comprehensive implementation guides (“playbooks”) to inform stakeholders of key priorities, tools, resources and processes for action with regard to skills and gender parity, in order to scale rapidly to additional geographies through the Forum platform.

- Catalysed multistakeholder action through Closing the Skills Gap Business Commitments, mobilizing businesses to equip 8 million individuals for future jobs through skilling, reskilling and upskilling efforts (with an aim of reaching 10 million beneficiaries by 2020). Building on the lessons from this successful coalition, the System Initiative will provide a platform for further business-led efforts on gender parity in the future of work as well as LGBTI inclusion.

The System Initiative on Shaping the Future of Economic Progress aims to reshape the global economic agenda to drive productivity, innovation and growth while benefitting all of society. It does this by identifying the latest insights on new solutions, promoting economic growth models that deliver inclusive and sustained economic progress, and serving as a platform for sharing best practice, building consensus and action.

In 2017-2018, the System Initiative:

- Contributed to shaping the global debate on the future of economic progress by providing world-leading insights through *The Global Competitiveness Report 2017*, helping decision-makers to understand, monitor

and track their performance on the fundamental factors driving economic progress; the *Inclusive Development Index 2018* which tracks countries’ progress on growth and development, inclusion and intergenerational equity.

- Launched major new initiatives to support businesses in contributing towards inclusive growth, such as the Global Battery Alliance, as well as innovative tools for measuring and benchmarking environmental, social and governance performance through the System Initiative’s new GrowInclusive platform, guiding companies and public-sector leaders in shifting the global economic paradigm.
- Catalysed multistakeholder action to improve economic policy-making in emerging economies by hosting inclusive growth and competitiveness workshops in Brazil, Côte d’Ivoire, South Africa, Thailand and Viet Nam, engaging major national and regional stakeholders in developing action plans and policy prioritization tools for their countries and regions.
- Initiated an ambitious Global Dialogue on the Future of Economic Progress that seeks to consolidate the latest cutting-edge thinking on economic frontier issues such as pricing data and intangibles in the digital economy, exploring the economic implications of platform and blockchain business models, economic leapfrogging and new forms of fiscal interventions and social protection in the Fourth Industrial Revolution. Moving ahead, the Dialogue Series will span a range of frontier issues for both the new economy and society, with a view to building consensus, moving

the debate forward and sharing knowledge widely through executive briefings, white papers and social media.



Strengthening Public-Private Cooperation

COM
IMPROV
OF



COMMITTED TO
AVING THE ST
THE WORLD

Centre for the Fourth Industrial Revolution and Its Global Network



By **Murat Sönmez**
Managing Director,
Head of the Centre for the Fourth Industrial Revolution Network

The World Economic Forum Centre for the Fourth Industrial Revolution in San Francisco completed its first full year of operation, focusing on shaping the governance protocols for Fourth Industrial Revolution technologies through an agile and global co-design and piloting effort involving leading businesses, governments, international organizations, academia and civil society.

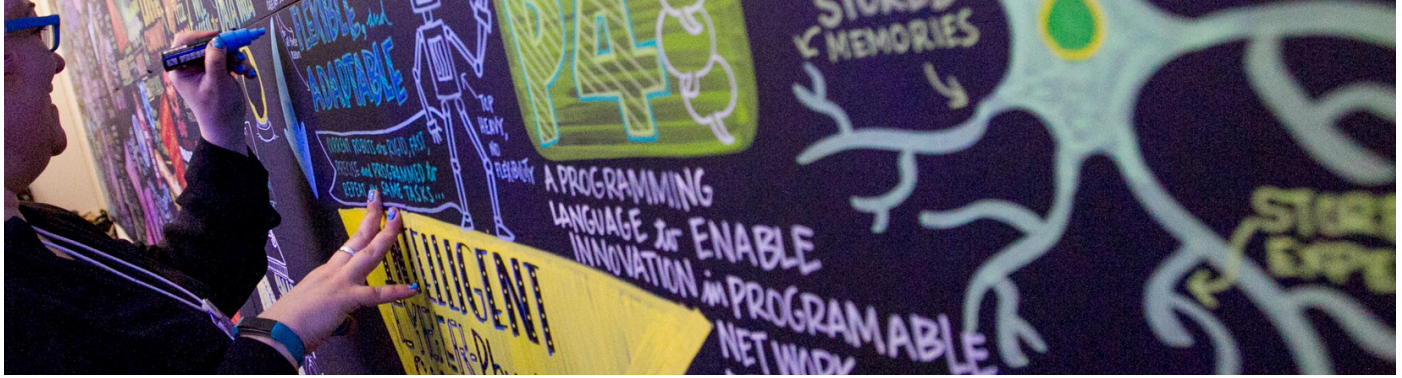
At the end of June 2018, over 40 full-time experts consisting of Forum employees and Fellows from partnering governments, businesses and academic institutions in eight project areas collaborated with more than 60 global companies and start-ups and 10 governments to ensure that the benefits of emerging technologies to the citizens and society are accelerated and the negative impacts are minimized. The Government of Rwanda became the first country to adopt performance-based national drone regulation as a result of the Forum's collaborative efforts, paving the way for a wide range of socially beneficial use cases, including the secure and safe delivery of medical supplies to remote clinics. Centre for the Fourth Industrial Revolution thought leadership pieces were well received, including *Blockchain Beyond the Hype: A Practical Framework for Business Leaders*, *Agile Governance: Reimagining Policy-Making in the Fourth Industrial Revolution* and *Artificial Intelligence Collides with Patent Law*.

Preparations continued to create a global World Economic Forum Centre for the Fourth Industrial Revolution Network, with San Francisco operating as the core and with additional Centres in Japan, operational in July 2018, and in India and China, planned for the second half of 2018. The work progressed in close collaboration with national governments and leading companies. These new Centres will provide a powerful global network effect by channelling lessons learned from rapidly developing, ageing and emerging economies, further accelerating the Centre for the Fourth Industrial Revolution Network's positive impact to citizens and society.

Due to strong demand from additional governments, the Network seeks to rapidly achieve global scope and scale by establishing Affiliate Centres around the globe, allowing an existing public institution to host a local Centre for the Fourth Industrial Revolution in strong partnership with government, business, academia and civil society. The launch of eight Affiliate Centres is envisioned.

In effect, the Centre for the Fourth Industrial Revolution Network will establish a new operating system for international technology governance and cooperation in the Fourth Industrial Revolution by creating an ongoing dialogue and working dynamic among government, corporate, scientific/academic and civil society stakeholders worldwide, as well as a growing body of practical experience that

demonstrates how such technologies can be governed in an agile, human-centred manner.



Projects

In the Centre for the Fourth Industrial Revolution Network, projects cover the following areas of technological innovation:

1. Artificial Intelligence and Machine Learning

The influence of artificial intelligence can already be seen in homes and across businesses, and is already affecting political processes. In its embodied form of robots, it will soon be driving cars, stocking warehouses and caring for the young and elderly. Rapid advances in machine learning hold the promise of solving some of the most pressing issues facing society, but they also present challenges such as inscrutable “black box” algorithms, unethical use of data and potential job displacement. As advances in machine learning increase the scope and scale of AI’s deployment, multistakeholder collaboration is required to optimize accountability, transparency, privacy and impartiality to create trust. Project areas include decision-making tools for corporate boards, protocols for government use of AI and standards for AI targeted at children.

2. Internet of Things and Connected Devices

There are more connected devices in the world today than humans. By 2020, the number of these devices is projected to exceed 20 billion, fuelled by continued technological advances and the plummeting costs of computing, storage and connectivity. As the internet of things continues to spread across all aspects of

day-to-day life and even become embedded in the human body, new policy frameworks and governance protocols are needed to address questions of security, data ownership, accuracy and privacy. Project areas include prioritizing security during the IoT design process, bolstering public privacy protections, advancing transparency and openness, and mobilizing market forces for equality.

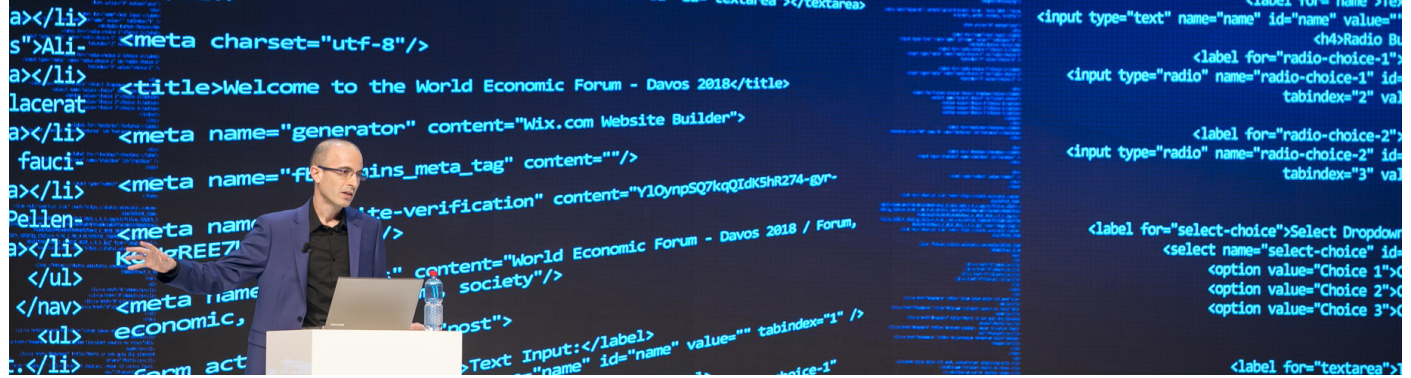
3. Blockchain and Distributed Ledger Technology

Blockchain, a relatively nascent technology that enables the decentralized and secure storage and transfer of information, has already proven itself to be a powerful tracking and transaction tool. It can minimize friction, reduce corruption, increase trust and empower users. Revolutionary use cases are being explored in almost every sector, ranging from finance to energy to shipping and media. The challenge is to unlock this potential in a way that ensures inclusion, safety, interoperability and scale. This project will work to advance the principles of good governance to support the infrastructure underlying, and the applications built on, distributed ledger technology. Project areas include digital identity and certification, supply chain integration, smart contracts, and currency and monetary systems.

4. Autonomous and Urban Mobility

As global urbanization grows, public- and private-sector leaders must launch new mobility solutions to address people’s needs, while minimizing increasingly complex social, economic and environmental challenges. Autonomous vehicles have the potential to improve road safety, decrease pollution levels, reduce congestion and increase traffic efficiency. However, this transition involves a disruptive industry shift bound to reshape public and private transportation.

Collaboration across industries and sectors is needed to jointly identify the best strategies for accelerating the adoption of autonomous mobility in a safe, clean and inclusive manner. This project provides a platform for city and business leaders to work together to understand and pilot autonomous and shared vehicle fleets – generating key insights, policy frameworks and governance protocols that can be scaled globally to transform urban mobility. Project areas include scaling insights from the City of Boston pilot project, developing citywide mobility and data management platforms, launching the New Mobility Coalition and building CityWeb, a knowledge platform for city transportation officials and leading executives.



5. Drones and Tomorrow’s Airspace

Unmanned aircraft systems, commonly known as drones, are democratizing the sky. Each day, participants in the drone ecosystem are discovering new uses for this transformative technology – from delivering packages and lifesaving medicines to photographing the world. Scaling up the use of airspace to enable millions of craft to fly safely will require smart government regulation and industry-driven standards for airspace management, physical infrastructure and privacy and data ownership policies. Project areas include new paradigms for drone regulation, drone delivery for remote populations, policies for drone-derived data, revised aircraft certification and protocols for medical delivery.

6. Precision Medicine

Precision medicine offers the opportunity to harness emerging technologies to tailor disease diagnosis and treatment to a specific person or population, improving outcomes and potentially lowering costs. This project aims to support the building and testing of policy frameworks to realize the benefits of precision medicine for society, while reducing risks. Project areas include generating evidence of precision medicine’s effectiveness, promoting data-sharing and related infrastructure, integrating a precision

medicine approach into clinical practice, exploring new approaches to regulation, pricing and reimbursement for diagnostics and treatment, and expanding patient and public engagement.

7. Digital Trade and Cross-Border Data Flows

Global e-commerce generated trillions of dollars in economic activity in 2017 and is growing exponentially. The free flow of data is essential to this growth and to scaling the societal benefits of the Fourth Industrial Revolution. These benefits range from providing small businesses everywhere with access to the global marketplace to making possible remote medical diagnosis and treatment in underserved communities. However, trade policy must evolve to empower new forms of digital commerce and cross-border data flows, addressing such challenges as outdated regulations, fragmented governance and strict data localization policies. Projects areas include developing a regulatory toolkit for e-payments, new policies for enabling e-commerce and a risk-based approach to data transfers, leveraging new technology to enhance data protection, future-proofing data policies and accelerating innovation in trade technology.

8. Fourth Industrial Revolution for the Earth

The well-being of human societies is intertwined with the environment. Natural resources fuel the growth of industries and economies, and the environment influences issues as diverse as health, natural disaster response and recovery, and food and energy security. Increasingly urgent global environmental challenges – such as climate change, the loss of biodiversity and ocean health – also need fresh solutions. This project aims to build and test governance frameworks to realize the benefits of technology for the environment and society, including understanding the environmental impact of new technologies while mitigating harm arising from their deployment. Project areas include employing blockchain technology for scaling renewable energy, exploiting environmental data for resilient communities and meeting the global demand for protein.



Other activities of the Centre for the Fourth Industrial Revolution Network

Global Fourth Industrial Revolution Councils

In addition to supporting practical policy innovation by governments and industries through its project activity, the Centre for the Fourth Industrial Revolution Network provides a global platform to share experience, identify best practice and potentially align policy approaches among them through its Global Fourth Industrial Revolution Councils.

The Global Fourth Industrial Revolution Councils aim to:

- Identify governance gaps in public policy or private practice that would benefit from multistakeholder development of policy frameworks or governance protocols
- Create a structured, informal process among leading policy-makers, practitioners and experts to share information, experience and lessons from innovative policy and governance experiments around the world, shaping the trajectory of emerging technologies
- Provide strategic guidance to the Centre's projects and feedback on the specific policy frameworks and governance protocols it produces
- Serve as early adopters and ambassadors to test, refine and improve the interoperability of

Fourth Industrial Revolution policies and protocols

Portfolio of Global Fourth Industrial Revolution Councils:

- Global Artificial Intelligence Council
- Global Autonomous Vehicle Council
- Global Blockchain Council
- Global Drone Council
- Global Internet of Things Council
- Global Precision Medicine Council

These Global Councils will be formed in the second half of 2018 and will initiate their activities at the World Economic Forum Annual Meeting 2019.

Centre for the Fourth Industrial Revolution Academic Fellows

Centre for the Fourth Industrial Revolution Academic Fellows are post-doctoral researchers who are conducting leading academic work in projects related to the Fourth Industrial Revolution.

Through a two-year programme, the first year at the Centre for the Fourth Industrial Revolution in San Francisco and the second on campus at a leading university, the Centre for the Fourth Industrial Revolution Academic

Fellows ensure that leading academic research is also represented in the Centre for the Fourth Industrial Revolution Network portfolio of projects.

Five such fellowships were launched under the André Hoffmann Fellowship programme, allowing researchers in the areas of oceans and precision medicine to engage with the Centre for the Fourth Industrial Revolution through a five-year programme in collaboration with Stanford University.

The capacity for the participation of 10 fellows will be created in the second year of the programme. Discussions with leading academic institutions are under way to propose additional Centre for the Fourth Industrial Revolution post-doctoral research fellowships.

Centre for Cybersecurity



By **Troels Oerting Jorgensen**
Head of the Centre for Cybersecurity

The World Economic Forum established the Centre for Cybersecurity this year to recognize the centrality of security and resilience in ensuring the sustainability of the institutions that support our governments and businesses. The Centre mobilizes the capabilities of a wide-ranging network of

partners, encompassing businesses, governments, international organizations, academia and civil society, to shape the future of cybersecurity. It further acts as a platform to enhance members' security while enabling global cybersecurity and resilience. Its mission is to lead a coordinated

defence of the global engines of innovation, prosperity and growth, and to support the resilience of the institutions upon which economies and society rely.

While digital connectivity plays a pivotal role in enabling innovation and prosperity across the world,



increasing cyberthreats present a major roadblock in the path to progress. Cybercriminals take advantage of this borderless playing field and the lack of trust among nation states, corporations and global law enforcement to build their criminal enterprises and launch attacks against their targets with limited risk and retribution.

Current efforts to contain cybercrime, while essential, remain insufficient, and the global impact of cyberthreats continues to grow. Without efficient and standardized cybersecurity designs for safer products and services, consumers and corporations depend on solutions that do not ensure the safety of our shared digital networks. Additionally, the dependence on cyberspace requires developing strong and systemic cyber hygiene, practices and culture, as well as policies and norms that support security and resilience.

The global threat of cyberattacks requires a powerful global response. This response is aimed at three overarching goals:

1. Reduce the global attack surface by creating global security standards, policies and practices, and promoting and implementing security by design
2. Contain current and future cyberattacks globally by boosting cooperation and information sharing
3. Deter cybercrime by increasing the risk of participating in illegal activities through greater collaboration between public and private partners

Since these goals require skilled expertise, building human capital

and knowledge both in business and in government institutions is a key dimension underpinning the Centre's work.

To achieve these goals and foster trust and cooperation globally, the Centre builds partnerships with public and private actors to act as a force-multiplier to develop cutting-edge knowledge and tools and implement training and education globally. To facilitate this work, the Centre has developed the following work streams to generate projects, partnerships, information sharing and tools to support action on cybersecurity and resilience:

- Foster global governance: support governance at the enterprise, regional and international levels, including developing effective risk management practices, and working with partners and governments to shape effective cyber-regulations and policy
- Stimulate efforts to reduce cybercrime: organize and convene efforts to restrain cybercrime organizations through enforcement and restricting access to “easy money”
- Facilitate global cyber crisis management: increase our partners' internal readiness and build up global capacities to handle global cyber crises
- Anticipate future threats and risks: project future cyber-risks and work with partners to address and respond to these risks at the global, industry and organizational levels
- Develop a global cybersecurity workforce: connect partners and relevant stakeholders to actively

build the future cybersecurity workforce to meet human capital needs

The Centre is governed by the foremost cybersecurity experts. They provide advice, guidance and validation throughout the Centre's work to shape the future of cybersecurity:

- Global Cybersecurity Board: comprised of the foremost leaders of companies and government bodies, this group helps shape the agenda of the Centre itself.
- Global Cybersecurity Expert Committee: comprised of top experts in cybersecurity and emerging technologies, this group oversees work towards the Centre's three goals and validates its efforts.
- Global Cyber Security Rapid Reaction Task Force: comprised of a worldwide network of specialists crossing technologies and geographies, this group leads a global response to systemically important cyber incidents.

The Forum will gather the foremost cybersecurity experts from the private and public sectors and civil society every year at the Annual Meeting of the Centre for Cybersecurity.

Our Core Functions

Advanced Technology

Decision Medicine

Dr. Harrison, Tolu Oni, Genya D. ni



Our Multistakeholder Communities

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



Civil Society

Civil society is critical in framing and advancing public good. Its involvement in multistakeholder efforts is crucial to ensuring accountability, garnering public trust and promoting inclusive processes. The World Economic Forum's integration of civil society communities in all its activities reflects its commitment to human-centred, positive social change to strengthen the effectiveness and coherence of global governance. Non-governmental organizations, faith-based institutions, labour unions and new kinds of mission-driven organizations are valuable facilitators, advocates and innovators. Often serving vulnerable populations, they help assess the impact of accelerating technological development on accountability, fairness and other societal values.

The Forum initiative, Preparing Civil Society for the Fourth Industrial Revolution, acts as a mechanism to accelerate impact, practice and responsibility among civil society and social good organizations responding to digital and emerging technologies. Throughout 2017-2018, civil society leaders continued to articulate the perspectives of citizens and communities during Forum activities. Their deep engagement and support remained essential to ensuring that the Forum's multistakeholder activities and initiatives achieve tangible and positive outcomes. In particular, civil society organizations spearheaded new initiatives, including the United for News coalition. It aims to support existing and new local independent news and information organizations, foster the economically viable creation and distribution of quality content, and increase the positive impact of this

content on the well-being of native businesses, government and citizens. Civil society has historically been a dedicated and committed problem-solver, but it, too, needs to adapt to the reality of rapidly changing and interconnected challenges posed by digital and emerging technologies. The sector must also participate in the governance of these technologies as it continues its work. The Forum thus facilitated a gathering of NGOs, trade unions, religious leaders and private-sector executives on advancing non-profit impact, practice and responsibility in the Fourth Industrial Revolution.

Community of Chairmen

This year, the Community of Chairmen focused on the dynamic geopolitical environment that is driving boards and chairs to transform their businesses more radically and rapidly than ever before. At the same time, balancing the short- and long-term interests of the company, its stakeholders and society at large is the modern dilemma of boards and an area they continued to explore.

At the Community of Chairmen Annual Retreat on 20-22 April 2018, the Community's flagship event, and at the World Economic Forum Annual Meeting 2018, discussions on the implications of the technological revolution on business and society took place with experts from the field. They explored the technologies that will revolutionize business and society in the future – blockchain and AI, among others. With the increased risk of cyberattacks, cybersecurity is also a critical subject for boards and chairs. During their discussions over the year, the Community of Chairmen brought this important topic to the next level, and took into account the

set of best practices developed by the Forum for chairs and boards to ensure cyber-resilience, as well as the outcomes of a real-time cyberattack simulation that was designed especially for them. This helped to put the theory into practice.

Community of Philanthropic Organizations

Launched in 2013 to recognize the influence and expertise of foundations, the Community of Philanthropic Organizations comprises prominent actors in the philanthropic arena. 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 2017-2018, Community members and partners affirmed their intention to convene on a regular basis for closer collaboration, in particular to accelerate progress on the 2030 Agenda for Sustainable Development.

Cultural Leaders

Cultural Leaders leverage the Forum's platform to help create cultural change around the big issues of our time. Artists in all disciplines, historians, educators, indigenous leaders, sports leaders and cultural institutions collaborate with the Forum to forge new alliances across sectors, speak truth to power and create inclusive narratives that change hearts and minds. With the Forum, they co-develop debates on key cultural issues, ranging from identity politics to values in the Fourth Industrial Revolution, to breaking taboos and bias on gender, race

and disability; they co-create and present world-class performances that foster community-building, as well as topical installations and exhibitions that spark awe and new ideas; and they co-produce socially-engaged projects that have a direct influence on people's lives, such as the extremely successful first international tour of the Afghan Women's Orchestra in 2016, whose impact endures.

In 2017-2018, the Cultural Leaders continued their integration into the Forum's governance structures, adding their specific ways of perceiving the world and challenging conventional wisdom to governing boards across the organization. Notably this year, the American rapper will.i.am joined the Advisory Board of the Centre for the Fourth Industrial Revolution in San Francisco.

Family Business Community

The World Economic Forum Family Business Community is a select group of leading family business owners, united in their commitment to create long-term economic and social value. It offers members a trusted space for dialogue and cooperation, helping them to understand the global forces that are driving change as they strive to enhance the competitiveness of their family company in times of internal and external disruption, and to prepare the next generation to lead in a constantly evolving global context.

The Family Business Community also involves a group of particularly dynamic next generation game-changers who are committed to leading innovative activities that add value to their family businesses and to society.

This year the Community focused on challenges linked to agility, responsibility and family at its Annual Retreat, at the San Francisco Next Generation Meeting, at the Family Business Community London Meeting, at a Harvard Kennedy School programme on Impact Investing for the Next Generation with Social Entrepreneurs from the Schwab Foundation for Social Entrepreneurship and at Community events.

International Business Council

The Fourth Industrial Revolution was the key focus of the International Business Council over the past year, whose objective was to effect systemic change to proactively manage the transformation of business around the globe. This holistic approach required thought leadership from a range of actors, as well as resources, multistakeholder collaboration and interactions, facilitated by the exchange of best practices.

As organizations' obligation to build cyber-resilience increases, Council members discussed opportunities to collaborate with key policy agencies to promote public-private cooperation, share information and exchange best practices, as well as manage crises. The members welcomed the Forum's leadership and the Centre for Cybersecurity's efforts to address cyber knowledge, create new cyber-risk governance tools for executives, and expand information sharing between the public and private sectors on cybersecurity policy issues.

Balancing short- and long-term pressures remains an important dilemma facing CEOs. The Council

engaged with leaders of the investment industry and reviewed a framework and methodology to sustain long-term thinking and measure success, elaborated by a working group of International Business Council members seeking to reduce the frequency of reporting but increase transparency.

For the first time, members of the International Business Council, the Community of Chairmen and the Family Business Community met for a Chairperson, CEO and Owner(s) Conversation. There is no correct way to divide responsibility between the three (the chairperson, chief executive officer and business owner), but the long-term success of a company and its benefit to society depend on the confidence these leaders have in one another, their strategic alignment and common understanding of a company's culture, marketplace and development in the broader landscape.

Society and Innovation

Over the past year, reflecting on the effects of the Fourth Industrial Revolution, the Forum continued to help stakeholders navigate between new technologies, economic progress and social impact at the national and global levels. The Forum's ongoing intellectual leadership in this area – launched by Klaus Schwab's 2016 book, *The Fourth Industrial Revolution*, and extended with the 2018 publication of *Shaping the Fourth Industrial Revolution* – is catalysing a wealth of collaboration among social, government and industry leaders on disruptive business models, novel research and new forms of technological governance.

In support of these efforts, the Forum's Society and Innovation team, working with the Centre for the Fourth Industrial Revolution Network, developed a range of analytical frameworks and practical approaches for leaders interested in designing, deploying or governing truly human-centred emerging technologies. In 2017, the Forum launched a series of cross-cutting, strategic dialogues and research efforts on four key topics: civil society preparedness, agile governance, technology and development, and values and ethics. By treating technology as an integral component of our social framework and as representative of a diverse set of human values, the Forum is committing to helping leaders take a systemic, nuanced and agile approach to grasping the benefits and averting the risks associated with the Fourth Industrial Revolution.

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 2018, 61 new Technology Pioneers were selected to join the community. A few examples include Apeel Sciences (USA), which develops plant-derived technologies to reduce food waste; Pymetrics (USA), which matches talent to opportunity using neuroscience games and AI; and Horizon State (Australia), which enables efficient and secure vote casting.

Technology Pioneers come from all over the world, including Bangladesh, Brazil, China, India, Indonesia, Kenya and Morocco, as well as Australia, Canada, France, Germany, Israel, New Zealand, Sweden, Switzerland, the United Kingdom and the USA. Their diversity is apparent in the following additional examples: Bangladesh-based ME SOLshare, which democratizes energy by developing peer-to-peer microgrids; Kenyan-based CarePay, which is developing an inclusive platform for health financing and delivery in Africa; Brazilian-based Agrosmart, which makes agronomic models based on genetics, soil type and microclimate data; Precognize (Israel), which is developing predictive maintenance software for the process industry; and BenevolentAI (United Kingdom), which is developing and applying AI for scientific innovation.

The leadership of the 2018 Technology Pioneers is gender diverse, with 25% of companies co-founded by women. Examples include Viola Llewellyn, Co-Founder and President of Ovamba Solutions, who built a \$500 million life insurance investment fund before co-founding Ovamba; Diana Paredes, Chief Executive Officer and Co-Founder of Suade Labs, who had a successful career in investment banking before applying her expertise to financial regulation as a service; and Elizabeth Rossiello, Chief Executive Officer and Founder of BitPesa, who is an advocate of blockchain technology in emerging markets and financial innovation across frontier markets.

At the Forum Members and Technology Pioneers CEO Workshop on 20-22 March in San Francisco, the communities and experts debated the recent dramatic changes in the global context, the management

of complexities while responsibly embracing the Fourth Industrial Revolution and the application of systems leadership to ensure long-term success.

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. The community represents more than 19 nationalities drawn from all continents, with full gender parity.

In 2018, following extensive consultations with researchers and ethicists, the Young Scientists launched a universal Code of Ethics for researchers. It serves as a tool to nurture a positive change of culture in the research world by not only guiding and shaping the behaviour of individuals but also the processes of the scientific institutions that are to facilitate this cultural shift. Supported by *Nature* journal and many researchers around the world, this project will continue to adapt to a constantly evolving research reality.

Business Engagement



By **Olivier Schwab**
Managing Director,
Head of Business Engagement



The World Economic Forum builds deep, involved relationships with the world's most important companies and strives to maximize their engagement through the Forum's diverse communities and initiatives. Over the past year, the Forum's Partners community grew by 6%, bringing the total of highly engaged, leading companies to over 670.

Regional diversity continued to be a priority, with approximately one-third of Partners headquartered in Europe, one-third in North America and one-third in other parts of the world. The Asian and particularly the Chinese Partner segment grew rapidly due to sustained engagement with the leading emerging champions.

Forum Partners continued to engage through the 14 System Initiatives, the industry communities, particularly through the governors peer groups, as well as through the regional work. As part of the Vision 2020 strategy to more effectively involve the most relevant business community, the engagement model was revised, and the System Initiatives and industries were brought under the umbrella of the Forum's relevant Centre, opening up the opportunity for potential Partners to engage in a more focused manner. Henceforth, companies will be able to engage in project-specific work related to their area of interest, for example on the circular economy in the Centre for Global Public Goods.

At the forefront of new partner development is the Centre for the Fourth Industrial Revolution Network, launched in the Spring of 2017 in San Francisco, USA. In the year since its creation, it has attracted over 60 Centre Partners and Centre Members. Together with government partners, Centre Partners work

to develop governance principles and protocols for Fourth Industrial Revolution technologies. The Forum continues to actively attract Partners to the Centre and its global Network, which functions as a pillar for Forum engagement beyond the Annual Meeting in Davos-Klosters and other major events.

With this additional pillar, the Forum is now able to offer Partners more flexible and customized engagement opportunities, tailored to their needs.

In parallel, the Forum continued to develop a programme for medium-sized, high-growth companies and regional leaders: Forum Members. They convened primarily at the Annual Meeting of the New Champions in China and at regional gatherings. At these meetings and throughout the year, dedicated workshops on technology and innovation were developed to understand how these emerging leaders transform industries and the business ecosystem in their country or region.

In addition, Business Engagement comprises two unique business-led communities that particularly represent the spirit of the Forum. The first is the Family Business Community, which consists of the owners and operators of some of the world's leading family-run businesses. In its fifth year of existence, the community focused on how family companies respond to the world's challenges, with particular emphasis on integrating the next generation of business owners and preparing them for leadership in a fractured world.

The second is the Partnering Against Corruption Initiative (PACI). Over the past 14 years, PACI has

become the leading business voice on anti-corruption. Over 90 of the world's most influential CEOs signed the PACI principles, which include championing zero tolerance of corruption across their organizations and supply chains, and which act as a stimulus to join collective action initiatives that increase public trust in business, deliver fair markets and level the playing field.

Public Engagement



By **Adrian Monck**
Managing Director,
Head of Public and Social Engagement

The World Economic Forum's public engagement ensures that the organization's activities are transparent and strengthen its legitimacy by involving the public at large in its discussions. Our digital media channels and the power of our broadcast and print media relations provide our community and the global public with an unrivalled platform for the amplification and debate of serious global issues.

The public engagement strategy has two interdependent pillars: to build world-class relationships and maintain continuous contact with the most relevant broadcast and print journalists worldwide, and to build globally competitive content channels

that reach a mass audience through intelligent, volume publishing and social media operations. The Forum's digital publishing activities on the web and social media are designed to attract a global audience by providing an in-depth yet accessible flow of content offering insight into topics and challenges that occupy leaders' attention. 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.

The results of this strategy are clear: the World Economic Forum is

mentioned more often in broadcast and print media, and has a larger digital and social media footprint than any other international organization.

This year saw numerous achievements across our public engagement operations. Within a year of its opening, the Centre for the Fourth Industrial Revolution in San Francisco was established as a go-to place of expertise and media commentary on issues ranging from drones to AI to blockchain. An early focus on media outreach secured its status as a recognized platform for regulatory, ethical and economic questions on the tidal wave of change being ushered in by the Fourth Industrial Revolution.



The Centre for Cybersecurity also began its work with a strong footprint in trade and business media to support reaching out to new partners in the private and public sectors. New, publicized collaborations with leading academic institutions and law enforcement agencies further strengthened the profile of the new Centre. The build-up of strong relations with cyber- and infosec-media will help to firmly place the Forum in the cybersecurity space.

A media campaign to support the reorientation of the Forum presence in Japan, followed closely by the launch of the Centre for the Fourth Industrial Revolution Japan, helped the Forum to enhance its coverage in the world's third largest economy.

Institutionally, the Forum's Public Engagement team nudged the international media to promote diversity by proactively supporting and requesting female voices for panels, moderation and roles at Forum events. The team also worked actively to balance gender contributions on the Forum's media channels by actively commissioning female economists, scientists and social activists as authors.

The Forum advanced its role as an essential public engagement platform for its Strategic Partners community by successfully shifting from an events-driven approach to year-round engagement. With unprecedented media and social media activities around the Industry Strategy Meeting, shaping the industry agenda was extended beyond the Forum's constituents to a larger audience of business and industry leaders.

This year, the Forum's digital publishing platform experienced

impressive growth across both social media and website audiences, with particular success in reaching younger people in emerging economies. The Forum accrued more than 1 billion views of its Facebook videos in the year to 30 June. Video content is now being created for the LinkedIn network, where the Forum's presence is growing rapidly (topping 500,000 at the end of the financial year) as it is on Twitter and Instagram.

The Forum introduced live captioning on session video streams at the World Economic Forum Annual Meeting 2018, and the #sharedfutures campaign broke new ground in connecting global citizens to Annual Meeting participants via Instagram video question-and-answer exchanges. Over 5% of participants directly answered a question from a member of the global public. As one of the largest non-sporting media events in the world, this year's Annual Meeting was a record-breaking gathering for media coverage, with more than 217,000 media mentions globally. Webcast views of the Annual Meeting session coverage totalled over 21 million on the website alone. A concerted focus to adapt and create content specifically for local consumption resulted in growth in coverage of our regional meetings.

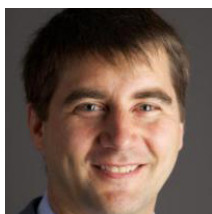
French- and Japanese-language sites were added to the Forum's portfolio of websites and a new section – Our Impact – was introduced to highlight Forum activities.

These measures combined resulted in 26% growth in traffic to the Forum's website, with 4.9 million unique users visiting the site each month.

In 2017-2018, the World Economic Forum publicly published 28 reports and 53 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 4,500 articles last year, contributed by Forum constituents as well as reposted from a network of around 170 third-party content partners. In addition, the Forum's globally acknowledged indexing reports generated high public recognition. *The Global Gender Gap Report 2017* was downloaded 115,000 times from the Forum's website and was mentioned some 12,000 times in the global press, bringing the Forum over \$63.1 million in publicity value of the publication. *The Global Competitiveness Report 2017-2018* was downloaded 93,000 times and received over 16,000 mentions, earning approximately \$47.6 million in publicity value.

The 2017-2018 year put the Forum's public engagement activities on an unprecedented firm footing, reinforcing the Forum as the top platform to engage the public on the most significant global challenges.

Strategic Intelligence



By Jeremy Jurgens
Managing Director,
Head of Industry Agendas and Knowledge Engagement



The Forum's strategic intelligence capacity expanded in scope and sophistication in 2017-2018. It has become a core pillar of the overall institutional positioning as the global platform for public-private cooperation, and it complements the Forum's events and public engagement.

Transformation Maps, covering 126 topic areas and synthesizing the collective intelligence of the Forum's network, are at the heart of this capacity. They are co-curated with leading universities, think tanks and international organizations, including the Massachusetts Institute of Technology, the University of Oxford, Yale University, the Inter-American Development Bank and the International Organization for Migration. They also incorporate research and analysis from leading research institutions around the world, which is automatically scanned, summarized and classified based on a proprietary machine learning capacity. Currently, the system analyses more than 1,000 reports and articles a day in five languages from over 200 sources, including the Brookings Institution, Bruegel, Carnegie India, Chatham House, Harvard Business School and others.

New Transformation Map features were introduced during the year, such as short explainer podcasts featuring the co-curators of the maps, and the enhanced ability to customize maps for individual organizations or projects. In addition, trends and signals derived from the large body of knowledge accumulated through the machine-curated knowledge feed can be displayed – one of the advanced features offered to Partners as part

of a digital knowledge engagement programme.

In line with the Forum's mission to promote a global and informed discussion on global issues, a public version of the Transformation Maps was launched at the Annual Meeting of the Global Future Councils 2017 in Dubai. Interest in the public maps was significant, and over 60,000 public users signed up in the first six months.

The Forum also continued to refine and equip its expert communities to ensure engagement of the highest quality with them, in the service of the Forum's overall strategic goals.

Since their creation in 2008, the World Economic Forum Global Future Councils have contributed significantly to our forward-looking agenda, providing more than 370 Agenda articles and 35 podcasts exploring the intersection of the Fourth Industrial Revolution and global systems.

The Forum's Expert Network, a 5,000-strong community of leading thinkers and practitioners across all the issues covered by the Transformation Maps, is increasingly using the digital platform to share research, comment on developments and engage with one another to explore issues in greater depth. In addition, the Forum's academic engagement through the Global University Leaders Forum (GULF) and other university collaborations continued to strengthen, with an engagement framework centred around these new strategic intelligence capacities.

People and Culture



By **Emma Benameur**
Head of People and Culture

At the World Economic Forum, we want to hire and engage the world's most passionate and purpose-driven individuals. Key achievements and initiatives from the past year to achieve that objective included focusing on acquiring talent for the new Centres. The Centre for the Fourth Industrial Revolution in San Francisco had 39 highly talented individuals, 25 women and 14 men, a little over a year after its launch. It grew fast with 62% of the team hired in the course of the year and 18% through internal mobility. 15% of the talent are secondees, bringing profound expertise in AI, machine learning, blockchain and digital policy from public- and private-sector partners.

The Forum's Japan office comprised five employees at the end of the fiscal year. Additionally, in partnership with the Asia Pacific Initiative and Japan's Ministry of Economy, Trade and Industry, the Forum opened the Centre for the Fourth Industrial Revolution Japan in Tokyo. Centres in India and China are being established, adding further talent to the global team of staff and secondees.

The Forum engaged 39 secondees from 25 organizations, of whom 15% are working with the Centre for the Fourth Industrial Revolution Network, representing diverse profiles of organizations from government, consulting, industry, technology and financial services.

The Forum also created a Global Leadership Institute to shape the future of learning and leadership in this era of fast-paced technological change. The Institute aims to help develop the mindset, skills and tools needed to be a leader in times of disruption and to drive systems-level change through public-private cooperation.

A core pillar of the Global Leadership Institute is the Global Leadership Fellows programme. It prepares future leaders through on-the-job learning, academic training, and individual development and coaching. In 2017, 19 Fellows from 15 nationalities were admitted from among more than 2,500 candidates.



The World Economic Forum comprises diverse and exceptional individuals from all walks of life. The numbers displayed on the right highlight some key people measures at the Forum.

Our employees are at the heart of the Forum's ability to serve its communities and fulfil its mission. To stay at the frontier of today's rapidly changing global environment, the Forum continues to shift towards a more adaptive and dynamic ecosystem of talent. Creating more agile and flexible people and culture practices, supported by the latest technologies and tools, is a strategic priority.

726

staff are employed globally. Secondees are also engaged from more than 25 partner organizations to collaborate on specific projects.

The Forum employs exceptional people, including secondees from partner companies and organizations.

83

nationalities from all continents are represented at the Forum, across five office locations (Geneva, New York, San Francisco, Beijing, Tokyo).

Diversity is integral to the success of the Forum.

57%

of employees are female, with 40% of leadership positions held by women. The Forum proactively strives to improve gender representation at the leadership levels.

Gender diversity is embedded in the culture of the organization.

38,000

candidates applied for positions last year. For each open position, on average 170 applications are received.

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

224

new employees joined last year from the private and public sectors, as well as from NGOs, academia and the media.

The Forum recruits individuals from all walks of life, who want to make a difference for our communities.

123

Global Leadership Fellows (GLF) work at the Forum, with nearly 30% of leadership positions held by fellows who graduated from the programme.

Our Global Leadership Institute prepares future leaders for a complex and ambiguous world. The Forum also invests in the development of all staff through continuous learning opportunities.

21%

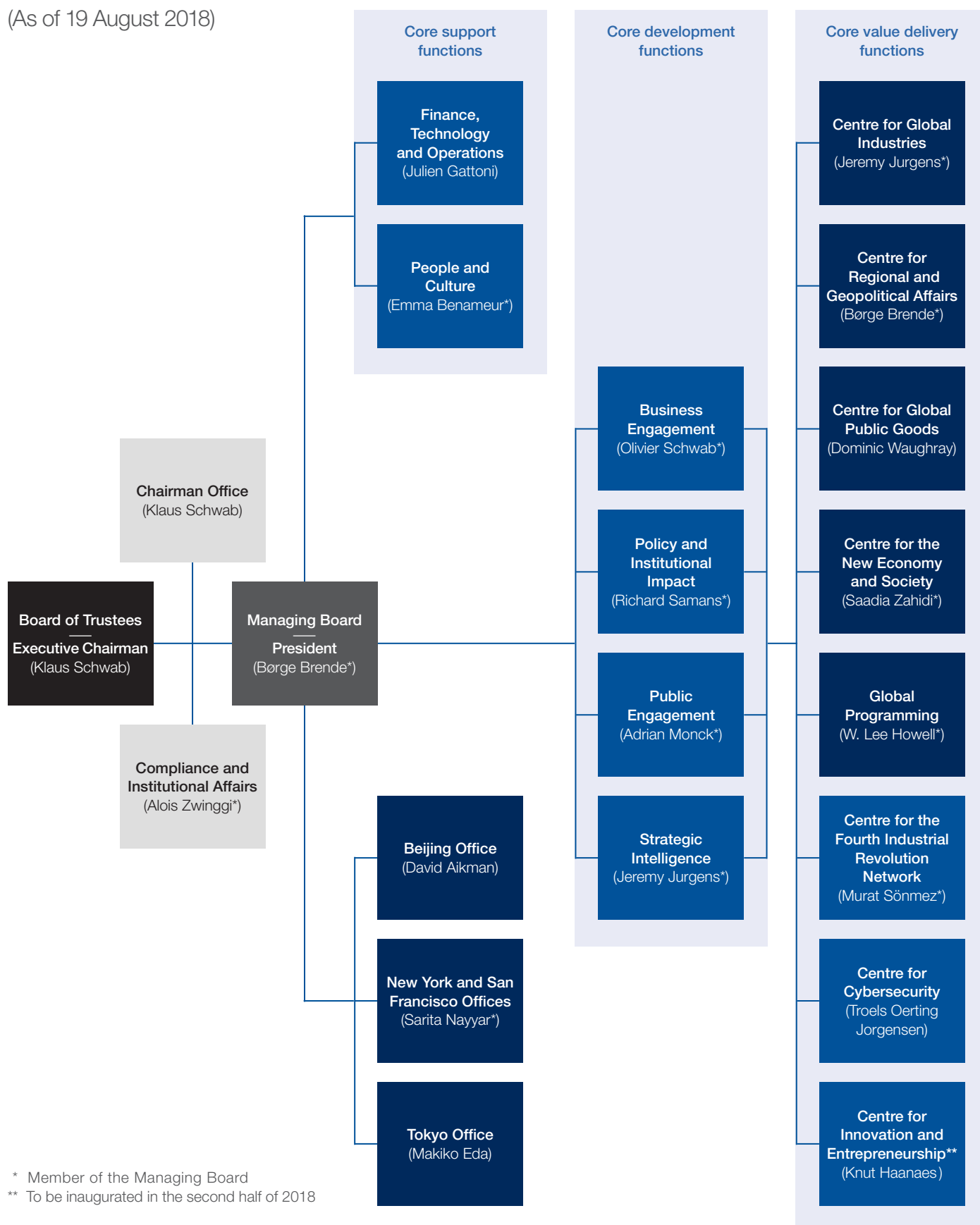
of employees take on greater responsibilities or new roles within the organization every year.

9%

of employees left last fiscal year. The Forum supports internal and external career development. On average, employees stay with the Forum 4.6 years.

Organization of the World Economic Forum

(As of 19 August 2018)



* Member of the Managing Board

** To be inaugurated in the second half of 2018

Heads of the Major Organizational Functions of the World Economic Forum

Top Row: **Troels Oerting Jorgensen**, Centre for Cybersecurity; **Knut Haanaes**, Centre for Innovation and Entrepreneurship; **Murat Sönmez***, Centre for the Fourth Industrial Revolution Network; **David Aikman**, Beijing Office; **Jeremy Jurgens***, Centre for Global Industries & Strategic Intelligence, **Dominic Waughray**, Centre for Global Public Goods
Middle Row: **Alois Zwinggi***, Compliance and Institutional Affairs; **Julien Gattoni**, Finance, Technology & Operations; **Emma Benameur***, People and Culture; **Adrian Monck***, Public Engagement & Social Engagement; **Olivier Schwab***, Business Engagement.
Front Row: **Lee Howell***, Global Programming; **Richard Samans***, Policy and Institutional Impact; **Saadia Zahidi***, Centre for the New Economy and Society; **Makiko Eda**, Tokyo Office; **Sarita Nayyar***, New York and San Francisco Offices; **Børge Brende***, President.

* Member of the Managing Board



Finance, Technology and Operations



By **Julien Gattoni**
Chief Financial Officer
Head of Finance, Technology and Operations



The Forum's Finance, Technology and Operations team supports the Forum with responsibility for finance, controlling, procurement, general services, hospitality and technology. We deliver a cost-effective, client-focused infrastructure for all Forum locations.

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. We develop and maintain an integrated institution-wide financial accounting system, with appropriate financial reporting and internal control. We provide leadership for the strategic planning, performance reporting, budget analysis, justification, control and reporting of all functions.

This year we built on the consolidation of Forum operations into OneForum that took place in 2016-2017, focusing on providing flexible and agile systems that could support the fast growth in particular of the Centre for the Fourth Industrial Revolution Network, as well as the re-establishment of our Japan office and its integration with Forum governance and operations. We continued to improve the "quote-to-cash" systems that automate our contract management processes and reinforced our data analytics capacities to enable more effective data-driven decision-making. Increases in direct funding contributions encouraged the development of a robust grant management process.

Our General Services team focused on providing the foundations for continued growth of our headquarters operations and capacity in Geneva, in particular new infrastructure and workspaces, and the planned construction of a new building extension.

In the Technology arena we have continued to evolve TopLink (www.toplink.org) to become the virtual platform for the engagement of our constituents. We launched the Transformation Maps to the public, attracting some 60,000 subscribers in the first few months. Our new Engagement Viewer allows Partners to visualize all their points of engagement with the Forum.

We enhanced the event registration experience, allowing for one-click registration and instant confirmation. In the mobile space, we combined the previous Knowledge App with the Events App to become the single TopLink App, providing a single point of entry for our digital services around communities, events and knowledge. Internally, we have revamped our system to provide colleagues with a state-of-the-art user interface and introduced new ways of sharing documents.

We supported the creation of the new Centres on the technology side, adapted to the new regulations regarding data privacy (GDPR) and finally, are investing in and monitoring all aspects of cybersecurity in the best security interests of the Forum.

Social Engagement through Our Foundations



By **Adrian Monck**
Managing Director,
Head of Public and Social Engagement



The World Economic Forum supports three independent foundations to serve as catalysts for next generation leaders and entrepreneurs to play an active role in improving the state of the world.

With a worldwide presence and over 10,000 members altogether, the Global Shapers Community, the Schwab Foundation for Social Entrepreneurship and the Forum of Young Global Leaders integrate the energies and skills of community members into Forum activities and projects.

In 2017-2018, over 1,500 Global Shapers, Social Entrepreneurs and Young Global Leaders (YGL) brought their insights and influence to World Economic Forum meetings. At the Annual Meeting 2018 alone, over 100 members of the Foundations served as panellists and moderators in the official programme, providing their expertise on a range of diverse topics. Watched by 35 million viewers, members met with Jack Ma, Executive Chairman of Alibaba Group, to discuss the role of young people in society.

Global Shapers Community

The Global Shapers Community is a network of inspiring young people under the age of 30, working together to address local, regional and global challenges. With more than 7,000 members, the community spans 377 city-based Hubs in 158 countries as of June 2018.

In each city, teams of Shapers self-organize to create projects that address the needs of their community. Projects are wide-ranging – from responding to disasters and combating poverty, to fighting climate change and building

inclusive communities. Shapers are diverse in expertise, education, income and race, but are united by their desire to bring about change.

Shapers look for opportunities to have impact on a global scale by joining forces with other Hubs. They represent a network of peers connected through TopLink, the Forum's digital platform, and through events and joint projects.

In September 2017, Klaus Schwab challenged Shapers around the world to evaluate their city's preparedness for the Fourth Industrial Revolution and to make recommendations that could improve their city's readiness for change. They consulted with local governments, institutions and representatives of civil society before submitting over 100 Hub proposals. Shapers representing the top proposals were invited to Geneva to present their ideas to Schwab and Forum experts, exhibiting the important role young people can play in shaping their city's future.

At the Annual Meeting 2018, Shapers kicked-off a year-long partnership with Procter & Gamble after meeting with Carolyn Tastad, Group President for North America. Together they launched a call to action for solutions to gender inequality. Over 100 Hubs submitted their solutions with five winning Hubs sharing a \$100,000 grant to bring their ideas to life. As part of the campaign, Shapers sparked a social media conversation on the need to challenge the status quo. #WeSeeEqual has reached over 1.5 million people to date.

Board members

Klaus Schwab, Founder and Executive Chairman, World Economic Forum

Jaideep Bansal, Leader, Energy Access, GHE, India

Layla Dong, Founder, Blockshine Communication, People's Republic of China

Maria Teresa Kumar, President and Chief Executive Officer, Voto Latino, USA

Jack Ma, Executive Chairman, Alibaba Group, People's Republic of China

H.R.H. Mette-Marit, Crown Princess of Norway

Fahd Al-Rasheed, Group Chief Executive Officer and Managing Director, King Abdullah Economic City, Saudi Arabia

David M. Rubenstein, Co-Founder and Co-Executive Chairman, Carlyle Group, USA

Schwab Foundation for Social Entrepreneurship

The Schwab Foundation for Social Entrepreneurship supports a network of more than 350 late-stage social entrepreneurs. By providing an unparalleled global platform, the Foundation's goal is to highlight and scale leading models of social innovation.

The Foundation helps strengthen and grow the field of social entrepreneurship by showcasing best-in-class examples, models for replication and practitioner-oriented research.

Several inspiring impact stories were highlighted at the World Economic Forum Annual Meeting 2018. Social Entrepreneur Chetna Sinha, one of the Meeting Co-Chairs and Founder of the Mann Deshi

Foundation, is dedicated to the economic empowerment of rural women in India. The Foundation started India's first bank run by and for women, established business schools providing women with entrepreneurial skills, and initiated a community development programme focused on water conservation. It has supported 400,000 women and aims to reach 1 million by 2022 through a new fund launched at the Annual Meeting.

Raj Panjabi, Chief Executive Officer of Last Mile Health, and Chuck Slaughter, Founder of Living Goods, announced a \$50 million collaboration to deploy 50,000 community health workers to deliver quality care door-to-door to 35 million people. Working in close partnership with African governments, this initiative will reinvent primary healthcare by leveraging the disruptive power of mobile technology to empower thousands of health workers at a fraction of the cost of deploying doctors or nurses.

Gonzalo Muñoz, Co-Founder and Chief Executive Officer of TriCiclos, launched a partnership with the Ellen MacArthur Foundation to improve the circular economy in Chile. The Chilean initiative will involve collaborative action and commitment by businesses, industry, governments, local authorities and NGOs to eliminate unnecessary packaging, increase recycling and mobilize citizens to play their part in eliminating waste.

The Schwab Foundation also provides catalytic leadership programmes for its members. In May 2018, 40 Schwab Foundation Social Entrepreneurs participated in "Leadership for Systems Change",

the flagship executive education programme at the Harvard Kennedy School of Government.

In September 2018, the Schwab Foundation will celebrate its 20th anniversary of supporting social entrepreneurship around the world. Over 130 Social Entrepreneurs will come together in New York with Hilde Schwab, Chairperson and Co-Founder of the Schwab Foundation for Social Entrepreneurship, to take stock of the movement, support each other and identify opportunities for collaborative impact. At the World Economic Forum Sustainable Development Impact Summit, the Schwab Foundation will also publicly announce its 2018 Social Entrepreneur of the Year awardees.

Board members

Hilde Schwab, Chairperson and Co-Founder, Schwab Foundation for Social Entrepreneurship

Martin Burt, Founder and Chief Executive Officer, Fundación Paraguaya, Paraguay

David R. Gergen, Faculty Director, Center for Public Leadership, Harvard Kennedy School of Government, USA

Johanna Mair, Professor of Organization, Strategy and Leadership, Hertie School of Governance, Germany

H.M. Mathilde, Queen of Belgium (Honorary Foundation Board Member)

Subramanian Rangan, The Abu Dhabi Crown Prince Court Endowed Chair in Societal Progress, INSEAD, France

Nicole Schwab, Co-Founder, EDGE Certified Foundation, Switzerland

Helle Thorning-Schmidt, Chief Executive Officer, Save the Children International, United Kingdom

Forum of Young Global Leaders

Klaus Schwab created the Forum of Young Global Leaders in 2004 as a way to help the world meet increasingly complex and interdependent challenges. His vision was to create a multistakeholder community of the world's next generation leaders to help inform and influence decision-making through the contribution of new ideas, perspectives and energy. Today, this peer network of 1,200 members and alumni organizes executive education, global meetings, group expeditions and opportunities to collaborate and test ideas.

More than ever, the world needs public officials capable of restoring people's faith in a better future. Among its main priorities, the Forum of Young Global Leaders is committed to supporting its members in pursuit of public service through a series of programmes and boot camps. Over the last year, YGLs convened for a Public Leadership Masterclass in Canada joined by Prime Minister Justin Trudeau, participating in an intimate discussion around public-sector leadership. YGLs travelled to Brussels to discuss policies and regulations with members of the European Commission and European Parliament. In October 2017, the community celebrated the election of YGL Jacinda Ardern as Prime Minister of New Zealand, the youngest female head of government.

The programme offers tuition-free executive education to strengthen the leadership skills and broaden the world view of YGLs. This year, over 250 members participated in programmes at such leading institutions as Harvard, Oxford and Princeton universities and the Lee Kuan Yew School of Public Policy.

The YGL Foundation challenges its members to learn from each other, work with experts in the field and take individual and collective action around key issues. Last year saw a strong focus on the environment and sustainable development. From Jaime Nack's leadership on green events and workplace education to Sonia Medina's efforts to secure a low-carbon world for children, YGLs are already at the forefront of fighting for the future of the planet. YGLs travelled to Greenland to gain insight into current climate science research and made commitments to follow up on their visit. In keeping with this focus, a new education programme was launched with the Princeton University Andlinger Center for Energy and the Environment to increase YGLs' resilience to environmental challenges.

Finally, 100 purpose-driven leaders were selected to join the Class of 2018. From solving challenges around antibiotic resistance to building spacecraft, the class is a global powerhouse of artists, business leaders, public servants and social entrepreneurs. Over half are women and the majority of the cohort is from emerging economies. Taken together, they represent the very best of their generation and are advancing new models of sustainable

social innovation.

Board members

Klaus Schwab, Founder and Executive Chairman, World Economic Forum

Thor Björgolfsson, Chairman, Novator Partners, Iceland

Tejpreet Singh Chopra, President and Chief Executive Officer, Bharat Light and Power, India

Katherine Garrett-Cox, Chief Executive Officer, Gulf International Bank (UK), United Kingdom

Ellana Lee, Senior Vice-President and Managing Editor, CNN International, Hong Kong SAR

Marissa Mayer, Co-Founder, Lumi Labs, USA

Lorenzo A. Mendoza, Chief Executive Officer, Empresas Polar, Venezuela

Amina Mohammed, Deputy Secretary-General, United Nations, New York

Nicole Schwab, Co-Founder, EDGE Certified Foundation, Switzerland

Jimmy Wales, Founder, Wikipedia.org, USA

Zhang Yi-Chen, Chairman and Chief Executive Officer, CITIC Capital, Hong Kong SAR





Annual Meeting 2018

30-06 January



Our Global Presence

USA **World Economic Forum LLC**

The World Economic Forum New York office was established in 2006 to engage businesses in shaping global, regional and industry agendas. Headed by Sarita Nayyar, Member of the Managing Board of the World Economic Forum, Chief Operating Officer, World Economic Forum LLC, the office continues to manage relationships with Forum Members and Partners who strongly support the Forum's mission to drive relevant and sustainable change for business and society. Together they identify, discuss and address their sector's critical issues through industry-specific initiatives, as well as actively contribute to the World Economic Forum Annual Meeting in Davos-Klosters, and to other Forum events throughout the year.

The New York office focused on key industry sectors like Consumer Packaged Goods, Financial Services, Investors, Technology, Media, and Digital Communications and Mobility. The office continued developing relationships with governments in North America and facilitating their engagement in the work of the Forum. In September 2017, the office hosted the Annual Sustainable Development Impact Summit in New York.

The San Francisco office serves as the global base for the Centre for the Fourth Industrial Revolution Network. Our vision is to establish this Network as the foremost international institution recognized for its leadership role in the collaborative development, piloting and refinement of policy frameworks and governance protocols that more fully anticipate the risks and accelerate the social benefits of emerging technology.

China **World Economic Forum** **Beijing Representative Office**

The World Economic Forum has hosted events in China since 1981. In 2006, the Beijing Representative Office was established to provide a centre for Forum activities focusing on Global Growth Companies. The office has grown steadily, integrating Chinese leaders from government, business, academia and the New Champions community into Forum 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 undergoing 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.

The Forum's China team, led by David Aikman, Chief Representative Officer, China, remains poised for the next phase of growth, which will focus on the Fourth Industrial Revolution in technology and on developing even greater industry knowledge and strategic intelligence capabilities to stay ahead of China's rapidly changing global context.

Japan **World Economic Forum Japan**

First established in 2009, the World Economic Forum Japan Office has been headed by Makiko Eda since April 2018. Based in Tokyo, it continued to support Forum activities across all areas, particularly relations with government, business and the public.

While reorienting the Forum presence in Japan in a new, extended team to accelerate impact in the country, the Japan Office focused on community development, relationship management, knowledge networks, Regional Business Council activities and special projects.



Governance and Leadership

Governance

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, integrity, 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 maintains its independence as it adheres to its mission to improve the state of the world.

The main governing bodies of the World Economic Forum are the:

- Board of Trustees
- Committees of the Board of Trustees:
 - Governing Board
 - Audit and Risk Committee
- Managing Board, assisted by the Executive Committee

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 from business, politics, academia and civil society who act as guardians of its mission and values and oversee the Forum's work in promoting

true global citizenship. In their work on the Board, members do not represent any personal or professional interests. To reflect the Board's 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 governing bodies, including approving the annual accounts and strategic direction, and manages its statutes. Two committees facilitate the work of the Board of Trustees: the Governing Board, which fulfils strategic and governance functions; and the Audit and Risk Committee, which oversees the Forum's accounts and budgets by remaining in close contact with the Forum's auditors, its Chief Financial Officer and the Head of Compliance and Institutional Affairs.

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

The Executive Chairman

The Executive Chairman presides over the Board of Trustees and the Governing Board. He is particularly responsible for the strategic, conceptual and leadership issues of the Forum, and represents the Forum at the highest level.

The Executive Chairman works in close collaboration with the President, who presides over the Managing Board, ensuring that all issues related to strategy, institutional development and governance are aligned and integrated into a unified approach.



Members of the World Economic Forum Board of Trustees

(30 June 2018)

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

Peter Brabeck-Letmathe*, Vice-Chairman of the Board of Trustees, World Economic Forum; Chairman Emeritus, Nestlé SA, Switzerland

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, Paris

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

Jack Ma, Executive Chairman, Alibaba Group, People's Republic of China

Yo-Yo Ma, Cellist

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

David M. Rubenstein, Co-Founder and Co-Executive Chairman, Carlyle Group, USA

Jim Hagemann Snabe**, Chairman, Supervisory Board, Siemens AG, Germany; 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

President and Managing Board

Members of the Managing Board are appointed by the Governing Board.

The President chairs and coordinates the Managing Board, which acts as the executive body of the Foundation. The Managing Board ensures that all activities undertaken by the Forum fulfil its mission, 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.

Members of the World Economic Forum Managing Board

Børge Brende, President of the Managing Board

W. Lee Howell, Head of Global Programming

Jeremy Jurgens, Head of Industry Agendas and Knowledge Engagement

Cheryl Martin, Head of the Centre for Innovation and Entrepreneurship

Adrian Monck, Head of Public and Social Engagement

Sarita Nayyar, Chief Operating Officer, World Economic Forum LLC

Richard Samans, Head of Policy and Institutional Impact

Olivier Schwab, Head of Business Engagement

Murat Sönmez, Head of the Centre for the Fourth Industrial Revolution Network

Alois Zwinggi, Head of Compliance and Institutional Affairs

Executive Committee

The Executive Committee consists of the Forum's senior management and meets monthly for strategic discussions on key institutional issues.

Members of the World Economic Forum Executive Committee

(30 June 2018)

David Aikman, Chief Representative Officer, China

Marco Albani, Director, Tropical Forest Alliance 2020

Marisol Argueta, Head of Regional Agenda - Latin America

Emma Benameur, Head of People and Culture

Arnaud Bernaert, Head of Partner Development, Europe and North America; Head of Healthcare Industry

Matthew Blake, Head of Financial and Monetary System Initiative

Roberto Bocca, Head of Future of Energy and Materials

Giancarlo Bruno, Head of Financial Services

Sebastian Buckup, Head of Programming, Global Programming Group

Denise Burnet, Head of Event Management

Sean de Cleene, Head of Future of Food

Nicholas Davis, Head of Society and Innovation

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

Sean Doherty, Head of International Trade and Investment System Initiative

Margareta Drzeniek, Deputy Head of Social and Economic Agendas

Silvio Dulinsky, Head of Business Engagement - Latin America

Mirek Dusek, Deputy Head of Geopolitical and Regional Agendas

John Dutton, Head of Social Engagement and Head of Young Global Leaders Community

Makiko Eda, Chief Representative Officer, Japan

Diana El-Azar, Head of Marketing and Outreach

Maha Eltobgy, Head of Investors Industries

Julien Gattoni, Chief Financial Officer and Head of Finance, Technology and Operations

Malte Godbersen, Head of Technology and Digital Services

Knut Haanaes, Dean of the Global Leadership Institute

Mike Hanley, Head of Digital Communications

Zara Ingilizian, Head of Consumer Industry and System Initiative

Elsie Kanza, Head of Regional Agenda - Africa

Ramya Krishnaswamy, Head of Engagement Management and PACI

Martina Larkin, Head of Regional Strategies - Europe and Eurasia

Helena Leurent, Head of Future of Production

Alan Marcus, Head of Technology, Media and Digital

Fon Mathuros Chantanayingyong, Head of Media

Viraj Mehta, Head of Regional Agenda - India and South Asia

Stephan Mergenthaler, Head of Knowledge Networks and Analysis

John Moavenzadeh, Head of Mobility Industries and System Initiative

Troels Oerting Jorgensen, Head of the Centre for Cybersecurity

Derek O'Halloran, Head of Future of Digital Economy and Society

Mel Rogers, Head of Strategic Affairs

Stephan Ruiz, Head of Group Controlling and Head of Finance and Operations USA

Paul Smyke, Head of Regional Agenda - North America

Masao Takahashi, Head of Forum Members

Terri Toyota, Deputy Head of the Centre for Global Public Goods

Dominic Waughray, Head of the Centre for Global Public Goods

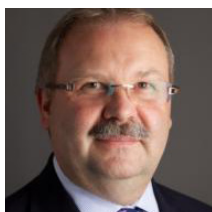
Christoph Wolff, Head of Future of Mobility System

Alex Wong, Head of Global Challenge Partnerships

Justin Wood, Head of Regional Agenda - Asia-Pacific

Saadia Zahidi, Head of the Centre for the New Economy and Society

Compliance and Institutional Affairs



By Alois Zwinggi
Managing Director,
Head of Compliance and Institutional Affairs

Institutional integrity and compliance

Institutional integrity underpinned by compliance with applicable laws and ethical standards is at the heart of World Economic Forum operations. The Forum is committed to upholding the highest standards of professional integrity to be able to serve as a valued, independent and impartial partner to its international stakeholder base. The Forum's Compliance and Institutional Affairs department hence offers guidance, training and support to all Forum employees in order to foster a sustainable culture of moral and intellectual integrity.

Importantly, the department is integrated into the highest management level of the organization. It is chaired by a member of the Managing Board supported by the Head of Legal and Compliance, who jointly set the integrity standards for all Forum offices around the world. Among other duties, the department is responsible for enforcing the Forum's Code of Conduct, designing and implementing associated policies, and advising the organization on emerging compliance issues.

Sustainability

The World Economic Forum manages its internal Sustainability Policy in accordance with the ISO 20121 international standard for

sustainable event management. In January, the Annual Meeting 2018 in Davos-Klosters was certified to this international standard, following audits by an external auditing company. With ISO 20121, the Forum follows a strict methodology to embed sustainability in its internal day-to-day management.

As part of this sustainability programme, the Forum is taking responsibility for its direct environmental impacts. Based on a carbon footprint assessment of Annual Meeting activities, environmental measures were implemented in Davos-Klosters and are being rolled out to other Forum events and offices. This specifically includes efforts in the field of energy management, resource optimization and environmental impact reduction pertaining to transportation and catering services.

In addition, through its Sustainable Procurement Policy published in 2017, the Forum aims to ensure that sustainability practices are also implemented throughout its value chain. This includes making sure goods and services are procured with an emphasis on fair employment and environmental attributes, as well as other social and ethical criteria. A Code of Conduct for Suppliers, elaborated the same year, requires suppliers to take appropriate steps to ensure that sustainability principles are respected in all locations where products and services are produced or sourced.

Finally, the Forum works to ensure that local communities are considered and engaged. The Forum collaborates with many Swiss suppliers to deliver the Annual Meeting in Davos-Klosters and values local expertise for its operations. It also actively engages with local stakeholders and authorities to ensure mutual benefits, and supports the development of local sustainability programmes. The Open Forum event format has increased the engagement of the local community, civil society and general public on topical debates, allowing a broader audience to participate in the activities of the World Economic Forum.

ECONOMICS
FOR THE WORLD

COMMITTED TO
IMPROVING THE STATUS
OF THE WORLD

ECONOMICS
FOR THE WORLD

COMMITTED TO
IMPROVING THE STATUS
OF THE WORLD

Financial Statements

The background of the page features large, three-dimensional letters spelling out the word 'FINANCIAL'. The letters are dark and have a metallic or reflective quality, catching the light in a way that creates bright highlights and deep shadows. The lighting is a cool, blue-toned, and the overall composition is abstract and modern.



Consolidated Financial Statements

Annex to the accounts as at 30 June 2018

Presentation

The World Economic Forum is an international organization integrating leaders from business, governments, academia and society at large into a global community committed to improving the state of the world.

To achieve its mission, the World Economic Forum acts as a catalyst for thought leadership and action mainly in the form of public-private partnerships.

For this purpose, the World Economic Forum identifies issues on the global, regional and industry agendas, seeks solutions and, wherever possible, creates partnerships for action.

The World Economic Forum always acts in the spirit of entrepreneurship in the global public interest, combining the forces of creative thinking, innovative initiatives and intellectual integrity with the will to advance peace and prosperity in the world.

In its activities, the World Economic Forum fully respects the essential role played by governments and international organizations as well as by their various affiliated institutions.

The World Economic Forum is a public interest, not-for-profit organization, is independent and does not pursue any political or ideological interests. In its activities the World Economic Forum proves in all circumstances its independence and impartiality. The World Economic Forum is based in Cologny/Geneva, Switzerland with offices in New York, San Francisco, Beijing and Tokyo.

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 herein. The accounts are presented according to the principles of historical cost and in Swiss francs (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.

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

Name of the Entity	Activity	Country	2018	2017
			Voting rights	Voting rights
World Economic Forum LLC	Not-for-Profit Organization	United States of America	100	100

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.

The consolidated financial statements were prepared for the first time for the year ended 2017. The World Economic Forum LLC was 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. At closing date, balance sheet items (with the exception of the funds) denominated in foreign currencies are revaluated

to the functional currency at the average rate of the following month and provided by the Swiss Administration.

The exchange losses and gains arising from the settlement of the transactions and from the re-evaluation in foreign currencies 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 exchange rate prevailing 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.

Investments 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 is straight-line and is based on the following useful lives, by asset category:

Nature of the assets	Depreciation terms (years)
Building, new construction	30
Real estate	10
Furniture and equipment	5
Leasehold improvements	Lowest between useful life and residual lease term
Intangible assets	5
IT software	5
IT hardware	3
Furniture and equip. (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 renovation 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 five years for art objects, land and buildings.

Accrued liabilities

This item includes expenses payable related 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.

Loans and derivatives

Loans and derivatives are recognized at fair value through profit or loss, net of transaction costs incurred. They are classified as current liabilities unless the settlement of the liability defers for at least 12 months after the reporting date.

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.

Rent charges

Rental expenses are recognized on a straight-line basis over the lease terms.

Pension plan

In Switzerland, the Foundation covers the costs related to the professional pension of its workers, as well as their assignees, under the legal prescription. The pension plan is governed by Swiss law in accordance with World Economic Forum statutes.

The pension obligations and plan assets are managed by a legally independent pension fund. The organization, management and financing of the pension plan 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
- World Arts Forum
- Global Shapers Community

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 profit and loss statements 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 organs, 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 in 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 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 14% of total revenues in 2018. The cancellation of the Annual Meeting could have negative consequences on the Foundation's revenues.



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

Cologne

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of World Economic Forum, which comprise the balance sheet, profit and loss statement, cash flow statement, statement of changes in funds and notes, for the year ended 30 June 2018.

Foundation Board's responsibility

The Foundation Board is responsible for the preparation of the consolidated financial statements in accordance with the requirements of Swiss GAAP FER, Swiss law and the foundation's deed and internal regulations. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Foundation Board is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 30 June 2018 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law and the foundation's deed and internal regulations.

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

PricewaterhouseCoopers SA is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 83b paragraph 3 CC in connection with article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 83b paragraph 3 CC in connection with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Foundation Board.



We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA



Marc Secretan

Audit expert
Auditor in charge



Marcello Stimato

Audit expert

Geneva, 8 August 2018

Enclosure:

- Consolidated financial statements (balance sheet, profit and loss statement, cash flow statement, statement of changes in funds and notes)

Revenues and Costs, Balance Sheet 2013–2018

Consolidated*

Swiss Francs (000s)	30/06/2013	30/06/2014	30/06/2015	30/06/2016	30/06/2017	30/06/2018
Profit & Loss						
Total Revenue	186,340	198,823	205,758	228,343	280,022	326,740
Membership	35,169	33,614	32,019	34,876	30,817	31,620
Participation Fees	43,200	43,890	47,080	43,568	43,200	43,299
Partnership	95,011	105,543	114,896	140,643	185,307	227,317
Other	12,960	15,776	11,763	9,256	20,698	24,503
Total Expenses	184,526	197,342	205,025	227,101	278,809	325,023
Staff ¹	84,205	89,286	94,958	101,865	108,360	130,790
Office & Activity	100,322	108,056	110,067	125,236	170,449	194,233
Carried to Foundation Capital	1,814	1,480	733	1,241	1,213	1,717
Balance Sheet						
Total Assets	174,040	265,248	264,459	330,312	455,690	565,650
Current Assets	54,059	63,753	80,347	125,262	162,982	164,948
Cash & Equivalents	10,884	29,734	45,405	59,054	97,760	74,055
Receivables	43,175	34,019	34,942	66,208	65,222	90,894
Non-current Assets	119,981	201,495	184,112	205,050	292,708	400,702
Tangible and Intangible Assets ²	29,210	106,233	108,577	107,489	115,993	142,849
Financial Assets	90,771	95,263	75,535	97,561	176,715	257,853
Total Liabilities and Funds	174,040	265,248	264,459	330,312	455,690	565,650
Current Liabilities	94,093	96,797	94,886	146,561	185,514	194,863
Payables	6,035	14,042	11,775	10,250	13,278	12,149
Accrued Expenses and Deferred Income ³	88,058	82,755	83,111	136,311	172,236	182,715
Non-current Liabilities	—	—	—	—	—	50,000
Long-term Loan	—	—	—	—	—	50,000
Funds	79,948	168,451	169,573	183,751	270,176	320,787
Foundation Capital	26,808	28,621	30,102	30,834	32,075	33,603
Restricted Funds and Reserves ⁴	51,326	138,349	138,739	151,676	236,888	285,466
Surplus	1,814	1,480	733	1,241	1,213	1,717

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

¹ Staff costs include wages and salaries (corresponding to CHF 102,328 million), social costs and other general staff expenses.

² Tangible assets: land, property, equipment, IT hardware and software. Intangible assets: IT development.

³ Accrued expenses: provision for activity costs. Deferred income: membership, partnership and registration income deferral.

⁴ Restricted funds: funds received from governments and other donors restricted to specific activities. Reserves: for risk mitigation, future expansion and future initiatives.



COMMITTED TO
IMPROVING THE STATE
OF THE WORLD



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