ABOUT THE UN GLOBAL COMPACT

The United Nations Global Compact, a special initiative of the UN Secretary-General, is a call to companies everywhere to align their operations and strategies with ten universal principles in the areas of human rights, labour, environment and anti-corruption. Launched in the year 2000, the mandate of the UN Global Compact is to guide and support the global business community in advancing UN goals and values through responsible corporate practices. With more than 15,000 companies based in more than 150 countries, and with 69 Local Networks, it is the largest corporate sustainability initiative in the world.

ABOUT THIS REPORT

This Annual Report is intended to provide our stakeholders and the public with an overview of the progress of the UN Global Compact across key strategic and operational focus areas as well as to highlight key activities undertaken and resources created to promote business action on UN issues and priorities. It is available on the UN Global Compact and Foundation for the Global Compact websites.

ACKNOWLEDGEMENTS

The UN Global Compact wishes to thank the Governments that have, over time, generously supported the initiative by contributing to the UN Global Compact Trust Fund: China, Denmark, Finland, France, Germany, Italy, Norway, Poland, Spain, Sweden, and Switzerland. Additionally, we are grateful for the financial support provided by companies and other organizations to the Foundation for the Global Compact.

For more information, follow @unglobalcompact on social media and visit our website at unglobalcompact.org.

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**FOREWORD**

The year 2021 illustrated all too vividly the importance of the work by the United Nations Global Compact and the value of its Ten Principles to promote a safe and sustainable future planetwide.

The enormous challenges of the worldwide pandemic, the worsening climate change emergency and dire global inequities combined to underscore the critical need to drive efforts, especially in the private sector, to develop partnerships and investments to make valuable, tangible and sustainable impacts in the lives of people everywhere, for today and tomorrow.

The world’s crises have accelerated the shift towards — and need for — corporate sustainability. In fact, the 2021 Edelman Trust Barometer found that business is the most trusted institution, compared with NGOs, Government and the media, underscoring the responsibility of business to lead the way to a fair, equitable and sustainable future.

Businesses must make bold and forward-thinking decisions and account for their sustainability commitments, efforts and achievements the way they do with any other business accomplishment. Little time is left before the consequences of inaction will be irreparable.

Ambition, accountability and action are paramount in meeting this challenge, and the UN Global Compact has a unique and unrivaled leadership role. The UN Global Compact is mandated to engage and mobilize the private sector in advancing and achieving the Sustainable Development Goals by integrating them into their corporate strategies, business plans and company goals.

The new 2021-2023 Strategy of the UN Global Compact is intended as a powerful and strategic means to raise ambition and achieve stronger private sector engagement, accountability and partnerships, as well as build robust advocacy ecosystems.

It lays out five key strategic shifts. First, we are striving to move participant companies faster and further in their progress on corporate sustainability and responsible business practices, using measurable targets and an enhanced reporting framework.

Second, we are empowering our Local Networks to build more dynamic national ecosystems for business sustainability, focusing in particular on the Global South, China and the United States.

Third, UN Global Compact programmes will focus on the Ten Principles to lead action on five priority Global Goals - Gender Equality (SDG 5), Decent Work and Economic Growth (SDG 8), Climate Action (SDG 13), Peace, Justice and Strong Institutions (SDG 16) and Partnerships (SDG 17).

Fourth, the UN Global Compact will harness the collective action of small and medium-sized businesses through cross-cutting programmes leveraging digital tools and value chains to reach scale.

Finally, the initiative will engage more actively with the United Nations, its agencies, partners and country teams to accelerate our reach and ability to advance responsible business practices around the world.

Upholding the Ten Principles, the 2021-2023 Global Strategy and the 2030 Agenda requires focus and a shared commitment along with innovative partnerships and collaboration among small, medium-sized and large companies everywhere.

We could not accomplish this work without the strong support of United Nations Secretary-General Antonio Guterres and United Nations Deputy Secretary-General Amina Mohammed. I would also like to extend my deep gratitude for the continued leadership and support from the UN Global Compact Board and Foundation for the Global Compact Board. The accomplishments we are able to achieve are a collective effort from all staff and the Global Compact Local Networks colleagues around the world. We thank them deeply for their invaluable contributions, energy and hard work.

We encourage each and every company around the world to rise up and tackle these global and local challenges by seizing the opportunities for responsible and sustainable business. We have no other choice.

**Sanda Ojiambo**
CEO & Executive Director
UN Global Compact
STRATEGIC AMBITION:
ACCELERATE AND SCALE THE
GLOBAL COLLECTIVE IMPACT OF
BUSINESS BY UPHOLDING THE
TEN PRINCIPLES AND DELIVERING
THE SUSTAINABLE DEVELOPMENT
GOALS THROUGH ACCOUNTABLE
COMPANIES AND ECOSYSTEMS
THAT ENABLE CHANGE.
EXECUTIVE SUMMARY

THE STATE OF OUR WORLD

The 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals, passed unanimously by Member States in 2015, are an ambitious roadmap for making the planet livable and sustainable, with a challenging deadline of 2030. The end of 2021 marked two years into the Decade of Action towards that ambitious deadline. In these two years, the world has seen a global pandemic that continues to cost millions of lives, a worsening environmental crisis, globally threatened multilateralism and government institutions and continued social injustice and inequity. The efforts and aspirations aimed at achieving the SDGs by 2030 - now just seven years away - have been hampered in particular by the global pandemic that has taken its toll not only on the health but on the stability and prosperity of people’s lives everywhere. At this pace, we will fail to deliver the progress needed to reach the SDGs.

These challenges are faced not by a single nation but rather by humanity at large. As suggested by Secretary-General António Guterres in the Common Agenda report, today is “an inflection point in history.” If the challenges we face as a global community are common and cross-cutting, then success in our approach for the world and our wellbeing “depend[s] on solidarity and working together as a global family to achieve common goals.” The Common Agenda report, which outlines the Secretary-General’s vision for his second term and provides a roadmap of proposed actions to turbo charge the achievement of the SDGs, specifically says that “achieving this new dynamic for the global economy means changing business models to better connect businesses, markets and society. Strong and sustainable businesses are built on global values, including human and labour rights, environmental sustainability and fighting corruption, all of which are embodied in the United Nations Global Compact.”
Recognizing that the 2030 Agenda cannot be achieved without the collective contribution and collaboration of the private sector, the theory of change for the UN Global Compact is that, by joining the initiative, companies will commit to and engage in behavioural change, leading to action and influence in their supply chains that will result in collective impact towards sustainability. Over time, our goal is to raise the floor and raise the ceiling on the social contract of business to communities across all Ten Principles. This requires not only making companies accountable but enabling ecosystems that raise the ambition and environment needed to address today’s urgent issues.

Holistic achievement of this our ambition will take time, but successful delivery of the Strategy since its launch in January 2021 is underway. Our accomplishments in 2021 showed how the UN Global Compact can assist, encourage and empower the private sector in playing a transformative role in raising ambition on corporate emissions target-setting, embedding gender equality and women’s empowerment into business practices and driving forward financial investment on the SDGs.

IN THIS CONTEXT, 2021 WAS A TRANSITORY YEAR FOR THE UN GLOBAL COMPACT IN MANY ASPECTS, WITH THE ADOPTION AND OPERATIONALIZATION OF A NEW GLOBAL STRATEGY TO ACCELERATE AND SCALE THE GLOBAL COLLECTIVE IMPACT OF BUSINESS BY UPHOLDING THE TEN PRINCIPLES AND DELIVERING THE SDGS. THE 2021-2023 STRATEGY IS INTENDED AS A POWERFUL MEANS TO RAISE AMBITION AND ACHIEVE STRONGER PRIVATE SECTOR ENGAGEMENT, ACCOUNTABILITY AND PARTNERSHIPS.

Our strategy and ambitions are to take companies beyond the minimum and onto a journey of demonstrated continuous improvement in the impact that they can create. Over time, our goal is to raise expectations of how businesses can embed all Ten Principles. By incorporating the Principles into strategies, policies and procedures and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and the planet but also setting the stage for their own long-term success. While the Ten Principles are timeless and define how an organization works and interacts with society, customers, employees, suppliers and the environment, the SDGs are a time-bound framework for what we seek to achieve.

2021 was a year of growth and shifts for the UN Global Compact. In alignment with the new Strategy, a framework was developed to streamline how we measure and report on our progress and impact. The UN Global Compact now measures and tracks its progress through five categories:

**BUILD:** Advancement of the UN Global Compact’s capability to deliver

**REACH:** Growth of the initiative’s reach in order to scale collective action

**ENGAGE:** Outputs stemming from engagement with companies and stakeholders

**PROGRESS:** Resulting outcomes of private sector progress towards the SDGs

**ACHIEVE:** Ambition achievement in embedment of the Ten Principles
As shown in the performance dashboard above, the UN Global Compact made considerable progress meeting and exceeding nearly all targets for 2021. Now that a baseline has been established in operational areas, the initiative aims to be more rigorous in its assessment and advance targets and metrics for the years ahead. The performance summary is as follows:

BUILD: There has been enhanced investment in the capabilities of the UN Global Compact to deliver through strengthened finances, local capacity and stakeholder relations. The UN Global Compact secured $2.8 million in revenue growth, of which $1.3 million was raised from corporations and Governments to execute the new Strategy. The UN Global Compact expanded its operations to 74 of the 193 countries in the United Nations, with more than 70% of the Local Network from developing economies. Local-level action has also been further strengthened through increased collaboration between Local Networks and their UN Country Team counterparts. Due to UN recruitment processes and timelines, the organization was unable to fill as many roles as initially projected for 2021 - resulting in not meeting staff diversity targets.

REACH: The UN Global Compact continues to drive forward incredible growth of its participant base. Since 2020, the UN Global Compact has catalyzed growth at an unprecedented rate: 41% of our current participant base of 15,531 companies consists of companies recruited in the past two years. Joiner and retention rates continue to outperform targets set the previous year. With the added emphasis on inclusion of companies from developing economies and small and medium-sized enterprises (less than $50 million USD in revenue), the increase in the reach of the UN Global Compact was impressive and outperformed goals to increase the size of the participant pool and retention of existing companies. The positive response from the business community showed the favorable reception to the new Strategy and the continuing value proposition of participating in the UN Global Compact.

ENGAGE: In realigning the initiative with the new Strategy and its shifts, the UN Global Compact went through an extensive process in 2021 to refine its programmatic portfolio and define six delivery channels to engage companies and stakeholders to drive progress. For example, four Accelerators, designed to generate behaviour change across companies at the local level, were held in 2021 – Target Gender Equality, SDG Ambition, Young SDG Innovators and Climate Ambition – with nearly 2,000 companies participating from more than 65 countries. The UN Global Compact Academy, the digital learning platform
that provides business leaders and practitioners with actionable skills, engaged more than 30,000 users from 160 countries.

**PROGRESS:** In the midst of driving forward operations and activities, the UN Global Compact is already beginning to see the resulting progress on corporate sustainability from participating companies. With a focus on priority issue areas centered on environment, social sustainability, global governance and sustainable finance, key highlights achieved in 2021 include:

- 1,290 companies committed to Business Ambition for 1.5°C, and 1,213 companies with science-based targets through the Science-Based Targets initiative (SBTi).
- Two flagship collective action projects in basins in Brazil and India were spearheaded by the Water Resilience Coalition members, while projects were facilitated in another nine basins worldwide. This collective work in 11 basins supports 770 million people living in water stressed regions.
- 90% of companies participating in the Target Gender Equality Accelerator have created new targets or revised existing targets on women’s representation in top management and leadership, with 56% having already achieved gender balance at the senior and executive levels or are set to achieve it by 2025.
- Global Compact Local Networks in Brazil, India, Kenya and Ukraine made significant progress tackling corruption in their national business environments.
- The UN Global Compact CFO Taskforce committed to invest more than $500 billion over the next five years towards the SDGs and to linking nearly half of all corporate financing to sustainability performance.

**ACHIEVE:** Over time, our goal is to raise the floor — the baseline — and raise the ceiling — the expectations — on the social contract of businesses to communities across all Ten Principles in the areas of human rights, labour, the environment and anti-corruption. This requires not only making companies accountable but enabling ecosystems that raise the ambition and environment needed to address today’s urgent issues. Over the past two years, the mobilization of the Business Ambition for 1.5°C campaign laid the groundwork for an increase in business ambition, in 2021, as calls for urgent climate action continued. Subsequently, in 2021, 1.5°C was mainstreamed as the “new normal” of corporate target-setting. This ongoing work resulted in the SBTi making a breakthrough announcement on its ambition update to 1.5°C in July, followed by the launch of the Net-Zero Standard in November, the world’s first framework for corporate net-zero target setting in line with climate science. The UN Global Compact also continued to drive forward local advocacy through partnerships at the national level. For example, Global Compact Network Portugal collaborated with the country’s Secretary of State in 2021 to launch a national target encouraging companies to commit to 40% women in leadership positions by 2030.

While the initiative continues to advance its framework to better capture private sector progress on the Ten Principles and the SDGs, the UN Global Compact is in a prime position to deliver on the Decade of Action and advance the Ten Principles and Sustainable Development Goals capitalizing on the increased responsibility of the private sector. The upcoming sections in this report take a closer look at the progress the UN Global Compact has achieved in 2021 as it continues to advance implementation of the 2021-2023 Strategy.
WHERE WE WORK

5 REGIONAL HUBS
69 LOCAL NETWORKS
74 COUNTRIES COVERED

KEY
- REGIONAL HUBS
- GLOBAL COMPACT NETWORK

Percentage of participant base by revenue
- SMALL <50M 15%
- MEDIUM 50M-1B 22%
- LARGE >1B 64%

Percentage of participants in each of the five regions
- Asia & Oceania 15%
WHO WE WORK WITH

15,531
TOTAL NUMBER OF PARTICIPANTS

52%
Western Europe & Northern America

19%
Latin America & Caribbean

9%
Central Asia, Eastern Europe & Middle East

5%
Africa

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2021 HIGHLIGHTS: BUILDING THE INITIATIVE’S CAPABILITY TO DELIVER
2021 HIGHLIGHTS: BUILDING THE INITIATIVE’S CAPABILITY TO DELIVER

SIGNIFICANT INVESTMENTS HAVE BEEN MADE TO ADVANCE THE UN GLOBAL COMPACT’S CAPABILITY TO DELIVER AT GLOBAL, REGIONAL AND LOCAL LEVELS THROUGH STRENGTHENED GOVERNANCE, PLATFORMS AND STAKEHOLDER ENGAGEMENT.
PEOPLE AND CULTURE

KEY ACHIEVEMENTS

- ‘One Global Compact’ culture strengthened through collaborative development of strategy operationalization workstreams
- Organizational human resource policies adopted to better embed diversity and inclusion practices throughout the initiative
- Programmatic engagement with companies at global and local levels on Diversity, Equity & Inclusion best practices

The ambitious goals, strategic priorities and multi-stakeholder nature of the UN Global Compact require a strong, enabling culture that brings everyone together in service of a shared purpose. The values and behaviors of the UN Global Compact were specifically designed to build a behavioral roadmap that articulates how stakeholders need to act with integrity, respect diversity and advance the professionalism of the initiative.

After a comprehensive review, the Foundation for the Global Compact (FGC) introduced new policies to provide employees with a roadmap to grow and enhance their professional development as it relates to performance management, growth and development and compensation.

DIVERSITY AND INCLUSION

The year saw a growing alignment as a unified and coordinated One Global Compact as we implemented ways of working together with regular GC Plug-in meetings, communications and collaboration across the board. Stronger consultations and feedback sessions between headquarters and Local Networks on strategies, operations and work streams bolstered regional collaboration, programme delivery, recruitment, partnerships and campaigns to promote our goals.

To advance the commitment of the UN Global Compact to diversity, equity and inclusion practices, a number of new human resources practices have been embedded, including:

- A diversity statement and diverse interview panels for hiring
- Workplace diversity trainings
- An FGC employee handbook with clear inclusion guidelines
- Advanced geographical diversity with the GCO Internship Programme
- Set diversity targets in human resource recruitment and committed to a more inclusive workforce
- Hosted a “Mattering Summit” to reinforce One Global Compact culture

Simultaneously, a number of programming activities were implemented to engage stakeholders:

- Diversity and Inclusion session at Leaders Summit in collaboration with Global Compact Local Networks
- Local workshops and sessions hosted by Global Compact Local Networks
- Publication of Gender Equality, Diversity & Inclusion Spotlight report
- Launch of UN LGBTIQ+ Standards Gap Analysis Tool

LOCAL NETWORK SPOTLIGHT

In line with its mission to address global issues through practical local action, the Global Compact Network UK (GCN UK) has been spearheading multiple programmes on Diversity, Equity, & Inclusion including “Black Lives Matter and Business”, a “Diversity, Equity & Inclusion Working Group” and “Pride Plus: Building LGBTIQ+ Inclusive Business” with UK companies. In particular, the Working Group aims to share good practices, identify challenges and propose concrete actions for integrating DEI into corporate strategies and operations, and to explore how DEI can be a source of competitive advantage. The 4th annual meeting of the working group in 2021 resulted in a presentation of a template for benchmarking DEI goals and peer-to-peer knowledge exchange with over 15 company representatives.
In 2021, the UN Global Compact refreshed its Board membership and introduced internal practices to enhance Board member engagement. As part of the refresh, the UN Secretary-General appointed a new vice-chair as well as three new Board members to fill the Environment, Labour and newly created Guardian seats.

The UN Global Compact created a new Board seat to achieve a closer partnership with the “Guardians of the Ten Principles” — the International Labour Organization (ILO), which currently holds the seat, the UN Environment Programme (UNEP), the Office of High Commissioner for Human Rights (OHCHR) and the United Nations Office on Drugs and Crime (UNODC). The Board seat established an enhanced collaboration mechanism to prioritize an intentional, strategic and practical approach to the Four Guardians’ involvement in the Global Compact’s governance and programmes.

Additionally, David Atkin, the incoming CEO of Principles for Responsible Investment (PRI), as well as Umberto Malnati, the new Government Group Chair, took seats on the Board in Q4 2021.

2021 marked the first year of tailored engagement plans for all Board Members and based on a self-evaluation, 17 out of 20 (or 85%) confirmed a satisfaction of seven or above on a one-10 scale – indicating that the majority were content with their engagement in 2021. Looking forward, the aim is to provide the Board with engagement plans and resources that empower them to act independently, share their ideas and amplify the work of the UN Global Compact.
UN SYSTEM ENGAGEMENT

KEY ACHIEVEMENTS

- Increased collaboration with the Four Guardians - OHCHR, ILO, UNEP & UNODC
- 51 collaborative projects between Global Compact Local Networks and UN Country Teams
- 25 Global Compact Local Networks where UN Resident Coordinators are aligned and are on the GCN Boards

The UN Global Compact deepened its collaboration with the UN system at global, regional and national levels through multiple mechanisms. At the global level, collaboration with the Four Guardians of the Ten Principles was made more effective and actionable through meetings with expert focal points from each of the four entities to advance programmatic collaboration, resulting in joint work plans as a mechanism to work towards greater mutual benefit and impact.

At the country level, Local Networks have been positioned as business counterparts to the UN system, generating greater local understanding of their added value. To deepen the collaboration, there is added emphasis to the development and implementation of UN Cooperation Frameworks - instruments developed to plan and implement the Global Goals at the country level. Over the course of 2021, Global Compact Local Networks collaborated with their UN Country Teams on more than 50 projects, ranging from national events to programmatic campaigns. Even further, 25 Global Compact Local Networks have the Resident Coordinator on their governance Board to ensure strategic alignment with national priorities. Global Compact Local Networks with high-level, long-term organizational alignment with UN Country Teams include Chile, Colombia, Nepal, Mexico, India, Indonesia, Serbia and Thailand, among others.

LOCAL NETWORK SPOTLIGHT

A significant milestone was made through Global Compact Network Colombia’s collaboration with UNDP and ICC to implement the COVID-19 Private Sector Facility. The Facility operates both at a global and national level to create solutions tailored to tackle the COVID-19 pandemic as well as specificities of the local private sector and governments. At the 2021 UN General Assembly, the Global Facility launched Digital Path, a digital training platform, to support MSMEs in their effort to go green and digitally transform, business development and strategy guidance, impact measurement and management and ways to achieve sustainable business practices and trade. As a key partner, Global Compact Network Colombia supported the implementation of a pilot case and engaged 20 SMEs in training related to business strengthening, access to new markets and access to capital. As a result of the successful pilot, partners have convened and agreed on a work plan for 2022 to scale up the support with a focus on MSMEs in the geographical vicinity of Bogota.

It remains a key priority for the Global Compact to work increasingly closely with UN Country Teams in preparing companies to be “partner-ready” for deeper engagement with the rest of the United Nations system at the country level. UN entities are similarly encouraged to leverage the Global Compact Local Networks’ resources and technical expertise at the global, regional and local levels.
GOVERNMENT ENGAGEMENT

KEY ACHIEVEMENTS

- Member States reaffirmed unique role and mandate of the Global Compact
- 70% of Global Compact Local Networks were highlighted in the final Voluntary National Reviews reports by their respective governments for their roles in mobilizing collective action for the SDGs at the national level
- 3500+ companies participated in national policy dialogue activities organized by Global Compact Local Networks

In 2021, progress was made on three strategic pivots to deepen UN Global Compact engagements with Governments of a political, programmatic as well as financial and in-kind nature. The UN Global Compact has leveraged a considerable level of political support from a broad range of governments.

TOWARDS GLOBAL PARTNERSHIPS RESOLUTION

As mandated by Member States, the UN Global Compact prepared the bi-annual Report of the Secretary-General on ‘Enhanced cooperation between the United Nations and all relevant partners, in particular the private sector’ to serve as a basis for Member State negotiations on the General Assembly resolution on partnerships during the UN General Assembly in 2021. As a result of this work and its findings, Member States renewed the resolution and reaffirmed their support for the mandate of the UN Global Compact to engage the global business community in advancing the Sustainable Development Goals on 17 December. The resolution is an expression of broad-based support by Governments for the work of the UN Global Compact, mandating the following:

- “Recognizing the vital role that the United Nations Global Compact Office continues to play with regard to strengthening the capacity of the United Nations to partner strategically with the private sector, in accordance with its mandate from the General Assembly, to advance United Nations values and responsible business practices within the United Nations system and among the global business community, and in this regard noting the principles and initiatives of the United Nations Global Compact,”

- “Also welcomes the commitment of the Secretary-General to continuing to retain the integrity and unique role of the United Nations Global Compact, and underlines the importance of integrity measures as taken and advocated by the United Nations Global Compact;”

- And “Further recognizes that the Global Compact Local Networks provide an avenue for diffusing United Nations values and principles and facilitating partnerships with business on a broad scale;”
GOVERNMENT BRIEFINGS AND STRATEGIC MEETINGS

Throughout the year, the UN Global Compact also convened its Government Group members and Group of Friends to discuss Governments’ priorities in harnessing the contribution of business to sustainable development and corporate sustainability. The Government Group provides an setting to discuss Governments’ priorities in harnessing the contribution of business to sustainable development and corporate sustainability. In 2021, the Government Group consisted of 17 representatives. Through this, the UN Global Compact further engaged the Group of Friends, an informal group of 55 representatives from Permanent Missions to the UN to discuss further opportunities for collaboration (see figure below).

With no new members in 2021, the UN Global Compact aims to advance in its commitment to expand and achieve levels of membership in the Government Group that reflect the diversity of the United Nations, including developed and developing countries in 2022. A key goal for the year ahead will be to expand the Group and recruit an additional two members.

"The fact remains that progress towards sustainability is conceivable only as a joint effort. The private sector has an important role to play in this respect. Sustainability, as a goal and evidence of responsible behaviour, has become a firm part of many corporate strategies. In doing so, they inspire and motivate others. This is very much in line with the UN Global Compact, which brings together companies and organizations from every sphere and from all parts of the world. For that I am most grateful."

Angela Merkel, Chancellor of Germany, Outgoing

2021 GOVERNMENT GROUP MEMBERS (17)

- CHINA
- COLOMBIA
- COSTA RICA
- DENMARK
- FINLAND
- FRANCE
- GERMANY
- ITALY
- MEXICO
- NETHERLANDS
- NORWAY
- POLAND
- PORTUGAL
- SPAIN
- SWEDEN

2021 GROUP OF FRIENDS (55)

- AFRICAN UNION
- ALGERIA
- ARGENTINA
- AUSTRALIA
- BANGLADESH
- BELGIUM
- BRAZIL
- BULGARIA
- CANADA
- CHILE
- COLOMBIA
- DENMARK
- DOMINICAN REPUBLIC
- ECUADOR
- EGYPT
- ETHIOPIA
- EUROPEAN UNION
- FINLAND
- FRANCE
- GEORGIA
- GERMANY
- GHANA
- GUATEMALA
- HONDURAS
- INDIA
- INDONESIA
- IRELAND
- ITALY
- JAPAN
- KENYA
- KINGDOM OF MOROCCO
- LEBANON
- MALAWI
- MEXICO
- MONACO
- NETHERLANDS
- NEW ZEALAND
- NIGERIA
- NORWAY
- PEOPLE’S REPUBLIC OF CHINA
- PERU
- POLAND
- PORTUGAL
- REPUBLIC OF KOREA
- RUSSIAN FEDERATION
- SINGAPORE
- SOUTH AFRICA
- SPAIN
- STATE OF PALESTINE
- SWEDEN
- THAILAND
- TURKEY
- UNITED ARAB EMIRATES
- UNITED KINGDOM
- UNITED STATES OF AMERICA
GOVERNMENT ENGAGEMENT AT THE COUNTRY LEVEL VIA LOCAL NETWORKS

The UN Global Compact renewed efforts in supporting key Global Goal processes at the national level, such as Voluntary National Reviews (VNRs). The Voluntary National Review aims to periodically report the progress made at the country level on the 2030 Agenda for Sustainable Development and to mobilize multi-stakeholder support and partnerships for the implementation of the SDGs.

Throughout this process, Local Networks participating in the VNR process highlighted it as an opportunity to position themselves as focal points between the Government and private sector and to strengthen their long-term relationship with key Ministries and UN partners. In 2021, 70% of Global Compact Local Networks were highlighted in the final VNRs reports by their respective governments for their role in mobilizing collective action for the SDGs at the national level.

These Global Compact Local Networks played a key role in ensuring that private sector perspectives are integrated into the national SDG coordination and follow-up processes. The Local Networks acted as a bridge between Governments and the private sector, highlighting areas of mutual interest, cooperation opportunities as well as challenges and lessons learned, with the aim to accelerate multi-stakeholder cooperation for the SDGs at the national level.

LOCAL NETWORK SPOTLIGHT

Five strong examples of Global Compact Local Networks’ contributions to their VNR in 2021 were Spain, Indonesia, Mexico, Malaysia and Denmark. In these countries, the Local Networks directly worked with national Governments to contribute to the VNR by sharing information, organizing and participating in consultation meetings, engaging stakeholders and/or creating proposals and recommendations on national SDG implementation. Furthermore, four out of the five Local Networks showcased their work in driving private sector action at an official side-event at the High-Level Political Forum on Mobilizing the Private Sector for the SDGs and the VNRs. They were joined by high-level Governmental representatives from their respective countries, including Enrique Santiago, State Secretary for the 2030 Agenda, Spain and Alfredo Gonzalez, Director of Agenda 2030 of Mexico, who spoke on the value of Governments partnering with the UN Global Compact for the VNRs and other SDG processes.

“The participation of private sector organizations in national development planning is critical. Their inclusion translates government policy and global development frameworks such as Agenda 2030 into actions for implementation by stakeholders.”

Mr. Andrew Michael Holness
Prime Minister of Jamaica
STRENGTHENED LOCAL CAPACITY

KEY ACHIEVEMENTS

- Global Compact Local Network growth and professionalization
- Development of new expansion plan and model to reach 94 countries by 2023
- Launch of Global Compact Networks in Saudi Arabia and Uruguay

STRENGTHENING EXISTING CAPACITY

The upcoming sections in this report take a closer look at. The Global Compact Local Networks had impressive successes with growth and alignment with the Quality Standards in 2021. More than 80% of Local Networks are in full compliance with the required Quality Standards. Moreover, many are going above and beyond by implementing non-required recommended quality standards, evidencing their commitment to raise their governance and management standards to align with best practices.

There is strong organizational growth within Networks. Full-time staff has increased to 329 from 171 since 2018. Taking into account staff working half time and less, the total full-time equivalent across all Local Networks amounts to about 355. This growth is happening in every region, and the investments are evidenced by participant growth and teams that are fit for purpose to deliver on the value proposition.

EXPANDING COUNTRY COVERAGE

As a key part of the 2021-2023 Global Strategy, the UN Global Compact aims to increase its country coverage as a means of empowering in-country people and/or local leaders to develop effective, dynamic national ecosystems for business sustainability.

The UN Global Compact established the Saudi Arabia Network and relaunched the Uruguay Network in 2021 to achieve the goal of having all G20 countries represented via a Global Compact Network in the initiative as well as almost complete coverage of the South America region. Existing Local Networks also explored expansion such as the Malaysian Network, which expanded to Brunei, thus converting the Network to UN Global Compact Network Malaysia & Brunei.

A key development has been the shift towards a new operating model with strengthened regional hubs and multi-country networks to expand local expansion and country coverage. Regional Hubs locations are Panama City (Latin America and the Caribbean), Abuja (Africa), Copenhagen (North America and Europe), Bangkok (Asia Pacific) and the United Arab Emirates (Middle East). The new operating model is designed as a low-resource model to compensate for the nonexistence of a Local Network. The objectives are to deliver early-stage participant and revenue growth and to strengthen the brand and positioning of the UN Global Compact across these countries, paving the way for the creation of operationally self-sufficient country and multi-country Global Compact Networks.

In 2022 through 2024, the UN Global Compact will provide country coverage to more than 25 countries using this model through its new Country Managers who work hand in hand with GCO Headquarters and Local Network staff to expand the initiative at scale in a standardized approach. Expansion countries include Kuwait, Qatar, Azerbaijan, Uzbekistan, Peru, Honduras, Cameroon, Congo Brazzaville, Gabon, Guinea, Côte d’Ivoire, Senegal, Benin, 15 Caribbean Nations (anchored around Barbados, Jamaica, Dominican Republic and Trinidad & Tobago), Angola, Botswana, Kazakhstan, Cambodia, Vietnam, Iceland, Rwanda, Uganda, New Zealand, Czech Republic and Romania.
On 1 September 2021, as mentioned above, the UN Global Compact launched a new Network in Saudi Arabia to ensure that the private sector recognizes its role in the achievement of the Global Goals and to create high-impact collaborations. Global Compact Network Saudi Arabia has already attracted 30 leading Saudi corporations whose purpose is to facilitate balanced and sustainable economic, social and environmental development in accordance with the Ten Principles.

Opening the online launch event attended by more than 200 companies and other stakeholders, UN Resident Coordinator in Saudi Arabia Nathalie Fustier said: “One year ago we set out to introduce the UN Global Compact to the private sector in Saudi Arabia. Within this year, despite the challenges of COVID-19 and the economic impact it has had, the emerging network has made considerable progress in meeting its objective. We were able to encourage over 30 organizations to join the initiative.”

Deputy Minister for Economic Policy and Planning at the Ministry of Economy and Planning, Ayman Afghani, added his support for Global Compact Network Saudi Arabia, saying: “When you join the Network, you are making a statement about your values, which in return benefits both society and your company’s long-term success”.

The path to reestablishing the Uruguayan Global Compact Local Network began in 2019. The UN Global Compact Regional Manager for Latin America and Caribbean worked with the UN Resident Coordinator’s Office (RCO) in Uruguay to define a private sector strategy that would eventually lead to reestablishment.

The UN Global Compact negotiated the RCO’s two-year economic and structural support to the renewed launch and establish the Local Network; engaged relevant stakeholders in the country and defined the initial value proposition.

LOCAL NETWORK LAUNCH: SAUDI ARABIA

LOCAL NETWORK LAUNCH: URUGUAY
EXPANSION OF VOICE AND PLATFORM

KEY ACHIEVEMENTS

- Potential media reach increased by 78%
- Organized 5 global flagship, 30 regional and 900+ local events - reaching an estimate 97,000+ attendees
- Deployment of a refreshed, fully accessible UN Global Compact Academy e-learning platform and launch of a new beta digital platform for the enhanced Communication on Progress in Q1 of 2022.

COMMUNICATIONS AND MEDIA

In 2021, our communications activity and impact grew significantly. Notably, overall media exposure increased by 61%, with more than 68,000 articles mentioning the UN Global Compact, Sanda Ojiambo or one of our programmes or events.

The UN Global Compact also had an impressive 80% increase in top-tier media mentions - more than 21,000 articles appeared in influential media including Bloomberg, The Wall Street Journal, the Financial Times, Forbes and Fortune. The broadest media exposure came with coverage of the UN Global Compact–Accenture CEO Study, and media exposure was highest in November during COP26 when Sanda Ojiambo was interviewed on BBC World, Sky News, CNN Quest Means Business and other top-tier media outlets.

SNAPSHOT OF KEY RESULTS (FURTHER DETAILS AVAILABLE IN OUR 2021 COMMUNICATIONS IMPACT REPORT):

- The Bulletin, the UN Global Compact newsletter, which is distributed to more than 30,000 subscribers attracted more than 4,800 new subscribers in 2021
- The total number of UN Global Compact social media followers across all platforms grew by 11% to more than 336,000
- Growth in traffic to our website during 2021 grew to more than two million unique users, up 4% from 2020. Much of this traffic was generated through our social media channels

- Potential media reach (a calculation of the possible number of people that may see a piece of content mentioning the UN Global Compact) increased by 78% in 2021
EXPANSION OF VOICE AND PLATFORM

STRATEGIC EVENTS

As the global COVID-19 pandemic continued for a second year, the UN Global Compact successfully extended its pioneering work on hybrid events, drawing participants from around the world to attend virtual conferences and meetings safely and share experiences, strategies and accomplishments. Throughout 2021, the UN Global Compact and Global Compact Local Networks successfully organized five flagship global events, 30 regional events and 900+ Global Compact Local Network-led events.

HIGHLIGHTS FROM GLOBAL, REGIONAL AND LOCAL LEVELS INCLUDE:

- The flagship **2021 Leaders Summit** (15–16 June) attracted more than 20,000 attendees from 163 countries for 26 hours of continuous virtual programming aimed at increasing corporate ambition to accelerate progress towards the SDGs by 2030 and net-zero by 2050. In global, regional and local sessions, leaders from business, civil society, Government and the UN shared their ideas, strategies and pledges to promote the Ten Principles and drive sustainable business.

- The locally led **Global Compact Network Thailand Forum 2021: Thailand’s Climate Leadership Summit 2021** (11 October), normally held in Bangkok, was virtual this year, with more than 800 attendees from private sector organizations and stakeholders in Thailand and organized in close collaboration with the UN Resident Coordinator office, UNDP, UNEP and UNIDO. Local Network member organizations made a commitment to “prevent and solve problems of climate change” with the goal of achieving Net Zero...
by 2050 or at the latest by 2070. This was the first time in Thailand that the Local Network member organizations and businesses of all sizes joined together to address the critical and urgent global sustainability issues.

- **Business Ambition for Climate Action** (10 November), live from COP26 in Glasgow, brought together more than 4,000 key leaders in business, finance, civil society, Government and the United Nations to help drive immediate cuts to carbon emissions and act decisively to help avert the climate crisis. A new Global Standard for Net-Zero Business was introduced, designed to drive technological and social transformation for a sustainable future.

- The regional **Uniting Business Africa** (2 December) event marked the launch of the Africa Strategy of the UN Global Compact, a call to action for Africa’s businesses to reach the Sustainable Development Goals by 2030 Agenda and Africa’s Agenda 2063. The event was organized through a joint effort with Global Compact Local Networks across the continent.

**DIGITAL TRANSFORMATION**

To support the new Strategy, the UN Global Compact embarked on a Digital Transformation project in 2021 to identify specific ways of employing digital solutions to encourage and enable companies to take action and drive positive change. The UN Global Compact possesses key strengths upon which to build a successful digital transformation effort — including staff enthusiasm and commitment, modern technology infrastructure, differentiated offerings and a unique market position.

The Digital Transformation roadmap was designed along three dimensions for 2022: technology architecture, participant journey and operating model. The organizational review and development of a Digital Transformation roadmap set the Global Compact on the path to better streamline engagement with companies, deploy a refreshed, fully accessible UN Global Compact Academy e-learning platform and launch a new beta digital platform for the enhanced Communication on Progress in Q1 of 2022.
ADVANCING DATA COLLECTION & MEASURABLE IMPACT

KEY ACHIEVEMENTS

- Development and adoption of planning, monitoring and evaluation framework
- Launch of Early Adopters Programme for the enhanced Communication on Progress

STRATEGIC PLANNING, MONITORING & EVALUATION

With the inception of the new Strategy in early 2021, the UN Global Compact has invested substantively in setting itself up to be more effective in achieving measurable impact, one of the Strategy’s five key shifts. To this end, the Global Compact has advanced a range of processes and practices related to strategic planning, monitoring and evaluation towards realizing increased global and local alignment on goals – both mission-achieving and operational – and towards an action-driven, results-oriented culture.

MEASURING OUR PROGRESS AND IMPACT

The underlying structure of an Monitoring and Evaluation (M&E) framework provides the categories that allow organizations to “bucket” their performance measures and show progression from inputs to results. Synthesized together, the M&E framework developed to capture the activities and impact of the UN Global Compact consists of five categories of measures: Build, Reach, Engage, Progress and Achieve.

Every category is essential to the delivery of the Strategy, and it is expected that every part of the UN Global Compact initiative will contribute directly to Build, Reach and Engage. Progress and Achieve will track the results of the work across the organization and broader UN Global Compact stakeholders. The framework will continue to evolve and be improved as the organization advances.

HOW WE MEASURE OUR SUCCESS

<table>
<thead>
<tr>
<th>UNGC INITIATIVE</th>
<th>RESULTS</th>
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<tbody>
<tr>
<td><strong>BUILD</strong></td>
<td>UPHOLD THE TEN PRINCIPLES AND DELIVER THE SDGS</td>
</tr>
<tr>
<td>Well-formed local networks with global coverage</td>
<td></td>
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<tr>
<td>Productive stakeholder engagement</td>
<td></td>
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<tr>
<td>Strong organizational capabilities and diverse talent</td>
<td></td>
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<tr>
<td>Sound business model and financial performance</td>
<td></td>
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<tr>
<td><strong>REACH</strong></td>
<td>PROGRESS (Strategy)</td>
</tr>
<tr>
<td>Robust and growing participant pool</td>
<td></td>
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<tr>
<td>Connection into relevant ecosystems</td>
<td></td>
</tr>
<tr>
<td><strong>ENGAGE</strong></td>
<td>ACHIEVE (Ambition)</td>
</tr>
<tr>
<td>Attractive and compelling programming for companies</td>
<td></td>
</tr>
<tr>
<td>Meaningful contribution to select ecosystems</td>
<td></td>
</tr>
<tr>
<td><strong>Meaningful advancement in priority impact areas</strong></td>
<td></td>
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<tr>
<td>Holistic, accountable performance by companies</td>
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</table>
As mentioned above, one of the goals for UN Global Compact in this refreshed planning period is to realize greater alignment with Local Networks in order to ensure harmonious delivery of the strategy and the goals. Local Networks play a critical frontline role in reaching companies and local ecosystems, engaging them in programming and in bringing about accountability and policy change. In some areas, the performance of the initiative is largely a sum of the performance of the Local Networks. Within the framework developed, Global Compact Local Networks are contributing to 21 out of the 34 goals - a strong indication of the already enhanced global to local alignment the system aims to establish.

The resulting framework is principle-based, oriented strategically to deliver on the aspirations of the Strategy, the time-bound SDGs and the timeless Ten Principles more broadly, and pragmatic in execution, largely leveraging existing practices.

**ENHANCED REPORTING SYSTEM**

In 2021, the UN Global Compact completed a comprehensive review of the Communications on Progress (CoP) framework it uses to capture the progress of participating companies. The CoP, an annual disclosure requirement for all UN Global Compact participating companies, is at the heart of companies’ commitment and provides valuable information to all stakeholders. The review included the perspectives of Global Compact Local Network secretariats as well as participating companies, including SMEs.

Recognizing the CoP’s integral importance to the UN Global Compact’s ability The development of an enhanced CoP will help participating companies learn and drive their sustainability impact as well as strengthen their transparency and accountability towards their commitment to the Ten Principles. It will also better address the needs of other stakeholders of the UN Global Compact in terms of corporate sustainability data demands.

Starting in 2023, all participating companies will be required to disclose using the enhanced CoP. Participants interested in disclosing via the enhanced CoP in 2022 can join the Early Adopter Programme launched in December 2021 and have the opportunity to help test the enhanced digital platform ahead of its full implementation.
2021
HIGHLIGHTS: EXPANDING OUR REACH FOR COLLECTIVE ACTION
2021 HIGHLIGHTS: EXPANDING OUR REACH FOR COLLECTIVE ACTION

CONTINUED GROWTH OF THE INITIATIVE’S PARTICIPANT BASE TO SCALE COLLECTIVE ACTION & DEVELOPMENT OF TAILORED APPROACHES FOR KEY TARGET DEMOGRAPHICS.
RECRUITMENT AND RETENTION

KEY ACHIEVEMENTS

- Since 2020, catalyzed growth at an unprecedented rate - recruiting 2,500 new companies in 2020 and almost 4,000 in 2021.
- Over 65% of all new participants this year were Small and Medium sized companies (SMEs).
- Tailored strategies developed to deepen engagement with SMEs, the African continent and China.

GROWTH

Historically, the UN Global Compact has grown at a rate of a few hundred new companies each year. However, since 2020, we have catalyzed growth at an unprecedented rate - recruiting 2,500 new companies in 2020 and almost 4,000 in 2021. All told, 41% of our participant base consists of companies we have recruited in the past two years.

Specifically this year, 3,906 new business participants joined the UN Global Compact, bringing the cumulative net number of businesses to 15,531. In addition, over 65% of all new participants this year were Small and Medium Enterprises (businesses with less than $50 million in annual revenue).

NEW JOINERS BY QUARTER

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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<tbody>
<tr>
<td>2020</td>
<td>462</td>
<td>535</td>
<td>683</td>
<td>804</td>
</tr>
<tr>
<td>2021</td>
<td></td>
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Retained **92%** of all companies in 2021.
Retained **89%** of all <$50m size companies in 2021.

 Ended 2021 with total 15,531 companies participating in the UN Global Compact; overall growth rate 23% (v 22% growth rate in 2020).
 Ended 2021 with total 9,961 <$50m size companies participating in UNGC; growth rate 21% (v 23% in 2020).
This represents overall net company growth of 31%, exceeding the 2020 base line of 25%.

As in previous years, regional distribution of new joiners tracked closely with the regional distribution of all companies, with the highest number of new joiners coming from Western Europe. Currently, countries with the most participant companies are Spain, France, Brazil, Germany and the USA. While we anticipate stronger growth from Africa with the implementation of the Africa Strategy, there was a high retention rate of 88% in 2021, a result of Local Networks including those in Morocco, Nigeria, Tunisia and Tanzania doing one-on-one onboarding with new joiners and engagement calls with companies at risk of noncommunicating and delisting, as well as conducting retention webinars and workshops.
In development of the new strategy, a comprehensive review and analysis was carried out of the UN Global Compact to identify gaps and areas of opportunity. Given the strengths and unique positioning of the UN Global Compact, it was identified that enhanced engagement with SMEs and tailored regional approaches would be imperative for successful delivery of the strategy. In 2021, the UN Global Compact focused on addressing these gaps by investing in significant resources and successfully developed robust, tailored strategies that lay out a roadmap to drive meaningful engagement with SMEs, the African continent and China moving forward.

**SME STRATEGY**

As mentioned above, approximately 65% of the UN Global Compact’s members are SMEs. Local networks in countries with an SME-dense private sector structure have adapted to SME needs and provide value-added services and engagement opportunities. This is however not uniform across all Local Networks (LNs), and there is particularly limited capacity in smaller LNs to support the large numbers of SMEs that are relatively new to sustainability. There is a realization though that support for SMEs requires strengthening, when compared to larger UN Global Compact members. The SME strategy provides meaningful pathways enabling SMEs to identify direct linkages between sustainability and profitability, and absorb tailored content and programmatic interventions aligned with their absorptive capacities.

**AFRICA STRATEGY**

Given Africa’s unique context, the UN Global Compact developed a strategic offering that focuses on the issues most relevant to businesses across the continent. Focal issues include Gender Equity, Decent Work and Economic Growth, Climate Action, Peace, Justice and Strong Institutions and Partnerships. There will also be a richer programmatic offering addressing the needs of African SMEs, which make up 90% of the companies on the continent.

The Strategy received strong public statements of support from the UN and Governments, including from the Vice President of Nigeria Yemi Osinbajo, UN Deputy-Secretary General Amina Mohammed and the UN Special Adviser on Africa, USG Cristina Duarte. The global launch in September was followed by a regional launch with the UN Deputy Secretary-General in Nigeria, the location of the new Global Compact Africa Hub. During the event, the Africa Strategy received financial pledges from the CEOs of top Nigerian companies. The Africa Strategy also received $1.3 million in funding from the Danish Government to be spread over the next 3 years.

**CHINA STRATEGY**

A strong presence and engagement of the private sector in China is essential for the UN Global Compact to realize its global mission. As the world’s second largest economy, China is home to the most Fortune 500 companies. China is also home to more than 44 million SMEs, and billions of livelihoods depend upon the sustainable development of these SMEs.

According to the UN Sustainable Development Report 2021, China only ranks 57th globally in terms of sustainable development, falling behind many other Asian countries. From a private sector perspective, more than 60% of Chinese Fortune 500 companies did not publish sustainability reports in 2020.

The strategy identifies six key focus areas where the UN Global Compact China office could leverage to deliver its ambition and values through. They include: climate change, reducing inequalities, decent work, anti-corruption, Belt and Road Initiatives towards SDGs, and South-South cooperation. While developing these key focus areas, we take into account not only UNGC’s Ten Principles and global program focus areas, but also Chinese local priorities reflected from both Chinese national, policy documents and corporate member interviews.
2021
HIGHLIGHTS: DRIVING PROGRESS THROUGH ENGAGEMENT
2021 HIGHLIGHTS: DRIVING PROGRESS THROUGH ENGAGEMENT

ENGAGEMENT OF COMPANIES AND STAKEHOLDERS THROUGH ISSUE AREA ACTIVITIES TO DRIVE MEASURABLE IMPACT THAT ACCELERATE RESPONSIBLE BUSINESS PRACTICES AND COMMITMENTS ON A BROAD SCALE
PROGRAMME PORTFOLIO

The UN Global Compact programmes portfolio has been redesigned and retooled to drive impact as its central focus by leveraging two main paths as outlined in the 2021–2023 Strategy: accountable companies and enabling ecosystems. The new programming approach is aimed at driving measurable impact to accelerate responsible business practices on a broad scale. With this new lens, the programmes portfolio will:

- Put focus on driving issue-specific impact goals and indicators
- Shape and deliver activities for multinational corporations and small and medium-sized (SMEs) in collaboration with Global Compact Local Networks
- Track progress and drive accountability through reporting at local, regional and global levels in collaboration with the Monitoring and Evaluation (M&E) function

Along with the Ten Principles, three SDG engagement categories have been identified. The “Lead and Shape” topics are areas where we will focus on driving measurable change among our companies to foster impact. In the “Cooperate with Others” category, we will work with leading entities to advance priority topics with issue expertise outsourced to a technical partner. For the remaining areas, the UN Global Compact will “Follow and Amplify” and reinforce efforts of like-minded business coalitions to drive collective impact.

THE DNA OF THE UN GLOBAL COMPACT

HUMAN RIGHTS  |  LABOUR  |  ENVIRONMENT  |  ANTI-CORRUPTION

LEAD AND SHAPE

CO-OPERATE WITH OTHERS

FOLLOW AND AMPLIFY

1. No Poverty
2. Zero Hunger
3. Good Health and Well-being
4. Quality Education
5. Gender Equality
6. Clean Water and Sanitation
7. Affordable and Clean Energy
8. Decent Work and Economic Growth
9. Industry, Innovation, and Infrastructure
10. Reduced Inequalities
11. Sustainable Cities and Communities
12. Responsible Consumption and Production
13. Climate Action
14. Life Below Water
15. Life on Land
DELIVERY CHANNELS

The refreshed programme portfolio includes opportunities for companies and stakeholders to engage with and support the achievement of the above issue-specific impact areas to expand and build relevant engagements for SMEs. From scalable capacity building to leadership incubation and shaping of industry and policy standards, the UN Global Compact will offer companies a curated journey based on the behavioural change needed and level of sustainability maturity across our participant base. Our portfolio of engagement opportunities is being advanced to deliver at global, regional and local levels.

THINK LABS

Building on two decades of expertise on environment, social, governance and financial issues, the UN Global Compact’s new suite of Think Labs convene leading businesses, academia, civil society, Government and the United Nations to develop solutions to critical corporate sustainability challenges. They help define our thinking, curate best practices and develop knowledge, guidance and tools that empower business sector action on urgent topics. Participation in Think Labs is by invitation only. Organizations actively contribute to the development of thought leadership content through interactive workshops, consultations, calls, webinars and other activities. Outputs are shared at the global, regional and local levels to drive collective impact.

UN GLOBAL COMPACT ACADEMY

The Academy is the digital learning platform of the UN Global Compact and provides business leaders and practitioners with actionable skills to help companies move further faster in implementing the Ten Principles and the Sustainable Development Goals. In 2021, the Academy offered new learning experiences (e-learning courses and live and on-demand sessions) engaging more than 30,000 users from 160 countries across key topics such as principles-based approach to the SDGs, living wage, business and human rights, Science Based Targets, women’s leadership and water stewardship. With a renewed ambition anchored in the 2021-2023 Strategy, access to the Academy was developed for all UN Global Compact participants, and offerings were expanded at the global and regional level starting in January 2022.

ACCELERATORS

Accelerators are executed in close collaboration with Global Compact Local Networks and are designed with a view to generating behaviour change across a large number of companies at the local level – achieving maximum impact and scale. Four Accelerators were carried out in 2021 — Target Gender Equality, SDG Ambition, Young SDG Innovators and Climate Ambition, with 85% of Local Networks having run at least one Accelerator. Across these four Accelerators, 1,974 companies took part, with an average satisfaction score of 4.3 out of 5.

PEER LEARNING GROUPS

Peer learning groups, led by Global Compact Local Networks, are opportunities for groups of companies to share best practices and challenges at the regional and local levels. The groups aim to foster an environment of learning
and sharing to support mainstreaming of responsible business practices. In 2021, Global Compact Networks organized 176 Peer learning groups and collected over 1,800 examples of best practices. Issues areas discussed the most include climate change, human rights, gender equality and the SDG’s overall.

**POLICY ADVOCACY & CAMPAIGNS**

To drive corporate sustainability ecosystem shifts, policy advocacy activities and timebound Call to Action campaigns are implemented to support policy positions and drive ambitious action at global and local levels. Global Compact Local Networks organized over 250 policy dialogues in their national context - engaging over 3500 companies. Outcomes included public policy or regulation recommendations related to corporate sustainability, issue area publications with discussion insights and meetings between businesses and national policy makers.

**EVENTS**

UN Global Compact events have been built to convene, inspire, educate, connect, and, most importantly, mobilize global stakeholders to take bold action on sustainability and the SDGs. As we move into the 2021-2023 strategy, we aim to elevate these events and build a unique and consistent event calendar that engages all our stakeholders, raises brand awareness and recognition and ultimately supports the UN Global Compact in becoming the premier organization for sustainable business. The UN Global Compact led 5 global flagship, 30 regional and 900+ local events in 2021 - reaching an estimate 75,000+ companies.
KEY ACHIEVEMENTS

- More than 1,000 companies have joined the Business Ambition for 1.5°C campaign
- Breakthrough shift to increase minimum SBTi ambition in corporate target setting from ‘well below 2°C’ to ‘1.5°C’
- 650 companies from more than 50 countries participated in inaugural round of Climate Ambition Accelerator

The UN Global Compact engages companies to deliver greenhouse gas emission reductions at the highest level of ambition, focusing on ensuring accountability and transparency of corporate climate action, integrating resilience and a just transition while scaling up ambition across the globe and to companies of different sectors and sizes.

In 2021, the Action Platform on Climate Ambition, which over the course of five years brought together more than 30 companies to jointly develop thought leadership to translate the UN Secretary-General’s vision into business action in order to scale and deepen corporate climate action. Together with Action Platform participants, we were able to deep dive into the interconnections and co-benefits of climate and health and publish the action-oriented Business Narrative on Health Resilience. We also hosted an insightful Academy session on the climate-nature-health nexus with companies discussing how tackling these crises jointly is a business opportunity.

At the same time, new initiatives such as the Climate Ambition Accelerator and the Just Transition Think Lab were launched to further drive action towards our goal of companies taking concrete action and demonstrating measurable impact to advance the goals of the Paris Agreement and the SDGs. The inaugural round of the Climate Ambition Accelerator — a programme to help companies gain skills and knowledge to cut emissions in line with climate science, saw more than 650 companies participating and more than 50 countries represented. The programme was scaled across 30 Global Compact Local Networks in all regions. Countries with the most companies participating include Spain, Denmark, Ecuador, Sweden, the UK and Mexico.

“This is the decade for action to address the climate crisis and we have no time to lose. Every business needs to commit to a better, more sustainable future. It may be challenging to understand where to begin or how to get there. That's why the launch of the Climate Ambition Accelerator is so important. It will help companies to act, move faster, be more accountable, and to ultimately reach their net-zero goals.”

Roberto Marques, Executive Chairman, Group CEO for Natura & Co.

In our annual Progress Report, the SBTi showed that setting science-based targets brings significant emissions reductions in the real economy. In alignment with key climate milestones in 2021, the UN Global Compact drove forward a number of collaborative campaigns, publications and events to accelerate corporate action and ambition:

- In partnership with the CDP and on behalf of the SBTi, the UN Global Compact published the Taking the Temperature G7 report and G20 report. We used the reports as an opportunity to call on the largest companies to take ambitious climate action In the lead-up to the G7 Summit and the G20 Summit.
- For the 2021 Leaders Summit, the UN Global Compact
partnered with the UN’s Race to Zero campaign and delivered a series of sessions with private sector representatives from SMEs to heavy industry.

- At COP26 in Glasgow, the UN Global Compact delivered a series of products and events, including the CEO Sustainability Study on Climate Change, released in collaboration with Accenture.

- Organized with the UN Secretary-General’s Climate Action Team, the Ninth Annual High Level Meeting of Caring for Climate brought together CEOs and UN representatives in person in Glasgow while also live-streaming the discussion for a global audience and featuring virtual sessions with thematic deep dives and regional conversations.

In 2021, the SBTi made a breakthrough announcement on its ambition update to 1.5°C in July, followed by the launch of the Net-Zero Standard in November, the world’s first framework for corporate net-zero target setting in line with climate science. More than 4,000 participants joined the launch event live, confirming a high demand from the corporate world as well as the need to provide a standard that enables clarity of and confidence in near- and long-term decarbonization plans.

The mobilization of the Business Ambition for 1.5°C campaign laid the groundwork for this increase in ambition and mainstreamed 1.5°C as the “new normal” of corporate target-setting. With the campaign continuing to grow, more than 1,000 companies joined the Business Ambition for 1.5°C campaign by November 2021.

UN Global Compact CEO & Executive Director Sanda Ojiambo called on all companies – and especially those headquartered in the G20 – to set science-based targets aligned with the new Net-Zero Standard and launched the new Think Lab on Just Transition.
KEY ACHIEVEMENTS

- 25 new participants in the Water Resilience Coalition
- Two flagship collective action projects in basins in Brazil and India
- Initiation of Water Resilience Assessment Framework and Nature Based Solutions Benefits Explorer

In 2021, the UN Global Compact and its partner the Pacific Institute continued to deliver innovative programming through their CEO Water Mandate to further facilitate business uptake of water stewardship and build long-term water resilience.

This year, the Water Resilience Coalition grew by more than 25 participating companies, representing a market capitalization of more than $3.5 trillion USD and more than 15 partners. With the transition of the WBCSD WASH Pledge to WASH4Work, the WASH4Work partnership grew to 20 global corporate leaders and more than 300 WASH Pledge Signatories, situating WASH4Work as the go-to for companies interested in taking action on water access, sanitation and hygiene.

The Water Resilience Coalition redefined its 2030 ambitions to have positive water impact in 100 water-stressed basins, impacting 3 billion people, enabling resilient access to water and sanitation for at least 300 million people and recruiting 150 companies with the potential to influence one-third of global water use. To drive this agenda, the coalition launched two flagship collective action projects in basins in Brazil and India spearheaded by the Water Resilience Coalition members while facilitating projects in another nine basins worldwide. In addition, the CEO Water Mandate launched a formal definition and conceptualization for Net Positive Water Impact and delivered an Academy session to begin socialization of the concept.

The Coalition is recognized as one of the key partners to the Race to Resilience, an effort aimed at increasing the resilience of 4 billion people to the physical risks of climate change. Further advancing the Mandate’s work to connect the climate and water agendas, focusing on solutions that build resilience, the Coalition launched two key initiatives. The first was the Water Resilience Assessment Framework, a globally accepted, comprehensive framework to measure and drive action to build water system resilience at the basin scale for all stakeholders. The second focuses on building the case for increased investments in nature-based solutions as a critical solution to climate and water challenges. This was done through the launch of the Nature Based Solutions Benefits Explorer, an intuitive and user-friendly tool that offers practitioners a simple way to identify and understand the multiple benefits from nature-based solutions investments and be able to make the business case for further investment.

Throughout the year, the CEO Water Mandate delivered a number of critical sessions at World Water Week and at COP 26, setting the agenda for what good corporate water stewardship entails.
KEY ACHIEVEMENTS

- Launch of the Blue Road to COP 26 with 100 high-level stakeholders to develop four thought leadership briefs
- Convening of the Just Transition Maritime Task Force

In March 2021, the UN Global Compact launched the **Blue Road to COP 26** to increase recognition and implementation of ocean-based climate solutions in the lead up to the milestone conference. The Blue Road brought together a group of more than 100 stakeholders from business, policy, non-governmental organizations and science for four workstreams: zero-carbon maritime transport, offshore renewable energy, low-carbon blue food and ocean nature-based solutions. A set of four briefs were developed to provide recommendations for businesses and governments: the Blueprint for a Climate-Smart Ocean to Meet 1.5°C, Charting a 1.5°C Trajectory for Maritime Transport, the Seaweed as a Nature-Based Climate Solution Vision Statement and the Roadmap To Integrate Clean Offshore Renewable Energy Into Climate-Smart Marine Spatial Planning.

The UN Global Compact hosted high-level meetings on the Blue Road to focus on areas such as financing ocean-based solutions and catalyzing the ocean-climate ambition loop to build momentum and inspire companies to raise their ambitions in the lead-up to COP 26. Events were held on the margins of other global conferences as well to bring the strong voice of businesses to UN proceedings, such as a side event on taking action for decarbonized, socially responsible shipping held during the UN Global Sustainable Transport Conference.

Recognizing that finance will be a key lever to accelerate ocean-based solutions, the UN Global Compact continued to raise awareness and convene relevant stakeholders to advance blue bonds. In June, the Accelerating Blue Bond Issuances in Latin America and the Caribbean brief was released in partnership with IDB Invest. Based on this collaboration, IDB Invest issued its first blue bond in November 2021.

At the UN General Assembly, the UN Global Compact Sustainable Ocean Business Action Platform transitioned to become the Ocean Stewardship Coalition. The Coalition offers a forum for long-term collaboration among companies, Governments, NGOs, academia and UN partners for the ocean and ocean industries to support the achievement of the 17 Global Goals and the Paris Agreement.

At COP 26, the UN Global Compact, along with partners at the International Transport Workers’ Federation, the International Chamber of Shipping, the International Maritime Organization and the ILO, unveiled the Just Transition Maritime Task Force to promote transition to a zero-carbon shipping industry. The Task Force will be embedded under the broader UN Global Compact Think Lab on Just Transition and provide sectoral learnings.

“The climate crisis is an ocean crisis. Ocean stewardship and climate stewardship are precisely two sides of the same coin.”

H.E. John Kerry, U.S Special Presidential Envoy for Climate
SOCIAL SUSTAINABILITY: HUMAN RIGHTS

KEY ACHIEVEMENTS

- Established human rights assessment tools
- Launched the Academy e-learning course on Business and Human Rights: How Companies Can Operationalize the UN Guiding Principles
- Execution of the Responsible Business Conduct in Latin America and the Caribbean (RBCLAC) project

The UN Global Compact updated the foundation of its human rights and business work through a concentrated focus on corporate uptake and the implementation of the UN Guiding Principles on Business and Human Rights (UNGPs). According to the most recent annual survey, while more than 90% of UN Global Compact business participants have human rights policies in place, only 18% of these participants conduct human rights impact assessments. In response, the UN Global Compact made efforts to move companies beyond human rights commitments to tangible action and impact by developing learning resources and assessment tools, contributing to the UNGPs 10+ Roadmap and shaping conversations on business and human rights in high-level events.

In addition, the UN Global Compact provided new guidance and tools for participants to see their operations and value chains through a human rights lens. Together with the OHCHR and Shift, we launched the Academy e-learning course, “Business and Human Rights: How Companies Can Operationalize the UN Guiding Principles.” This serves as a critical new resource on both the UNGPs as well as the Human Rights Principles of the UN Global Compact and provides guidance in an accessible format with concrete learning objectives. More than 2,500 people have taken the course and, with new modules and translations being added in 2022, that number is expected to rise significantly.

To mark 10 years of the UNGPs, the UN Global Compact hosted an official anniversary event at the Leaders Summit. Guests included the UN High Commissioner for Human Rights Michelle Bachelet, Director-General of the ILO Guy Ryder and John Ruggie, author of the UNGPs.

A new tool to help businesses assess their human rights performance concerning the rights of LGBTIQ+ people was developed. The UN LGBTIQ+ Standards Gap Analysis Tool is a free, easy-to-use and confidential online platform that helps companies assess current policies and programmes, highlight areas for improvement and identify opportunities to set future corporate goals and targets. In a sign of strong interest, the launch post garnered more than 50,000 impressions on Twitter, more than any other during Uniting Business LIVE.

To close out 2021, the UN Global Compact paid its respects to one of its co-founders through a special tribute video in memory of the late John Ruggie, who passed away earlier in the year. The video highlights the important connections between Professor Ruggie, the late Kofi Annan and the creation of the UN Global Compact and serves as a historical look at the significance of our Human Rights Principles and the complementary UNGPs.

LOCAL NETWORK SPOTLIGHT

Throughout the year, the human rights workstream benefited from strong engagement and collaboration with Local Networks and the joint Human Rights and Labour Local Network Group. An example of this engagement was the Responsible Business Conduct in Latin America and the Caribbean (RBCLAC) project (funded and designed in collaboration with the EU and implemented by the ILO, OHCHR and the OECD) which supports governments, businesses and stakeholders in their efforts to respect and support human rights in line with the UNGPs.
SOCIAL SUSTAINABILITY: LABOUR AND DECENT WORK

KEY ACHIEVEMENTS

- Formal partnership established with Institution of Occupational Safety and Health (IOSH) and the ILO
- Call to action statement and guidance issued to encourage companies to promote and provide a living wage

The Decent Work in Global Supply Chains Action Platform concluded its most collaborative and productive year since its launch in 2017 with activities aimed at challenging companies to look at the root causes of decent work deficits and encourage them to make ambitious commitments on the topic of living wage. In June, the UN Global Compact issued a statement to encourage companies to promote and provide a living wage as an essential aspect of decent work to ensure all workers, families and communities can live in dignity. Prior to 2021, we did not have a narrative or guidance on living wage but have since secured a number of important partnerships with key stakeholders.

In particular, the UN Global Compact developed the guidance note Achieving the Living Wage Ambition: Reference Sheet and Implementation Guidance as part of the SDG Ambition programme, which was translated into Spanish to facilitate promotion and engagement in Latin America. It introduced the Improving Wages to Advance Decent Work in Supply Chains microsite highlighting lessons learned and best practices from companies and organizations on tackling low pay in supply chains and providing guidelines on concrete steps companies and their suppliers can take to improve wages globally. Both publications were well received (4,955 and 1,836 downloads respectively). They paved the way for one of the most successful high-level sessions at the Leaders Summit, “Ensuring living wages: Advancing decent work globally,” with 2,248 unique viewers featuring senior executives from Schneider Electric, Unilever and L’Oréal as well as the General Secretary of the International Trade Union Confederation (ITUC) Sharan Burrow.

The year featured increased collaboration with partner organizations. In particular, we worked with the ILO in co-developing and co-publishing Nine Business Practices for Improving Safety and Health Through Supply Chains and Building a Culture of Prevention and Protection and designing a well-attended Academy session on How to Improve Safety and Health in Global Supply Chains which received about 1,600 registrations. This collaboration will continue in 2022 with a formal partnership with Institution of Occupational Safety and Health (IOSH) and the ILO aiming to organize promotional activities and training as part of our Africa Strategy.

Local Networks in Mexico, Argentina, Brazil and Colombia organized a successful event on Living Wage in Latin America, and an Academy session was organized in collaboration with Local Networks in Africa to enhance the understanding of the UN Global Compact Labour Principles.
SOCIAL SUSTAINABILITY: GENDER

KEY ACHIEVEMENTS

- Companies scoring an average of 35% on WEPs Gender Gap Analysis Tool
- 83% of companies participating in Target Gender Equality are creating new targets or revising existing targets on women’s representation in top management and leadership
- 70% of companies reported having put place KPIs to track progress towards targets set

“Gender inequality is the overwhelming injustice of our age and the biggest human rights challenge we face.” – UN Secretary-General António Guterres

Throughout the year, the UN Global Compact worked with companies to increase private sector action on gender equality and create a world where women and girls thrive.

In 2021, the gender team supported companies’ commitment and implementation of the Women’s Empowerment Principles – crossing the milestone of 5,000 Signatories. Co-launched with UN Women in July 2021, the quarterly WEPs 101 webinar series provides an overview of the WEPs, guidance on the sign-on process and available tools and resources to Signatories. Each WEPs 101 session is tailored to a different region and in 2021, there were more than 900 participants. The WEPs Gender Gap Analysis Tool is promoted through the webinars and beyond, exceeding 3,500 Tool surveys for the year. The Tool showed some progress among companies, moving from an average score of 33% in 2020 to 34.6% in 2021 as companies worked to advance gender equality across their practices. For example, Mutualista Pichincha used its WEPs Tool results to create a two-year strategy to advance gender equality, specifically looking at empowering women across its supply chains.

Building off the foundational work of the WEPs and the WEPs Gender Gap Analysis Tool, the first round of Target Gender Equality ended in March 2021 when more than 300 companies completed the programme in collaboration with Global Compact Local Networks across 19 countries. As an outcome, 83% of companies participating in Target Gender Equality are creating new targets or revising existing targets on women’s representation in top management and leadership, with 67% of companies setting targets for the Board Level.

About nine months after programme completion, 70% of these companies reported having put in place KPIs to track their progress. In addition, as a result of Target Gender Equality, participating companies have committed to hundreds of interventions, policies and programmes aimed at advancing gender equality, including fostering professional development opportunities for women such as establishing mentorship networks, revising hiring practices such as ensuring gender-balanced interview panels or increasing efforts to close the gender pay gap. More details can be found here.

In 2021, the initiative grew in a second programmatic round to more than 850 companies in more than 40 countries across all regions. Its influence on local policy agendas is becoming evident. For example, Global Compact Network Portugal collaborated with the Secretary of State to launch a national target encouraging companies to commit to 40% women in leadership positions by 2030. To help companies stay up to date, the gender team grew the Target Gender Equality Newsletter to more than 3,000 subscribers in 2021.

The second round of Target Gender Equality was launched at the first TARGET GENDER EQUALITY LIVE, attracting more than 4,000 participants from Government, civil society, academia and the United Nations to discuss private sector action on gender equality.
On the sidelines of the UN General Assembly, the gender team launched the Gender Equality, Diversity & Inclusion Spotlight as a data deep dive based on the Annual Implementation Survey and CEO Study of the UN Global Compact — the world’s most comprehensive insights on business contribution to the UN Sustainable Development Goals to date. Topic spotlights provided the latest insight and reflections on gender equality, LGBTIQ+ protection and systemic racism from business leaders from around the world. The gender team ended the year by kickstarting a new workstream on gender-responsive procurement to support the inclusion of more women entrepreneurs in global supply chains and galvanize business support for gender-responsive suppliers.
GLOBAL GOVERNANCE: TRANSFORMATION GOVERNANCE

KEY ACHIEVEMENTS

- Development innovative SDG 16 Business Framework to inspire Transformational Governance
- Launch of Global Synthesis and microsite to guide use of the tool

“The SDG 16 Business Framework aims to inspire businesses to embrace their role in transformational governance, which includes fortifying multilateralism and reimagining the social contract.”

António Guterres
UN Secretary-General

As a key outcome of the Action Platform on Peace, Justice and Strong Institutions (SDG 16), the UN Global Compact introduced a unique tool to accelerate business action on the governance (“G”) element in environmental, social, governance (“ESG”). This was developed through 14 country consultations and 60 business leader interviews and inspired by ‘United in the Business of a Better World: A Statement from Business Leaders for Renewed Global Cooperation’ which was signed by more than 1,300 CEOs from more than 100 countries.

The SDG 16 Business Framework: Inspiring Transformational Governance provides companies with guidance on strengthening business culture, ethics and performance and supporting public institutions, laws and systems. With the increasing overlap and urgency on ESG issues, the Framework will help companies embrace transformational governance, a principles-based philosophy that calls on business to be more accountable, ethical, inclusive and transparent as a driver to responsible business conduct, enhanced ESG performance and strengthened public institutions, laws and systems.

2021 presented the most consequential year for the Action Platform with the following deliverables:

- Q1–2 2021 | 14 country consultations and country reports
- Q2 2021 | Global Synthesis Report
- Q2 2021 | SDG 16 Business Framework | Inspiring Transformational Governance microsite
- Q2 2021 | Executive Summary
- Q2 2021 | Leaders Summit launch panel

2021 HIGHLIGHTS: ENGAGE & PROGRESS
GLOBAL GOVERNANCE:
ANTI-CORRUPTION

KEY ACHIEVEMENTS

- Development of “Uniting against Corruption: A Playbook on Anti-Corruption Collective Action”
- Global Compact Local Networks in Brazil, India, Kenya and Ukraine made significant progress tackling corruption in their national business environments.
- Funding confirmed and successful implementation kick-off for three-year project to scale local action

Over the course of the year, the UN Global Compact advanced the four-year project, Scaling up Anti-Corruption Collective Action within Global Compact Local Networks. Highlights include:

**Uniting against Corruption: A Playbook on Anti-Corruption Collective Action** was launched in collaboration with Global Compact Local Networks and with the support of strategic partners. With a six-step approach, the Playbook enables readers to make a clear diagnosis of their local corruption landscape, identify and engage stakeholders and apply the Collective Action methodology to address identified corruption challenges and mitigate potential business risks.

**LOCAL NETWORK SPOTLIGHT**

Global Compact Local Networks in Brazil, India, Kenya and Ukraine made significant progress tackling corruption in their business environments. Local Network India, which is implementing a Collective Action in the Healthcare Sector, launched an Anti-Corruption Collective Action Working Group and is forming strategic partnerships in the sector. Local Network Kenya, focusing on Collective Action on strengthening the Code of Ethics for Business in Kenya, added 101 companies as Signatories, and Local Network Ukraine focused on developing anti-corruption training for SMEs, partnering with the National Agency on Corruption Prevention to produce a handbook and e-learning course based on the new Standard Anti-Corruption Program for Legal Entities and Collective Action Playbook.

Participating in the preparatory process and side events for the Special Session of the General Assembly against Corruption (UNGASS), the UN Global Compact developed a video with the Office of the President of the General Assembly featuring a conversation between Sanda Ojiambo and the President of the 75th Session of the UN General Assembly, H.E. Volkan Bozkir. Also, with support from Global Compact Local Networks, the Global Compact co-organized a side event with the UN Office on Drugs and Crime entitled “In the Margins of UNGASS: High-level Forum for the Private Sector.”

To further scale work on Collective Action, the UN Global Compact kicked off a three-year project, [*Advancing Collective Action against Corruption through Global Compact Local Networks.*](#) It aims to build and expand on current activities by advancing the adoption of the Uniting against Corruption: A Playbook on Anti-Corruption Collective Action as a global resource, enabling 10 Global Compact Local Networks to initiate and facilitate local and regional Collective Action initiatives and scaling the engagement of the UN Global Compact in public-private policy dialogues to bring the private sector voice to the global anti-corruption agenda.
CROSS-CUTTING: SDG INTEGRATION

KEY ACHIEVEMENTS

- UN Global Compact Academy doubled number of users, bringing it to a total of 11,454
- 50% of participating companies from the first round of SDG Ambition Accelerator submitted “nine month-action plans” upon concluding the program
- Young SDG Innovators Programme was implemented with 546 emerging leaders aged 35 and under from 196 companies – resulting in over 200 innovative “SDG solution” proposals

While awareness of the Sustainable Development Goals is at an all-time high among businesses, few companies report that they are positioning sustainability and the SDGs at the centre of their business strategy. For this reason, challenging and supporting companies to take ambitious action remained a critical priority for 2021. The UN Global Compact Academy served as a platform for sharing content and live sessions on the principles-based approach to the SDGs. For example, 5,492 additional people completed the e-learning course “How to Understand and Take Action on the Global Goals”, nearly doubling the number of users and bringing it to a total of 11,454 since its launch in 2018.

The SDG Integration portfolio was primarily delivered through two Accelerators in partnership with Local Networks: SDG Ambition and the Young SDG Innovators Programme.

SDG Ambition concluded its pilot round in April and launched recruitment for the second round in June. Feedback on the first round was overwhelmingly positive. The overall participant satisfaction rate was 89%, with 87% of participants saying the Accelerator helped them to identify new ways to contribute to the SDGs. Close to 50% of participating companies from the first round submitted “nine month-action plans” upon concluding the program, and we look forward to following up to learn more about their efforts to set ambitious goals.

Encouragingly, 550 companies from 55 countries signed up to participate in the second round, with a total of more than six million employees and more than $1.5 trillion USD in revenue. The total number of companies taking part has reached 1,100, and Local Network participation grew to 36 Networks from 25 in Round One.

Testimonials from Round 1 SDG Ambition participants:

- “SDG Ambition is an amazing and practical journey in the world of corporate sustainability which supported us with a new method to set the “next level” ambitious targets.” – Lucrezia Calzavara, Product Manager & Sustainability, ILTA Alimentare S.p.A, GMT
- “Do it. For your own understanding, for the contextualized value case for your organization, and to collaborate with like-minded individuals who can help you through your own organizational blockers.” – Steven Tideswell, UK Head of Business Excellence, VINCI Construction
- “It is more than an SDG programme, it is a life-long journey with great content, reflective conversations and structured coaching sessions. The programme created a unique environment in which everyone is at the same level and in which you could say what you want without being judged.” – Mohamed Rafiek Sharfuddin, Group Sustainability Executive, Imperial Logistics, South Africa

The second round of the Young SDG Innovators Programme (YSIP) was implemented with 546 emerging leaders aged 35 and under from 196 companies taking part. More than 50% of the companies were based in developing countries. Of significant note, more than 200 SDG “solutions” were submitted by programme participants, representing the concrete innovations that companies are working to implement. The third round of YSIP was launched in December 2021.
KEY ACHIEVEMENTS

- CFO Taskforce grew to 70 members, representing 33 sectors and from 26 countries.

- The Taskforce publicly committed to more than $500 billion investment over the next five years towards the SDGs and to shift nearly 50% of all corporate financing to sustainability performance, with plans to issue hundreds of billions in new sustainable finance instruments, including sustainability-linked bonds.

Financing the 2030 Agenda remains a core priority of the UN Global Compact. The UN Global Compact CFO Taskforce, launched in 2019, advanced its work aimed at addressing the global financial gap and rendering chief finance officers as the architects of long-term sustainable value creation. The Taskforce has more than 70 members, representing 33 sectors and from 26 countries.

Members of the CFO Taskforce have committed to invest more than $500 billion over the next five years towards the SDGs as they work both collectively and within their organizations to promote further integration of the SDGs in corporate finance. They also committed to link nearly 50% of all corporate financing to sustainability performance, with plans to issue hundreds of billions in new sustainable finance instruments, including sustainability-linked bonds.
SPECIAL INITIATIVE: PRINCIPLES OF RESPONSIBLE MANAGEMENT (PRME)

PRME’s vision is to create a global movement and drive thought leadership on responsible management education. Its mission is to transform management education and develop the responsible decision-makers of tomorrow to advance sustainable development.

It was a big year for PRME, both operationally and programmatically... for operations, 6 PRME chapters re-established, new mandatory fee model in place and 6 million in funding secured from the Lego Foundation. Programmatically, publication of the PRME Book, Virtual PRME Global Forum and new working groups on Sustainable Finance and Human Rights.

PRME moved closer to achieving its mission in 2021 notably by hosting three Carbon Literacy Trainings, each lasting eight hours over four weeks. The trainings were led by Professor Petra Molthan-Hill at Nottingham Trent University. Upon attending all four sessions and completing an assessment form including an individual and group action plan, participants have the opportunity to become certified carbon literate and trainers themselves. In 2021, more than 400 participants attended the trainings at least in part, and more than 100 of those participants became certified in carbon literacy. In collaboration with and in the lead up to the Carbon Literacy Project’s COP26 Action Day, PRME held a global campaign to encourage certified participants to host their own trainings. This campaign resulted in more than 2,000 learners participating in 24 training sessions in nine countries.
ACHIEVING OUR AMBITION
ACHIEVING OUR AMBITION

While progress is being made, we recognize more must be done by businesses globally to accelerate corporate sustainability and responsible business practice. Even within the current participants of UN Global Compact, only 39% of companies believe their targets are sufficiently ambitious and only 46% are embedding SDGs into their core business.

The UN Global Compact is dedicated to fostering private sector commitment to sustainability, and under our theory of change, by investing in core capabilities, by continuing to reach companies – directly through Global Compact Local Networks and through ecosystems – and by engaging with them in relevant and meaningful ways, companies will accept and adhere to the Ten Principles, implement best practice policies and bring about the needed behaviour change. Ultimately this change will bring about SDG achievement in line with the Ten Principles, delivering the mission of the Global Compact.

The continued support of Governments and the UN system show how this theory of change and the mission of the UN Global Compact continue to resonate broadly. This is further supported by the increased pool of participating companies, especially from developing economies and SMEs, and by the increased participation and attendance across the delivery channels.

As reported at the Leader’s Summit 2021, of the 550 companies that engaged in the SDG Ambition Accelerator, 77% (or 424 companies) agreed that the Accelerator helped them shape ambitious goals and 79% (or 435 companies) agreed that the Accelerator helped them identify new ways to contribute to the SDGs.

The scale of impact of the UN Global Compact also will be realized through continued engagement with ecosystems, i.e., systems of change – including all of the actors as well as the larger environment within which the actors play – centered around creating shared value or solving a specific issue.
INTEGRITY AND FINANCIAL SUMMARY
INTEGRITY MEASURES OVERVIEW

The UN Global Compact safeguards the integrity of the initiative through the implementation of its Integrity Measures policy. Outlined below are the key areas advanced in 2021 and ongoing monitoring of UN Global Compact participant reporting requirements, allegations of abuse of the Ten Principles and logo use.

2021 INTEGRITY MILESTONES:

- Development of comprehensive risk assessment across the UN Global Compact strategic areas, including risk definitions, an analysis of risk drivers, a description of the controls already established by management and an outline of potential risk response strategies.

- In light of the new programmes model, access to programmatic activities will no longer be subject to a due diligence review in 2022.

- Due diligence support for flagship events as well as strategic support to the Executive Office of the Secretary General and the broader UN system.

REPORTING: In 2021, 83% of companies submitted a Communication on Progress (CoP) at the Global Compact Active level, which is the minimum baseline for content submission. 9% of companies submitted a CoP at the Advanced level and the remaining submissions were at the Learner level. The enhanced Communication on Progress, to be announced in 2022, will be a crucial element contributing to the broader review of the Integrity Measures policy next year.

ALLEGATIONS OF ABUSE OF THE TEN PRINCIPLES: The number of matters raised by external third parties under the Integrity Measures decreased to 10 in 2021 (13 were raised in 2020). Of these 10 matters, two were accepted under the scope of the dialogue facilitation process. The number of matters addressed by the UN Global Compact through engagement at the working level decreased to 3 in 2021 from 7 in 2020. In 2021, additional engagement occurred with the five companies that were identified as “high risk” as a result of the basic due diligence review conducted for high-level programme participation.

LOGO USE BY UN GLOBAL COMPACT PARTICIPANTS: The number of logo requests more than doubled from 2020. The number of logo misuse cases has remained steady, and the Compact has continued to enhance the capacity of Local Networks to more proactively address instances of logo misuse by existing and prospective participants. The Integrity team addresses all cases of misuse with a cease and desist notice to a relevant party, which is generally effective.
FINANCIAL SUMMARY

OVERVIEW

The UN Global Compact had favorable financial results through December with a net operating surplus of approximately $5.8 million. This is partially due to the forgiveness of the $1.1 million Paycheck Protection Program loan the Foundation received in 2020 by the US Small Business Administration as well as better than expected results in contributions and funding from Action Platforms.

STATEMENT OF ACTIVITIES

<table>
<thead>
<tr>
<th>ACCOUNTS</th>
<th>TRUST FUND (USD)</th>
<th>FOUNDATION (USD)</th>
<th>CONSOLIDATED (USD)</th>
<th>CONSOLIDATED BUDGET (USD)</th>
<th>BUDGET REMAINING (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voluntary contributions govs</td>
<td>2,521,867</td>
<td>-</td>
<td>2,521,867</td>
<td>2,600,000</td>
<td>78,133</td>
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<tr>
<td>Company required contributions</td>
<td>-</td>
<td>13,911,517</td>
<td>13,911,517</td>
<td>13,653,350</td>
<td>(258,167)</td>
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<tr>
<td>Action Platforms</td>
<td>-</td>
<td>4,282,412</td>
<td>4,282,412</td>
<td>3,700,000</td>
<td>582,412</td>
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<tr>
<td>Events &amp; Sponsorship</td>
<td>-</td>
<td>416,164</td>
<td>416,164</td>
<td>810,000</td>
<td>393,836</td>
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<td>Grants + Special Projects</td>
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<td>3,165,043</td>
<td>3,165,043</td>
<td>3,775,000</td>
<td>609,957</td>
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<td>PRME</td>
<td>-</td>
<td>670,047</td>
<td>670,047</td>
<td>330,000</td>
<td>(340,047)</td>
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<td>Revenue designated for LNDF</td>
<td>-</td>
<td>1,185,030</td>
<td>1,185,030</td>
<td>962,763</td>
<td>(222,267)</td>
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<tr>
<td>Other revenue</td>
<td>1,458</td>
<td>1,288,288</td>
<td>1,289,746</td>
<td>345,000</td>
<td>(944,746)</td>
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<td>Support from FGC</td>
<td>4,000,000</td>
<td>-</td>
<td>4,000,000</td>
<td>4,000,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>6,523,325</strong></td>
<td><strong>24,918,501</strong></td>
<td><strong>31,441,826</strong></td>
<td><strong>30,176,113</strong></td>
<td><strong>(1,265,713)</strong></td>
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<tr>
<td>EXPENSES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Salaries and Benefits</td>
<td>4,537,603</td>
<td>5,700,207</td>
<td>10,237,810</td>
<td>12,250,000</td>
<td>2,012,190</td>
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<td>Non-employee compensation (Consults)</td>
<td>99,634</td>
<td>7,046,267</td>
<td>7,145,901</td>
<td>4,960,000</td>
<td>(2,185,901)</td>
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<td>Occupancy &amp; Office</td>
<td>-</td>
<td>1,822,422</td>
<td>1,822,422</td>
<td>2,073,500</td>
<td>251,078</td>
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<tr>
<td>Grants and other transfers (LNDF)</td>
<td>-</td>
<td>3,288</td>
<td>3,288</td>
<td>336,000</td>
<td>332,732</td>
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<tr>
<td>Depreciation</td>
<td>-</td>
<td>160,000</td>
<td>160,000</td>
<td>175,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Travel</td>
<td>47,770</td>
<td>45,529</td>
<td>93,299</td>
<td>404,500</td>
<td>311,201</td>
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<td>Technology</td>
<td>-</td>
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<td>969,071</td>
<td>1,382,250</td>
<td>413,179</td>
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<td>Events</td>
<td>-</td>
<td>588,532</td>
<td>588,532</td>
<td>852,500</td>
<td>263,968</td>
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<tr>
<td>Other operating expenses</td>
<td>545,703</td>
<td>61,939</td>
<td>607,642</td>
<td>688,650</td>
<td>81,008</td>
</tr>
<tr>
<td>Support to UNGC</td>
<td>-</td>
<td>4,000,000</td>
<td>4,000,000</td>
<td>4,000,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>5,230,710</strong></td>
<td><strong>20,397,235</strong></td>
<td><strong>25,627,945</strong></td>
<td><strong>27,122,400</strong></td>
<td><strong>1,494,455</strong></td>
</tr>
<tr>
<td><strong>NET OPERATING SURPLUS / (DEFICIT)</strong></td>
<td><strong>1,292,615</strong></td>
<td><strong>4,521,266</strong></td>
<td><strong>5,813,881</strong></td>
<td><strong>3,053,713</strong></td>
<td></td>
</tr>
</tbody>
</table>
REVENUE & EXPENDITURES

At the end of December 2021, the UN Global Compact has raised almost $27 million in revenue (exclusive of Fdn transfer to UNGC TF), with $2.5 million being secured from the government sector.

From Participant and Signatory fees, The UN Global Compact has invoiced approximately $15.1 million. $1.2 million of those fees are designated to the Local Network Development Fund.

Action Platform participants and sponsors have contributed $4.3 million or 16% of the total revenue.

Other sources of funding include revenues from Events, Grants, PRME and Administrative Income. Combined these revenue sources represent 9% of the UN Global Compact’s total revenue for the year.

Expenditures to date are 94% of the annual budget (exclusive of Fdn transfer to UNGC TF). The top expense categories were Personnel, Consultants, Occupancy and Technology.

LOCAL NETWORK DEVELOPMENT FUND

A portion of fees from Participant and Signatory companies with revenue greater than 50 million USD, are designated to our Local Network Development Fund.

To date the available fund balance is $1,674,650. For 2021 we have designated approximately $1.2 million to the LNDF. After a rigorous application process, Global Compact Local Networks receiving LNDF support in 2021 were Bangladesh, Belarus, Bolivia, Guatemala, Malaysia and Nigeria.

Beginning 2022, only countries considered to be high income will contribute 7.5% of annual contributions to LNDF.

FUNDRAISING HIGHLIGHTS

- Met fundraising target related to previous strategy ($1.5M USD toward GIs – now called accelerators)
- Surpassed Q4 2021 fundraising target for new strategy Lead & Shape and priority projects ($1,745,555 USD measured against $1,220,000 target).
- Secured first UN grant in UN Global Compact 21 year history from the UN Peace and Development Trust Fund
- Cultivating relationships with over 20 philanthropies, in line with 2021-2023 organizational goal to diversify revenue streams
IN MEMORIAM: JOHN RUGGIE

“John Ruggie will be greatly missed by the UN Global Compact and its Local Networks around the world. We will carry on his legacy as we strive towards the future we want — and one he helped envision — while ensuring no one is left behind.”

Sanda Ojiambo,
CEO & Executive Director
UN Global Compact

One of the key figures in the founding of the UN Global Compact, John Gerard Ruggie died on 16 September 2021 at the age of 76. He was a towering figure in international human rights. Together with former UN Secretary-General Kofi Annan and Georg Kell, John played a pivotal role in the founding of the UN Global Compact in 2000.

He served as United Nations Assistant Secretary-General for Strategic Planning from 1997–2001 and played a key role in drafting the Millennium Development Goals. He went on to serve as the Secretary-General’s Special Representative on Business and Human Rights from 2005–2011, designing the “Respect, Protect and Remedy” Framework and the incomparable UN Guiding Principles on Business and Human Rights.

He was the Berthold Beitz Professor in Human Rights and International Affairs at Harvard’s Kennedy School of Government and author of “Just Business: Multinational Corporations and Human Rights.”

John was brilliant, inspiring, tirelessly committed, passionate, warm, thoughtful and kind. We mourn his loss deeply and hope to honor his legacy in our ongoing work.
APPENDIX
**LIST OF ACRONYMS AND ABBREVIATIONS**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>CoP</td>
<td>Communications on Progress</td>
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<tr>
<td>ESG</td>
<td>Environmental, Social, Governance</td>
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<td>FGC</td>
<td>Foundation for the Global Compact</td>
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<tr>
<td>GCN</td>
<td>Global Compact Local Network</td>
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<tr>
<td>GCO</td>
<td>Global Compact Office</td>
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<tr>
<td>ILO</td>
<td>International Labour Organization</td>
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<tr>
<td>IOSH</td>
<td>Institution of Occupational Safety and Health</td>
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<tr>
<td>M&amp;E</td>
<td>Monitoring &amp; Evaluation</td>
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<tr>
<td>SMEs</td>
<td>Small, and Medium Enterprises</td>
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<tr>
<td>OCHR</td>
<td>Office of High Commissioner for Human Rights</td>
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<td>PRME</td>
<td>Principles for Responsible Management</td>
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<td>RBCLACi</td>
<td>Responsible Business Conduct in Latin America and the Caribbean</td>
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<td>SBTi</td>
<td>Science-Based Targets initiative</td>
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<tr>
<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<tr>
<td>SME</td>
<td>Small and Medium Enterprise</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>UNEP</td>
<td>UN Environment Programme</td>
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<tr>
<td>UNGPs</td>
<td>UN Guiding Principles on Business and Human Rights</td>
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<td>UNODC</td>
<td>United Nations Office on Drugs and Crime</td>
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<td>VNRS</td>
<td>Voluntary National Reviews</td>
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<tr>
<td>WEP</td>
<td>Women’s Empowerment Principles</td>
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<tr>
<td>YSIP</td>
<td>Young SDG Innovators Programme</td>
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ABOUT THE UNITED NATIONS GLOBAL COMPACT

As a special initiative of the UN Secretary-General, the United Nations Global Compact is a call to companies everywhere to align their operations and strategies with Ten Principles in the areas of human rights, labour, environment and anti-corruption. Our ambition is to accelerate and scale the global collective impact of business by upholding the Ten Principles and delivering the Sustainable Development Goals through accountable companies and ecosystems that enable change. With more than 12,000 companies and 3,000 non-business signatories based in over 160 countries, and 69 Local Networks, the UN Global Compact is the world’s largest corporate sustainability initiative — one Global Compact uniting business for a better world.

For more information, follow @globalcompact on social media and visit our website at unglobalcompact.org.

THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

HUMAN RIGHTS
1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

LABOUR
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT
7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION
10. Businesses should work against corruption in all its forms, including extortion and bribery.

The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

United Nations Global Compact
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