

IN 2000, THEN-SECRETARY GENERAL KOFI ANNAN launched the United Nations Global Compact, to help give the global marketplace, in his words, “a more human face.” That year the Global Compact had 44 participating companies.

Today, it is fulfilling Annan’s vision in partnership with more than 12,000 business and 3,000 non-business signatories from across 160 countries. Companies who sign up are committing to The Ten Principles of the UN Global Compact, which encompass everything from human and labor rights to environmental protection.

Sanda Ojiambo, the Global Compact’s CEO and Executive Director, calls these principles “the DNA for how companies can help the world achieve the UN’s Sustainable Development Goals by 2030, as well as the objectives of the Paris Agreement on climate change.”

In addition to working with companies directly to implement those principles into their strategies, the Global Compact has also helped launch a number of influential campaigns and networks. In 2006 it launched the UN Principles for Responsible Investment, which has seen investors managing more than a combined \$100 trillion pledge to incorporate ESG factors into their investment decision making. More recently, the Global Compact helped launch the “Business Ambition for 1.5°C” campaign, which has mobilized companies with a combined market capitalization of \$13 trillion to set science-based targets across their value chains.

Ojiambo is the first African to lead the Global

The leader of the world’s largest corporate sustainability initiative says the pandemic has sparked record participation among its members. She shares her plans to build upon that momentum while combating “greenwashing.”

principles of the Global Compact,” she says, “it will not remain part of the UN Global Compact.”

#### **How does a business benefit by participating in the Global Compact—and how can those already participating get more out of their engagement?**

All of the more than 15,000 business and non-business participants in the UN Global Compact have one thing in common: They are committed to implementing a universal model of sustainability through our Ten Principles. They take seriously their commitment to work toward implementation of these principles throughout their operations and spheres of influence, and to communicate transparently on their progress.

Businesses today are under increasing pressure from policymakers, investors, customers and employees to show greater action and impact on corporate sustainability. They are expected to be more ambitious, adopt more sustainable practices and play a leading role in building a safer and better future for people and the planet. According to our research, 76% of CEOs believe sustainability and trust will be critical to competitiveness in their industries in the next five years. And yet, only 48% are taking concrete steps to integrate sustainability into their operations.

Often, companies just don’t know where to start—there is a lot to consider. Through initiatives such as SDG Ambition and our Chief Financial Officers Taskforce, we give companies practical guidance on how to become more sustainable and how to measure, manage and report on their progress.

# SANDA OJIAMBO

Compact and the second woman to do so. Her predecessor, Danish businesswoman Lise Kingo, had previously been a senior executive at Novo Nordisk. Before joining the Global Compact in June of 2020, Ojiambo had been Head of Sustainable Business and Social Impact at Safaricom, Kenya’s largest telecoms provider.

She spoke with Brunswick about her plans to broaden the Global Compact’s reach in the Global South and also ensure that its signatories are living up to their commitments: “If a company does not demonstrate significant progress, or goes against the

The UN Global Compact can help businesses navigate and rise to these challenges, whether they are looking to cut down on water and power use; recycle wherever possible; source from sustainable suppliers; promote gender equality at work; address inequality within their value and supply chains, and through their products and services; or work toward becoming carbon neutral.

And while we have always urged companies to adopt more sustainable business practices, it is only in the past year—with the impact of COVID-19—that we have been able to show so clearly that



PHOTOGRAPH: COURTESY OF UN GLOBAL COMPACT

reducing their carbon emissions and protecting biodiversity makes companies more resilient to shocks, more relevant to society and more valuable to investors.

**Has the Global Compact's strategy, or the way it engages with businesses, changed as a result of the pandemic?**

Business engagement with the UN Global Compact has increased significantly in the past year. In fact, 2020 was our best year yet in terms of new participation, with over 2,000 companies signing on. We

**“Investors appear to be doubling down on sustainable companies and sectors.”**

also saw attendance at our summits increase tenfold—partly because the meetings were entirely virtual and therefore easier to join. But it was also because businesses are starting to realize they need to integrate sustainability and resilience into their own operations and throughout the value chain. We see more businesses now actively seeking out global standards, collaboration and regulatory alignment.

The pandemic also made us realize that we needed to adjust our strategy, and we recently completed that process. Our strategy for the next three years places a particular emphasis on the balanced



growth of our global footprint and on small- and medium-sized enterprises (SMEs). Even though these enterprises account for most of the businesses and employ most of the workers worldwide, they have yet to be effectively engaged in the corporate responsibility and sustainability agenda. We are now working to change this by creating programs tailored to the specific needs of SMEs.

We recognize, as well, that the world's interlocking health, economic and environmental crises are affecting different countries and regions in different ways. To ensure the Global Compact has a worldwide perspective and impact, our strategy also focuses on expanding our presence in the Global South, China and the US.

**The Global Compact has, over its history, delisted thousands of participants for not meeting your requirements. Are you considering other steps to avoid the perception that some signatories are “greenwashing”?**

We definitely do not want to greenwash or “bluewash” companies’ contributions to the sustainability agenda—something we are increasingly seeing in the ESG space. If a company does not demonstrate significant progress, or goes against the principles of the Global Compact, it will not remain part of the UN Global Compact.

To enhance our rigor in assessing business performance on sustainability, we are developing a set of targets called Indicators of Collective Impact. These metrics will initially look at the number of companies offering living wages; making commitments to climate action; enforcing compliance with anti-corruption and bribery laws and regulations; making public commitments to human rights; progressing toward gender parity in their operations; and taking action to advance the Sustainable Development Goals.

**Your members represent 160 countries and a broad spectrum of cultural and political views. How do you handle disagreement over what constitutes basic human rights? Are there examples of businesses in developing nations leading or challenging those in developed nations on particular issues?**

We recognize that any given company's contribution to the SDGs will vary based on the nature of its business, its industry and the local context. We also know that business cannot achieve sustainability goals in isolation. So it's fortunate that the UN Global Compact is not just for business. We are, uniquely, a

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business-led, multi-stakeholder coalition. This status enables us to provide a platform where businesses and industry associations can engage with governments, multinational corporations, academia, civil society, foundations, the UN and regulators to help drive change.

Of course, national context plays an important part in defining areas of priority, which is why we work closely with our Global Compact Local Networks in various countries to create programs that fit local needs. Having said that, we also recognize that for a business to be responsible, it must manifest the same values and principles wherever it has a presence. Good practice in one country does not offset harm in another.

**What does success look like for the UN Global Compact in 2025, or 2030?**

Our work focuses on areas where we feel the private sector can have the most impact: 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).

Leading up to 2030, success for me would be that business—engaged, inspired and enabled by the UN Global Compact—has made quantifiable progress by shifting its financial resources, technologies and people toward delivering on the SDGs.

**If you had every CEO in the Fortune 500 and FTSE 350 on a Zoom call, what do you think they need to hear right now?**

My message would be very simple: Companies demonstrating bold leadership on the SDGs will not only become more resilient; they will be securing their own long-term future while helping to protect lives and build prosperity around the globe. And if that doesn't convince them, I would tell them that investors appear to be doubling down on sustainable companies and sectors in response to our current global crises.

According to the ratings company Morningstar, investors continue to pour record amounts into sustainability-focused funds. As of Q2 2021, those funds were managing more than \$2.3 trillion in combined assets—in 2018, they were managing less than \$1 trillion. Furthermore, our research shows that businesses with higher ESG standards are more profitable, with 6.3% higher cumulative relative returns during the first four months of 2021 than the lowest-rated companies. Evidence also shows that businesses with long-term sustainability strategies are better at addressing short-term challenges. ♦