

2021 GCNSA

ANNUAL REPORT



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EXECUTIVE SUMMARY



In this Annual Report for 2021, we reflect on GCNSA's progress and look forward to the rest of 2022 with much optimism as lockdowns have eased and vaccines are now more available for South Africa. As the Pandemic recedes, there is an enormous rebuilding that must take place given the extensive negative impact on society and the economy. At GCNSA, we believe that the rebuilding should consider the lessons learnt from the pandemic and be more inclusive, forward-looking, and sustainable.

GCNSA is a business-led platform working to scale and accelerate the collective business impact, by delivering on the UN Global Compact's Ten Principles and the Sustainable Development Goals in alignment with the National Development Plan.

In 2021, we continued to deliver on 4 key strategic priorities set up by the Board at the review of our strategy in 2020 focused on: enhancing the delivery of Programmes that demonstrate innovative action and impact; improving GCNSA's convening and catalysing role; achieving financial sustainability; and continuing to build a strong foundation for the Network.

The term of the current Board of Directors comes to an end at this year's Annual General Meeting and Participants will elect a new Board. Hence this report also highlights key achievements in the past four years since inception. We at GCNSA would like to thank the outgoing Board for their commitment and strategic guidance that has ensured a strong foundation that will enable the Network to grow and thrive into the future; delivering relevant value to companies and scaling the required sustainability impact.

UN GLOBAL COMPACT STRATEGY 2021-2023

During 2021, the UN Global Compact launched its 3-year Strategy to 2023. The Strategy is an ambitious initiative to scale and accelerate the global collective impact of business through the Ten Principles and the SDGs. The new Strategy comes with an enhanced programme of support for companies to drive impact, scale their ambition and communicate their progress. New Programmes are backed by a strong digital infrastructure.

The Global Compact also recently launched a strategy to accelerate and scale meaningful SME engagement in sustainability, in accordance with their capacities and business realities. We will deliver value to SMEs through enhanced programmes, supply chain and impact pilots, policy engagements and enhanced business opportunities.

NEW FEES BENCHMARK FROM 2023

The enhanced value to companies participating in the UN Global Compact will be funded through a simpler business model that includes a single tier of engagement (collapsing the previous differentiated tiers for Participants and Signatories), with all companies accessing full benefits on offer.

All participating companies, large and small in South Africa are required to contribute according to the benchmark below:

ANNUAL CONTRIBUTIONS

COLLAPSED TIERS					
COMPANY REVENUE TIERS BY ANNUAL GROSS SALES/REVENUE	REQUIRED ANNUAL CONTRIBUTION (USD)				
30 billion+	30,000				
10 billion – 30 billion	25,000				
5 billion – 10 billion	20,000				
1 billion – 5 billion	15,000				
500 million-1 billion	10,000				
250 million – 500 million	7,500				
50–250 million	5,000				
25–50 million	2,500				
<25 million	1,250				

NEW COMMUNICATION ON PROGRESS

From 2023, a new Communication on Progress (CoP) will come into effect. The CoP has undergone extensive review and the final questionnaire is based on 60 metrics framed on the Global Compact's Ten Principles (Environmental, Governance and Social framework). In developing the CoP, we sought alignment with global reporting frameworks. The new CoP aims to standardize reporting, enable comparability, increase transparency, and generate data that can also help governments during the Voluntary National Reviews on the SDGs.

We thank the South African companies and SMEs that have volunteered as early adopters in the first quarter of 2022.

PROGRESS REPORT 2021

FINANCIAL GROWTH

GCNSA has achieved substantial growth in income each year since inception four years ago. Our first audit of 2018 (9 months of existence) showed an income of R 1.1 million and an expenditure R 1.1m; increasing to a total income of R 4.3 million and R 2.5 m in expenditure in 2019; increasing to R 5.3 million in 2020 and R 2.8m in expenditure.

Our current audited results for 2021 shows a 24% income growth to R 6.6 m (R 3.7m in expenditure). The cumulative surplus for the 4-year period stands at R6 million.

Our budget for 2022 reflects revenue sharing with the UN Global Compact in New York, hence it will be important for GCNSA to develop a diversified financing model, to continue the sustainable growth trajectory.

PARTICIPANTS GROWTH

The growth in income above is a direct result of growth in the participant's base. During the transitional year to 2019, GCNSA total number of participants were 66 and this increased to 84 participants at the end of 2021.

There is still significant scope for more South African companies to join and participate in the UN Global Compact, especially as we introduce additional programmes to respond to the diverse needs of participants. It is equally important to retain those that are already in the Compact. The integrity measure for retention remains twofold; the mandatory annual reporting by participants and the payment of the annual participation fees.

PROGRAMME ACCELERATORS & THOUGHT LEADERSHIP

The Global Compact brand in SA is increasingly visible due to the range of relevant programmes that GCNSA offers to participating companies. From one programme offering in 2019, GCNSA currently offers four accelerators that include the Young SDG Innovators Programme; Climate Ambition Accelerator; SDG Ambition; and Target Gender Equality.

In 2021 alone, we had 102 professionals from 46 companies participate in the 4 programme accelerators above. GCNSA continues with these accelerators in 2022. The intention across these accelerators is to support companies to accelerate action on sustainability and set appropriate benchmarks that are ambitious and aligned to both national and global goals.

We also continuously engaged on Thought Leadership through The Compact Dialogues, a regular platform that GCNSA makes available to participating companies and other stakeholders to advance, shape and share on sustainability priorities.

New accelerators are under development by the Global Compact in response to areas where companies have asked for guidance. These include Human Rights Accelerator; SME Accelerator; and the Women Entrepreneurship Accelerator. We expect these accelerators to be available in the last half of 2022.

Other initiatives in development during 2022 include expanding the focus on young people, by establishing an engagement platform with business; establishing a youth peer learning group and re-establishing our work on anti-corruption in business. The design of these initiatives will be communicated closer to the launch.

Thank you for being engaged with us during a very challenging pandemic.

Achieng Ojwang
Executive Director

FOREWORD BY CHAIRPERSON OF THE BOARD



The GCNSA submits its annual report at a seminal time in its evolution. The UN Global Compact has appointed a new leader from the global south to drive and shape the future of the Organisation so that the networks are fit for purpose and able to navigate the casualties of the pandemic and exploit the opportunities of its aftermath.

The new Executive director has appropriately reviewed the organisation's strategy to ensure that its response is able to address the negative effects of the pandemic including fragile economies in many countries; destabilised large and small enterprises, and the livelihoods of millions of people across the globe.

The South African operation has continued to advocate for companies to join the Compact and integrate the Ten principles into their business strategies.

Corrupt practices, weak corporate governance, political risk, poverty, and gender inequality, and in particular, violence against women, have thrived during this pandemic.

In response to these challenges, the SA local network has made great strides in implementing robust acceleration programmes in several areas including Climate Ambition, Gender Equality, SDG Ambition and Young SDG Innovators Programme.

Since becoming an independent entity in 2018, the GCNSA has built its institutional resources including its customers, its programmes, its Human Resource capacity, financial base, its infrastructure, and information requirements to respond effectively to the needs of Participants.

As the network looks to the future it is imperative that it utilises its convening and advocacy roles to both implement its mandate and contribute to the national development plans of the country. Recruiting more company Participants and engaging actively with them in solid partnerships to realise the goals will take much courage and resilience.

In this regard, it is appropriate to acknowledge the work of the outgoing board, our Executive Director and her team, for the progress that GCNSA has made since its inception in 2018.

It would be remiss to not mention the support from the UN Global Compact HQ in New York and the African regional office for their wise counsel. As the founding Board of Directors give way to our new Board comprising of CEOs from our participating companies, we do so with pride and confidence that the Local Network will continue on its positive trajectory towards growth and impactful success.

Nozipho January-Bardill Chairperson

GCNSA AT A GLANCE IN 2021

Global Compact Network South Africa is participant-based а sustainability platform corporate that brings companies together with labour organizations, academic institutions, cities, nongovernmental organizations, and UN agencies. GCNSA works collectively with members to advance the 17 Sustainable Development Goals and Global the UN Compact Ten Principles on human rights, labour environmental protection, protection, and anti-corruption.

CEO's voluntarily commit their companies to implement the 10 Principles and to take action on the Global Goals.











Participation



GCNSA Total Participants: 84 New Participants 2021: 13

Programmes



Total Accelerators: 4

SDG Ambition, Target Gender Equality, Young SDG Innovators and Climate Ambition Accelerator

Thought Leadership



The Compact Dialogues for Strategic Business Conversations on the SDGs

Total in 2021: 5

Global Engagements



Global & Regional engagements: 6
Companies participated: 19

UN Global Participants in South Africa:



2021 SCORECARD

GCNSA 2021 Dashboard

Below is the GCNSA 2021 Dashboard that shows our 2021 Performance against set targets:

GROWTH			FINANCIALS		
GOAL	TARGET	STATUS	GOAL	TARGET	STATUS
Achieve overall net company growth target	10%	•	Increase overall membership income each year	35%	•
Achieve growth targets for larger companies	10%	•	Retain annual membership income	95%	•
Achieve growth targets for SME's as % of SME base	5%	•	Grow Programme Sponsorship 2021	R500k	•
Increase number of companies at elevated Participant tier as % of Participants	90%	•	Improve cash flow by bringing in the bulk of income from membership by June (HY1)	70%	•
ORGANISATION		BRAND			
GOAL	TARGET	STATUS	GOAL	TARGET	STATUS
Employ/grow Communication capacity	Q4 2021	0	Enhance Comms through a Regular Newsletter & Monthly Thought Leadership Articles & Media	Quarterly Newsletter	0
Develop Staff medical and risk benefit offering	Q4 2021	0	Grow YSIP Round 2 participation	30 participants	•
Grow Programme Capacity	Q2 2021	0	Launch Target Gender Equality	10 companies	•
Design a Tool for GCNSA Impact Measurement	Q4 2021	0	Launch Climate Ambition Accelerator	10 Companies	
Achieve Compliance- Audit, Quality Standards & Regulations	Yearly/on- going	0	Youth Index for youth-biz engagement	Youth index developed	0
Implement system & do Performance Assessments	Q2 & Q4		Drive impact through collaboration/partnerships	Evidence	0
ON TRACK (≥95% of target) AT RISK (≥75% of target) OFF TRACK (≤ 75% of target)					

PARTICIPANT GROWTH

Participant Growth

Global Compact Network South Africa grew by 15% in its Participant base, making the total number of GCNSA Participants 84. These new Participants comprise of large and medium-sized companies as well SMEs and NGOs



Prospects for Growth

To drive impact and scale ambition nationally, GCNSA is developing a Participant Growth and Engagement Strategy. Our target both large established companies and small and medium-sized enterprises. We have already developed and launched a global SME Strategy for targeted delivery for SMEs.

New 2021 Participants:



























Retention:

For 2021, GCNSA had a retention rate of 85%. Companies participating in the UN Global Compact must report annually on their progress and pay their participation fees.



PROGRAMMES

Programmes Overview 2021:

The GCNSA successfully implemented four accelerators in 2021 namely: the Young SDG Innovators Programme (YSIP), the SDG Ambition Accelerator, Target Gender Equality, and the Climate Ambition Accelerator Programme. The Target Gender Equality and Climate Ambition Accelerator programmes are new programmes which were first implemented locally by GCNSA in 2021. These programmes, also known as global impact initiatives (GIIs) are designed to support companies in the integration of specific aspects of sustainability in their business

ACCELERATORS IMPLEMENTED IN 2020/2021



The numbers above reflect the number of South African Participating companies only



Young SDG Innovators Programme

Eleven **(11) companies** participated in the 2021 cohort of YSIP with 12 innovator teams, comprising of **39 Junior Managers**. In this programme, young managers, aged 35 years or younger, are trained on the principles of sustainable development goals, and how to innovatively use them to solve existing challenges in their respective companies. A review of the programme indicated that at least 70% of the participating companies are likely to implement their innovations.





Target Gender Equality

Twelve (12) companies in 2021 **represented by 22 individual participants**, participated in the GCNSA inaugural Target Gender Equality (TGE) programme. This programme is designed to support companies achieve their transformation goals by increasing women's representation and leadership in business. One Mauritian company (The Lux Collective) participated in the local programme as part of our efforts to support companies in the Region.





Climate Ambition Accelerator Programme

Eleven (11) South African companies participated in the Climate Ambition Accelerator. The Climate Ambition Accelerator programme aims to drive internal ambition in companies and to accelerate their climate action. Delivered in partnership with the UN Global Compact, the Science Based Target Initiative, World Resources Institute, and WSP, this inaugural round of the CAA programme took a regional approach. In the spirit of collaboration, the CAA sessions included 32 companies from Kenya, Morocco, Nigeria, and Mauritius.



























SDG Ambition Programme

South Africa hosted the inaugural round of SDG Ambition (2020/21) with **58 Senior Managers** participating across **23 companies** from SA, Ghana, Angola, Zambia, Nigeria, Kenya, Mauritius and Egypt. There were **11 SA companies** that participated. The SDG Ambition Accelerator is a structured, capacity building programme, which supports companies to map their SDG impacts, identify sustainability benchmarks and use them to progress change in their companies. The programme is facilitated in partnership with Accenture, through a series of online learning courses and live facilitated sessions. We continue to support the African Region in Programmatic capacity building. The 2021/22 programme round is on-going and will conclude in April 2022.

























2022 PROGRAMMATIC GROWTH AREAS

PROGRAMMATIC OFFERINGS

The year 2021 had a significant increase in the number of Accelerators being implemented by the GCNSA. From hosting a very successful Young SDG Innovator Programme in 2020 to implementing The SDG Ambition Accelerator, Climate Ambition Accelerator, Target Gender Equality and Young SDG Innovator Programme in 2021.

In 2022, we continue to scale impact on specific goals by maintaining the four Accelerators. In addition, we are enhancing our work on Youth and Business as well as our work on Good Governance. We will announce in more detail as the year 2022 progresses.

The following Accelerators are under development:







The dates and launch of these Accelerators will be announced in more detail in 2022

THOUGHT LEADERSHIP

THE COMPACT DIALOGUES ON THE SDGS

The Compact Dialogues for strategic business conversations on the SDGs is the Global Compact Network South Africa's signature platform for companies to engage and learn.

Corporate sustainability journeys are at varying levels of maturity nationally and globally. Some businesses are at the mapping stage of their SDG impacts, while others are setting ambitious targets aligned to global benchmarks. The private sector thus, has best practices to share and The Compact Dialogues offers business the platform to do so.

In 2021, The Compact Dialogues on the SDGs covered topics on Women's Rights, Human Rights, Business and the SDGs, Risk Resilience for SMEs and 16 Days of Activism against Gender-Based Violence.

The conversation continues in 2022 with more private sector relevant and burning issues. We start the first quarter of the year with dialogues on Integrating the SDGs into ESG strategy and a case study on anti-corruption practices. The platform is available to all Participating companies and any interested companies can contact us.

Example of 2021 sessions:





AFRICA STRATEGY

2021 - 2023 Africa Strategy

The UN Global Compact Africa Strategy is an ambitious agenda for impact in the continent which aims to advance corporate sustainability and responsible business practices in the Private Sector in support of the UN Sustainable Development Goals (SDGs) and Agenda 2063 of the African Union (AU).

To address Africa's unique needs, the Africa Strategy calls for the Global Compact to localize its programmatic response along two dimensions — delivery mechanisms and priority topics — which will be tailored to the national and business sector priorities in South Africa, Kenya, Nigeria and Morocco.

This Strategy comes at an opportune time as the world gears up for COP27 hosted in Africa in 2022 and as the continent continues to implement AU's Agenda 2063 and the 2030 UN SDGs' Agenda deadline fast approaching; African countries can scale impact for a sustainable continent.

The Africa Strategy was launched at the UN General Assembly Week in September 2021.

The UN Global Compact aims to develop Africa-focused programs, engage even greater numbers of businesses on the continent in order to scale impact and to enable a genuinely pan-African strategy and offering.

GLOBAL & REGIONAL ENGAGEMENT

2021 GLOBAL AND REGIONAL ENGAGEMENT

Global and Regional Flagship events are a great opportunity for companies to connect with industry peers, subject matter experts and the UN as well as show bold leadership and inspire others through sharing the work they do.

In 2021, GCNSA participated in a total of six Global and Regional flagship events, where South African Companies also demonstrated bold leadership.

Here are some of the events South African companies participated in:

Event	Company Participating	Topic
Target Gender Equality Live	Vodacom	
Leaders' Summit	Aspen Bidvest GCNSA De Beer's Group AngloGold Ashanti GIBS Investec	Recovery, Resilience and Lessons learnt – CEOs' Perspectives on the COVID- pandemic The Role of Youth in Business and Leadership to Accelerate Innovation on the SDGs in a post COVID-19 world
	GCNSA	Road to Transformational Governance
Uniting Business Live at UN General Assembly (Private Sector Forum)	Naspers AngloAmerican GIBS	Introducing the Africa Strategy Leadership Education in Africa
Uniting Business Live at UN General Assembly (Young SDG Innovators Summit)	Alexander Forbes Redefine Properties	SDG Business Solutions Showcasing
Business Ambition For Climate Action at COP26	Sibanye Stillwater	Climate Ambition in Africa: Role of business in Africa for enabling Climate Adaptation, Resilience and a Just Transition
Uniting Business Africa	Sibanye Stillwater	The Urgency of Just Transition: Looking Ahead to COP27
	De Beers GCNSA	SDG Ambition: Case Studies on Progress
	Vodacom	Collaborating for Success: Business Leadership for Agenda 2030 & Agenda 2063
	Old Mutual Distell Wunderman Thompson SA	Marketing Leadership for the SDGs

2021 FINANCIALS

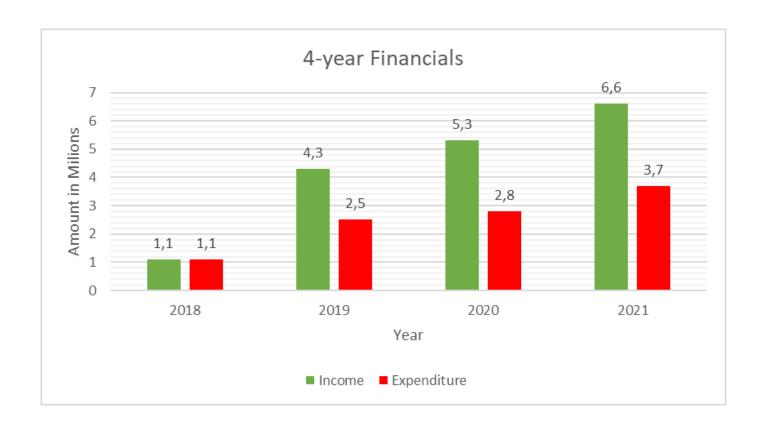
FINANCIALS

The 2021 financials have been audited in accordance with regulatory requirements and in readiness for the Annual General Meeting set for March 2022. GCNSA received a clean audit for 4 consecutive years.

Income

The actual income for 2021 was R6.6 Million, up from R5.3 Million in 2020. The total expenditure stood at R3.7 Million.

As a cash-based organization, financial surplus enables GCNSA to grow capacity for Programmes and Participant engagement.



MEDIA & COMMUNICATIONS

OVERVIEW

The Media plan for the year, focused mostly on using social media as a primary channel for external communication with a modest use of traditional media. The social media channels used have been successful in reaching some of the target audience, however, it was noted that the use of traditional media would amplify Brand Awareness and potential growth.

The primary Social Media Channels used were LinkedIn, Twitter and YouTube as well as the use of the GCNSA Website. With regards to traditional media, the GCNSA Executive Director, Dr Achieng Ojwang was featured in the last quarter of the year in a Radio Interview on PowerFM. Dr Achieng was also featured in the digital CHRO South Africa Magazine for her Thought Leadership piece on Women in Leadership.





The GCNSA Newsletter is another medium used as a Communications tool and distributed to existing Participants as well as external stakeholders.

THE COMPACT NEWSLETTER



DISCLOSURE & INTEGRITY

COMMUNICATION ON PROGRESS (COP):

In order to achieve our ambition in this decade of action, we sought to drive impact through accountable companies and enabling ecosystems as stated in the 2021 – 2023 UN Global Compact Strategy. Accountable companies are businesses that are devoted to accelerating their own individual company's progress in upholding the Ten Principles and contributing to the Global Goals. In 2021, we continued to support Participants with the CoP process and this resulted in a good retention rate of 85%. The CoP process enables companies to be accountable in disclosing their progress in upholding the Ten Principles (which are an ESG framework) and how they are contributing to the UN Sustainable Development Goals (SDGs).

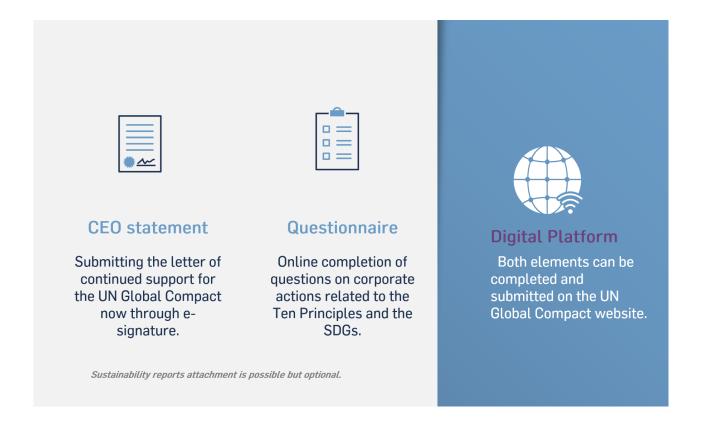
NEW COMMUNICATION ON PROGRESS (COP):

The UN Global Compact is updating its reporting framework to have more enhanced, comparable and relevant data between companies as well as have a standardized reporting framework. Through this new CoP process, the UN Global Compact will have the largest public sustainability database, which will in turn assist in the Voluntary National Reviews (VNRs), as governments will have ease of access to comparable business data.

As of January 2023, all Participants will be required to use the new CoP system.



KEY CHANGES:



The new CoP process also comes with a new submission process. There will be a universal submission timeline (please see below) before a company is rendered "non-communicating".

This new CoP questionnaire consists of 60 Mandatory Questions connected to the Ten Principles and SDGs (mostly Multiple Choice) and 4 Open, narrative questions. The Boston Consulting Group assisted in the process of streamlining these questions.

The new CoP questionnaire is now available to be previewed on the UN Global Compact website (please contact the Local Network Office for assistance). All companies who have not reported by end of November 2023 will be delisted in December.



GOVERNANCE

BOARD STRUCTURE & SUB-COMMITTEES

The term of the current Board of Directors will come to an end at the 2022 AGM. We thank the Board for the foundational work in establishing GCNSA as a growing and thriving independent Network.

Board of Directors 2019-2022: Global Compact Network SA

























Top Row: Amb. Nozipho J Bardill (Independent); Dr Achieng Ojwang (Executive Director); Kathleen Ebersohn (Discovery); Driekie Havenga (Nedbank); Tanya Dos

Santos (Investec).

Middle Row: Dr Brian Chicksen (Independent); Paul Kapelus (Synergy); Khanyisile Chaba (Old Mutual); Prof. Michael Solomon (UCT)

Bottom Row: Rashid Toefy (WC Gov); Nardos Bekele-Thomas (UN RC); Bridgitte Backman (Distell); Kgomotso Tshaka (AngloGold Ashanti)

The GCNSA Sub-committes:

Audit, Risk & Finance

Driekie Havenga Bridgitte Backman Kgomotso Tshaka Fundraising & Recruitment

Kathleen Ebersohn Tanya Dos Santos Khanyi Chaba Michael Solomon **Programmes**

Paul Kapelus Driekie Havenga Brian Chicksen Rashid Toefy Michael Solomon Nominations & Remuneration

Nozipho J Bardill Brian Chicksen

2021 BOARD MEETINGS

The GCNSA Board met 5 times in 2021. All Board Meetings in 2021 were virtual.

Activity	Date	Duration
First Board Meeting	23 March 2021	10h00 – 12h00
Annual General Meeting	30 April 2021	10h00 – 12h00
Second Board Meeting	30 June 2021	10h00 – 12h00
Third Board Meeting	30 September 2021	10h00 – 12h00
Fourth Board Meeting	16 November	10h00 – 12h00

GCNSA Team



Dr Achieng Ojwang Executive Director



Nichole Solomons Programme Manager



Sifiso Nkosi Programme Associate



Bopaki Phogole Programme Intern



Nelisa Dlamini Participant Engagement, Media & Communications



Sigcino Ndlela
Participant Engagement &
Communications Intern