NAVIGATING YOUR ESG JOURNEY

A Toolkit for Sustainable Suppliers

Global Compact Network UK

SUSTAINABLE SUPPLIERS TRAINING PROGRAMME

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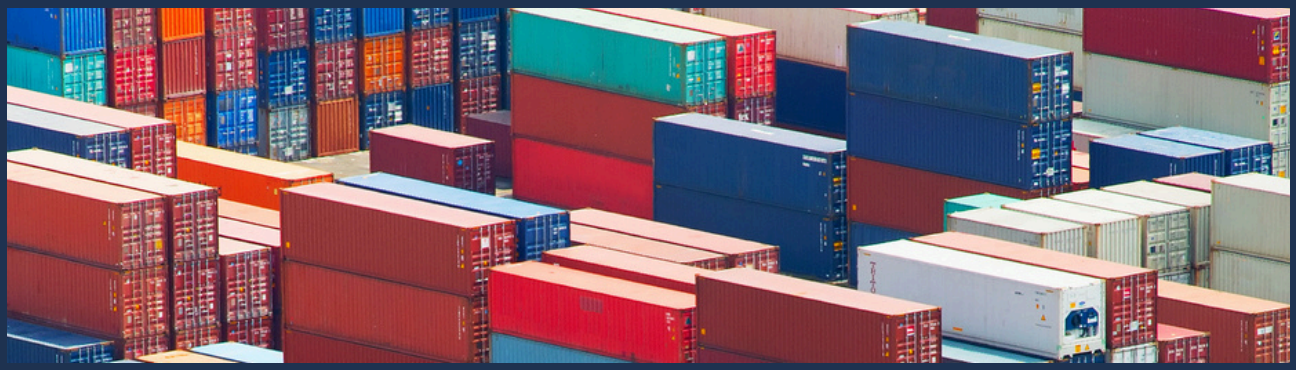
Author:
Fiona Röthling, Project Manager, Governance & SDGs, UN Global Compact Network UK

Designed by:
Fiona Röthling

With thanks to all my colleagues at the UN Global Compact Network UK for their valuable input in developing this resource.

INTRODUCTION



From moving goods, services, and innovation across continents to fuelling industries, creating jobs, and enabling growth, supply chain businesses are the drivers of the global economy and are essential to the successful operations of large companies. At the same time, these complex networks are increasingly vulnerable to the converging pressures of climate change, geopolitical instability, and social inequities. To remain resilient and competitive, supply chains need to adapt by building efficient and sustainable business practices.

Complementing the content delivered as part of the 2025 UN Global Compact Network UK Sustainable Suppliers Training Programme, this toolkit outlines the principles, standards, and practical steps needed for businesses to embed sustainability.

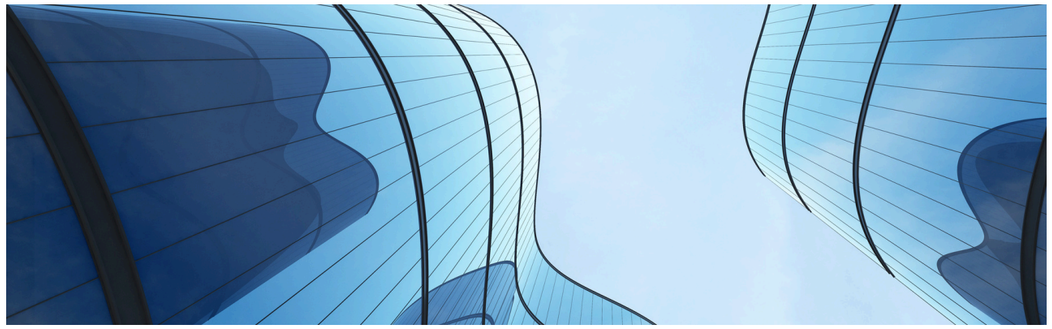
In keeping with the structure of the programme, this toolkit steadily guides businesses from a high-level overview of Corporate Sustainability and the Sustainable Development Goals (SDGs) into subject matter explorations of sustainability through the lens of the Ten Principles of the UN Global Compact and Sustainability Reporting.

Whether by reducing emissions, improving working conditions, or enhancing traceability, suppliers play a crucial role in shaping outcomes that benefit people, planet, and profit. Through a collaborative approach, the UN Global Compact Network UK aims to support the advancement of strong and agile supply chains that can withstand near-constant uncertainty and disruptions. We hope you find this toolkit insightful and join us in creating supply chains that support a thriving, sustainable global economy.

SUSTAINABILITY OVERVIEW

Corporate sustainability refers to the integration of environmental, social, and governance (ESG) principles into the full lifecycle of business operations. As global expectations shift toward more responsible and transparent business practices, corporate sustainability is no longer a niche concern but a strategic imperative that drives long-term value creation.

By integrating ESG considerations into core business operations, companies can reduce risks, improve efficiency, and strengthen stakeholder relationships. Corporate sustainability starts with a company's value system and a principles-based approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment, and anti-corruption.



THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

The Ten Principles of the UN Global Compact provide a blueprint for businesses to not only uphold their basic responsibilities to people and planet, but also to set the stage for long-term success by embedding sustainability into strategies, policies and procedures, and establishing a culture of integrity. The Principles 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.

HUMAN RIGHTS

HUMAN RIGHTS

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

LABOUR

LABOUR

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

ENVIRONMENT

ENVIRONMENT

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

ANTI-CORRUPTION

ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

THE SUSTAINABLE DEVELOPMENT GOALS

Launched in 2015, Agenda 2030 and its 17 Sustainable Development Goals (SDGs) remain the only universally agreed-upon, common global agenda to create a sustainable future. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

Engaging with the SDGs presents a strategic opportunity for businesses to drive growth, innovation, and long-term value. Beyond a corporate social responsibility exercise, aligning with the SDGs can help businesses unlock new markets, improve operational efficiency, and attract customers, talent, and investors who prioritise sustainability.

As the only globally agreed sustainability agenda, businesses of all sizes can use the SDGs as a reference framework for anticipating future regulations, helping them stay ahead of policy changes and remain competitive. By integrating the SDGs into core business strategy, companies can not only address pressing global challenges but also position themselves for sustained success in an increasingly purpose-driven economy.

KEY TOOLS & RESOURCES

Sustainable Development Goals

- Understand how to implement the SDGs within your business: SDG Playbook for SMEs
- Implementation case studies for each SDG: SDG Showcase
- Use the SDGs as a tool to communicate your sustainability ambitions: SDG Storytelling
- Members of the UN Global Compact Network UK have exclusive access to the SDG Innovation for Young Professionals Accelerator
- Members of the UN Global Compact have exclusive access to the SDG Ambition Action & Learning Hub

REWATCH THE LIVE SESSION:
How to Integrate the SDGs within Your Business

THE SDGs AND BUSINESS

Businesses can use the SDGs as a framework to shape their sustainability strategies. This five-step guide is a simple way for businesses to effectively utilise the SDGs.

01 Understanding the SDGs

Familiarise yourself with the SDGs and their targets. Understanding their purpose, context, and relevance is a critical first step to meaningfully engaging with the Goals.

Deepen your understanding of the SDGs:

- Agenda 2030 and the SDGs
- Annual Stocktaking Report - explore global progress towards the SDGs
- UN Global Compact Academy - How to Understand and Take Action on the Global Goals

02 Defining Priorities

Effective prioritisation maximises impact. Define your priorities based on an impact analysis across the value chain and focus on goals that are most material to your operations, risks, and opportunities.

Getting started on your impact analysis:

- SDG Playbook for SMEs (Step one: Mapping impacts and identifying priorities)
- Explore which SDGs are most relevant to your business using the SDG Action Manager

03 Setting Goals

Establish clear, measurable targets aligned with selected SDGs by defining KPIs, setting baselines and ambition levels, and publicly communicating your commitment to these goals.

Setting ambitious goals:

- SDG Ambition Benchmark Reference Sheets - Identify how to maximise impact (includes sample KPIs to help work towards ambitious goals)
- SDG Playbook for SMEs (Step Two: Setting Ambitious Goals)

04 Integrating

Integrating sustainability into the core business governance and embedding sustainability targets across all functions within the company is key to achieving your goals.

Integrating your SDG-aligned goals:

- Find inspiration in the SDG Showcase
- SDG Stocktake Report - a blueprint for sector action on the SDGs
- The Forward Faster Action Guides provide examples of target-specific actions and KPIs

05 Reporting & Communicating

The SDGs enable companies to report using common indicators and shared priorities. Reporting SDG-related progress can help demonstrate accountability and build trust.

Reporting & communicating:

- Explore the SDG Storytelling Toolkit for SDGs communication and stakeholder engagement inspiration
- SDG Playbook for SMEs (Step Three: Communicating and Reporting)
- GRI: Integrating the SDGs in Sustainability Reporting

ENVIRONMENTAL SUSTAINABILITY

INTRODUCTION TO GREENHOUSE GASES AND CLIMATE CHANGE

Greenhouse gases (GHGs) such as carbon dioxide, methane, and nitrous oxide play a crucial role in Earth's climate system by trapping heat in the atmosphere, a natural process known as the greenhouse effect. Human activities, including the burning of fossil fuels, deforestation, and industrial processes, have significantly increased the atmospheric concentrations of certain GHGs, intensifying the greenhouse effect and contributing to global warming. The rise in average global temperatures is a major driver of climate change, causing more frequent and severe weather events, rising sea levels, and disruptions to ecosystems and agriculture.

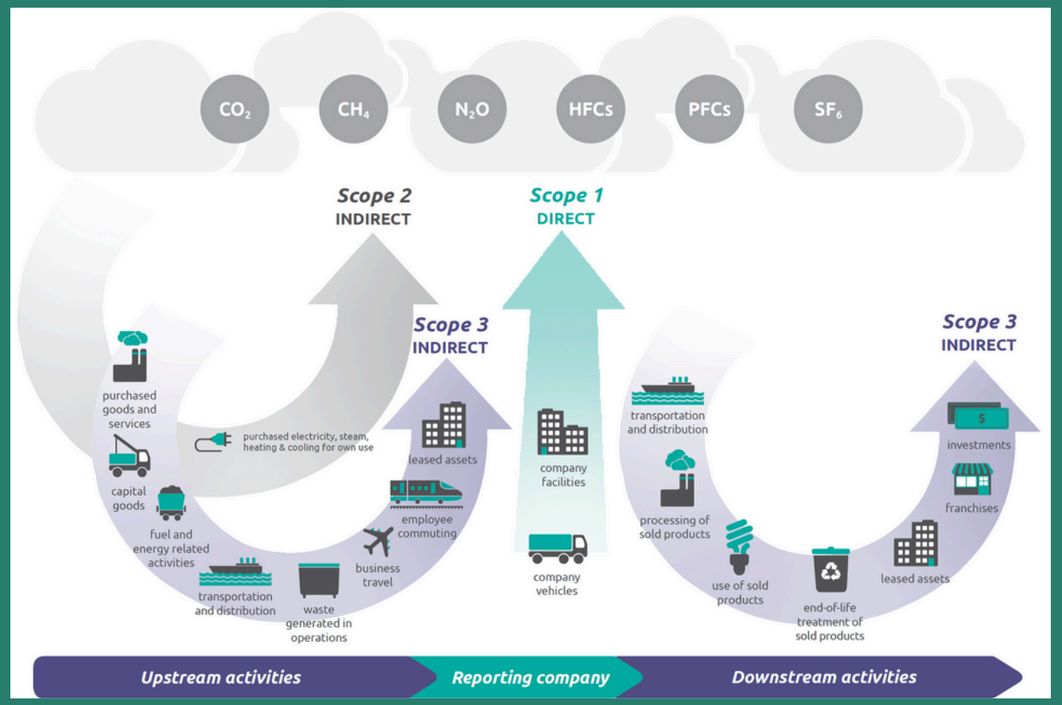
Businesses are both significant contributors to climate change and vulnerable to its consequences. Many industries, such as energy, transport, manufacturing, and agriculture, rely heavily on fossil fuels that emit large quantities of GHGs. At the same time, supply chains, production methods, and consumption patterns in the corporate world drive deforestation, pollution, and the overuse of natural resources. If businesses remain inactive on climate change, the consequences go far beyond rising costs; they threaten the strategic foundations of business itself. Conversely, businesses also have the potential to lead in climate solutions through innovation, investment in clean technologies, and sustainable practices.

BUSINESS BENEFITS OF CLIMATE ACTION

- Reduced energy and material costs through efficiency
- Reduced business risk and greater resilience
- Improved reputation with customers, investors, and regulators
- Enhanced employee engagement and talent attraction
- Increased brand loyalty
- New products, services, and market opportunities

MEASURING EMISSIONS – GREENHOUSE GAS INVENTORY

A vital first step for businesses in addressing climate change is to measure their GHG emissions through the creation of a comprehensive emissions inventory. The GHG Protocol, the most widely used international standard for corporate emissions accounting, provides a structured framework for identifying, categorising, and calculating emissions across three scopes.



Source: WRI/ WBCSD Corporate Value Chain (Scope 3) Accounting and Reporting Standard (pdf), page 5.

By using this framework, companies gain a clear, data-driven understanding of where their emissions come from and where the greatest opportunities for reduction lie. This foundational step not only ensures transparency and credibility in sustainability reporting but also informs strategic decision-making, risk assessment, and target setting. Creating a GHG inventory equips businesses with the insight needed to transition from ambition to action, laying the groundwork for meaningful emissions reductions and long-term climate resilience.

REDUCING EMISSIONS AND SETTING TARGETS

Once a business has measured its emissions, the next critical step is to identify reduction opportunities and set clear, science-based emission reduction targets aligned with global climate goals.

Aligning with science-based targets can help businesses demonstrate climate leadership, enhance stakeholder trust, and position themselves for future regulatory and market expectations. The Science-Based Targets Initiative (SBTi) offers a robust framework to help companies set GHG reduction targets. Setting SBTi-aligned targets drives internal innovation, improves operational efficiency, and encourages collaboration across the value chain. Ultimately, aligning corporate strategies with science-based climate action not only mitigates environmental impact but also strengthens long-term competitiveness and resilience in a low-carbon economy.

KEY TOOLS & RESOURCES

Environmental Sustainability

- UN Global Compact Network UK Webinar Series:
  - Environmental Sustainability for SMEs
  - Reducing Scope 3 Emissions
  - Collecting Scope 3 Data
  - Addressing Energy-Related Emissions
  - Nature-Based Solutions for Business
- Report: Good Practice Case Studies in Scope 3 Data Collection
- Members of the UN Global Compact Network UK have exclusive access to the Climate Ambition Accelerator

REWATCH THE LIVE SESSION:
Reducing CO2 Emissions - Carbon Footprint

EMISSIONS REDUCTION PLAN

STEPS	RESOURCES
1 Identify major sources of emissions	• GHG Protocol – Standards and Guidance • SME Climate Hub - Carbon Calculators • Webinar Series: Collecting Scope 3 Data • Report: Good Practice Case Studies in Scope 3 Data Collection
2 Identify reduction opportunities	• Webinar Series: Reducing Scope 3 Emissions Data (2022) • Webinar Series: Environmental Sustainability for SMEs • Webinar Series: Elevating Scope 3 Data Strategy
3 Design and implement actions	• Webinar Series: Environmental Sustainability for SMEs • Webinar Series: Elevating Scope 3 Data Strategy • Carbon Trust Resource Hub • SME Climate Hub: SME Case Studies

4 Set targets	• UN Global Compact Academy:
	  ◦ Setting Science-Based Targets
	  ◦ The Net-Zero Standard
	• Science-Based Targets Initiative Resources

5 Monitor progress	• Set KPIs based on your targets to monitor performance regularly (e.g. quarterly). Refer back to your GHG Inventory as a baseline: ◦ GHG Protocol Calculation Tools and Guidance • Webinar Series: Elevating Scope 3 Data Strategy

6 Communicate and report	• SME Climate Hub:
	  ◦ Report Progress
	  ◦ Case Studies
	• Example Report: UN Global Compact Network UK Net Zero Progress Report 2023

GENDER EQUALITY

Diversity, Equity, and Inclusion (DEI) are foundational principles for building fair, resilient, and high-performing organisations. In the workplace, equality, a core component of DEI, refers not only to equal representation but to equitable access to opportunities, resources, and leadership positions for all. Gender equality is the principle that all people, regardless of gender identity, should have equal rights, opportunities, and treatment in all aspects of life, including the workplace. Despite progress, women, especially those from marginalised groups, continue to face systemic barriers such as pay gaps, underrepresentation in leadership, and workplace bias. Addressing these disparities is not only a moral imperative but also a strategic necessity.

THE BUSINESS CASE

The business case for gender equality is compelling. Companies in the top quartile for gender diversity on executive teams are 39% more likely to financially outperform their peers. Similarly, organisations with greater female representation on boards are 27% more likely to achieve above-average profitability. Gender-diverse teams also drive better decision-making, enhance innovation, and improve employee engagement and retention. Gender equality is not just a social good; it is a proven driver of commercial success, organisational health, and sustainable growth. Diverse, equitable, and inclusive organisations perform better financially, are more creative and innovative, attract and retain top talent, respond to customer expectations, and reduce costs.

DEFINITIONS

Diversity - Taking into account the differences between people and placing value on those differences.
Equity - Ensuring that everyone is treated fairly and provided with equal access to opportunities and resources, with consideration of their differences and circumstances.
Inclusion - The practice of intentional, ongoing efforts to ensure everyone, regardless of background, identity, ability, and experience, feels welcomed, valued, listened to, respected, supported, and encouraged to fully participate.
Equality - Treating all people the same with no consideration for differences.

THE WOMEN'S EMPOWERMENT PRINCIPLES

The Women's Empowerment Principles (WEPs) are a set of seven guidelines developed jointly by UN Women and the UN Global Compact to help businesses advance gender equality and empower women across the workplace, marketplace, and community. Grounded in international labour and human rights standards, the WEPs provide a practical framework for companies to assess and improve their policies, practices, and culture.

Businesses can make use of the WEPs as a free and accessible resource to guide their DEI strategies and benchmark progress. The WEPs platform offers a comprehensive toolkit, including thematic guides, templates, and reporting frameworks, to support implementation and transparency.

The Seven Women's Empowerment Principles

1. High-Level Corporate Leadership
2. Treat all Women and Men Fairly at Work without Discrimiation
3. Employee Health, Well-being and Safety
4. Education and Training for Career Advancement
5. Enterprise Development, Supply Chain and Marketing Practices
6. Community Initiatives and Advocacy
7. Measurement and Reporting

EMBEDDING GENDER EQUALITY

Commitment from Leadership
Ensure senior leaders explicitly support efforts to tackle systemic gender inequities and allocate resources accordingly.

Assess Current Equity Gaps
Conduct gender pay gap analyses, workplace climate surveys, and audits specifically aimed at uncovering structural inequities and biases.

Set Equity-Centric Goals and KPIs
Define measurable objectives designed to close specific gaps (e.g., increase women's representation in senior leadership).

Implement Targeted Policies and Initiatives
This may include equitable hiring practices, career development programmes, flexible parental leave, performance evaluation criteria, etc.

Monitor and Evaluate Equity Outcomes
Track gender equity metrics (e.g., promotion rates) and conduct regular reviews.

KEY TOOLS & RESOURCES

Gender Equality

UN Global Compact Network UK:
- Webinar Series: Social Sustainability for SMEs
- Members of the UN Global Compact Network UK have exclusive access to the Target Gender Equality Accelerator

UN Global Compact Academy:
- How to Be a Male Ally for Gender Equality
- Gender Equality: How Businesses Can Accelerate the Pace of Change

Women's Empowerment Principles:
- WEPs Toolkit
- WEPs Transparency and Accountability Framework
- CEO Statement of Support
- WEPs Gender Gap Analysis Tool

REWATCH THE LIVE SESSION:
Working towards a Gender Equity Plan

BUSINESS & HUMAN RIGHTS

Human rights are rights inherent to all human beings, and include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination on the basis of race, sex, nationality, ethnicity, language, religion, or any other status.

Business and Human Rights is a core part of the "S" in ESG and refers to the idea that companies must respect human rights in all aspects of their operations and value chains, going beyond legal compliance where it falls short. This approach is championed by the UN Guiding Principles on Business and Human Rights (UNGPs), which outline the state's duty to protect human rights, the corporate responsibility to respect them, and the need for access to remedy for victims of abuses.

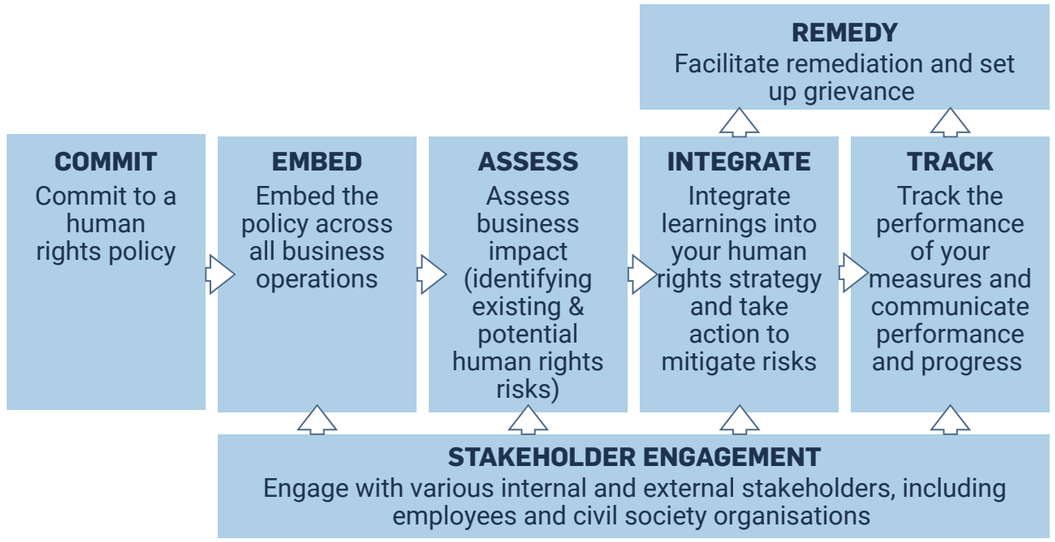
HUMAN RIGHTS

PROTECT	RESPECT	REMEDY
CORPORATE responsibility to respect	**STATE** duty to respect	**VICTIMS** access to effective remedy

For businesses, this means identifying and addressing risks such as forced labour, discrimination, unsafe working conditions, and privacy violations, not only within their own operations but also among suppliers, contractors, and customers. It requires embedding human rights considerations into governance structures, due diligence processes, stakeholder engagement, and transparent reporting.

HUMAN RIGHTS DUE DILIGENCE

Human rights due diligence is the ongoing process companies use to identify, prevent, mitigate, and account for how they address their human rights impacts. It involves assessing actual and potential human rights risks across a company's operations and value chain, integrating the findings into decision-making, taking action to prevent or reduce harm, and tracking the effectiveness of those actions. Crucially, effective due diligence also requires meaningful engagement with affected stakeholders and transparent reporting on outcomes. This process is not a one-time exercise but a continuous cycle that enables businesses to adapt to new risks, respond to emerging issues, and demonstrate accountability to workers, communities, investors, and other stakeholders.



KEY TOOLS & RESOURCES

Business & Human Rights

- UN Global Compact Network UK
  - Webinar Series: Social Sustainability for SMEs
  - Members-only: Business and Human Rights Accelerator
- UN Global Compact Academy:
  - Business and Human Rights: How Companies Can Operationalise the UN Guiding Principles
  - Advancing decent work in business through the UN Global Compact Labour Principles
- UN Global Compact Business & Human Rights Navigator

GOVERNANCE & ANTI-CORRUPTION

Strong governance and anti-corruption measures are essential for building trust, ensuring compliance, and safeguarding long-term business sustainability. In a corporate setting, corruption, whether in the form of bribery, fraud, or conflicts of interest, can lead to severe legal penalties, reputational damage, and loss of investor confidence. Companies that implement robust governance frameworks, including strong corporate governance, transparent reporting, independent oversight, and whistleblower protections, are better positioned to attract investment, retain top talent, and operate efficiently in global markets.

CORPORATE GOVERNANCE

Corporate governance refers to the system of rules, practices, and processes by which a company is directed and controlled. It defines the relationships among a company's management, board of directors, shareholders, and other stakeholders, ensuring accountability, fairness, and transparency in decision-making. The increasingly complex and fast-evolving risk environment requires companies to navigate a growing array of operational, environmental, and regulatory challenges. Beyond ensuring compliance, strong corporate governance is a critical driver of long-term value creation, risk management, business resilience, and competitive advantage. It enables organisations to navigate complex challenges, build investor confidence, and adapt swiftly to shifting market dynamics and stakeholder expectations.

KEY TOOLS & RESOURCES

Corporate Governance

- UN Global Compact Network UK Corporate Governance Webinar Series 2025

Transformational Governance

- UN Global Compact Transformational Governance Corporate Toolkit
- UN Global Compact SDG 16 Business Framework Inspiring Transformational Governance
- UN Global Compact Academy: Transformational Governance: Driving Responsible Business Conduct

TRANSFORMATIONAL GOVERNANCE

Transformational Governance is a principles-based approach that expands the traditional view of corporate governance by integrating accountability, ethics, inclusion, and transparency. It encourages businesses to go beyond legal compliance, shifting from compliance-based practices to a broader, purpose-driven approach, leveraging SDG 16 to help businesses act responsibly, ethically, and inclusively, aiming to foster peace, justice, and strong institutions in the societies where they operate.

CONVENTIONAL GOVERNANCE
Internal Oversight and Culture

+

SUSTAINABLE GOVERNANCE
Managing Environmental and Social Risks

+

GLOBAL GOVERNANCE
Contributing to Laws and Systems

Transformational Governance provides companies with a framework to embed integrity and fairness into their strategies, operations, and broader societal impact. It also emphasises transparent stakeholder engagement, so that shareholders, employees, communities, and regulators can trust that the organisation is acting responsibly and contributing to a sustainable future.

ANTI-CORRUPTION

A robust corruption risk management plan offers companies a wide range of strategic and operational benefits. By proactively addressing corruption risks, businesses can gain access to new markets where compliance with anti-corruption standards is a prerequisite for entry, expanding their growth potential. It also improves access to loans and contracts, as lenders, investors, and partners often favour organisations with strong governance and transparency measures. Where legislation is in place, a corruption risk management plan helps companies avoid costly penalties, legal disputes, and operational disruptions that can arise from regulatory violations. Internally, it fosters a more ethical and transparent work environment, improving employee morale, trust, and retention. Externally, it enhances corporate reputation, signalling integrity and reliability to customers, partners, and the public. Ultimately, embedding a robust corruption risk management plan strengthens a company's long-term competitiveness and resilience.

CORRUPTION RISK MANAGEMENT PLAN

COMMIT	Make anti-corruption part of your company culture and operations. Communicate and enforce a zero-tolerance policy on bribery and corruption.
ASSESS	Assess risks for your business and prepare for them. Recognise opportunities to minimise business by improving compliance.
DEFINE	Define what success means for your company. Develop goals, strategies, and policies and get buy-in from stakeholders.
IMPLEMENT	Integrate and champion anti-corruption programmes and policies throughout your company and entire value chain.
MEASURE	What gets measured gets done. Monitor and measure the impact of your anti-corruption policies to identify what's working and what still needs work.
COMMUNICATE	Consistently communicate your progress to stakeholders, always striving for continuous improvement.

KEY TOOLS & RESOURCES
Anti-Corruption

- UN Global Compact Uniting against Corruption: A Playbook on Anti-Corruption Collective Action
- UN Global Compact Academy
  - Taking Collective Action for Anti-Corruption
  - Doing Business with Integrity
  - How Companies can Support Fundamental Freedoms – and those who defend them
  - Deep Dive Session: Whistle-blower Protection in Business

SUSTAINABILITY REPORTING

Sustainability reporting is the process by which companies disclose their ESG performance and impacts to stakeholders. It helps organisations demonstrate accountability, manage risks, and align with global standards. By reporting on issues like climate action, human rights, and ethical governance, businesses can build trust, meet regulatory requirements, and attract sustainable investment. As expectations for transparency grow, sustainability reporting has become a key tool for companies to show how they create long-term value responsibly. Some companies are legally required to disclose sustainability information, while others choose to report voluntarily to demonstrate transparency and meet stakeholder expectations.

BENEFITS OF SUSTAINABILITY REPORTING

- Analyse your business performance in sustainability
- Identify risks and opportunities
- Shape your business strategy and support sustainable decision-making
- Orient innovation towards sustainable development
- Respond to stakeholder demand for information on sustainability
- Adapt to the information needs of your clients and other organisations
- Build trust and investment through transparency and accountability
- Promote credibility, performance, and brand value
- Anticipate and comply with national and international regulations
- Adapt to the requirements of public procurement
- Disseminate best practices and promote transparency
- Attract and retain talent

SUSTAINABILITY REPORTING LEGISLATION

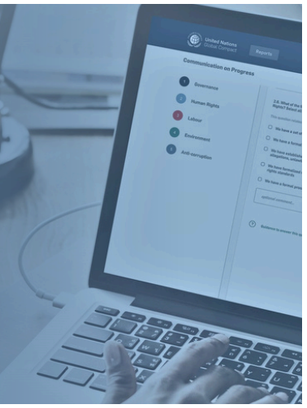
Sustainability reporting is increasingly shaped by mandatory legislation aimed at standardising ESG disclosures. Whether a company is legally required to report on sustainability depends on factors such as its size, sector, location, and regulatory jurisdiction. It is important for businesses to be aware of the evolving legislative landscape in their jurisdiction to meet legal requirements and anticipate regulatory developments that could affect them.

VOLUNTARY SUSTAINABILITY REPORTING

Companies not currently in scope for mandatory sustainability reporting stand to gain from voluntary disclosures. Sustainability reporting can be a tool to manage risks, identify opportunities, shape strategy, build credibility through transparency, anticipate compliance with incoming regulations, and enhance long-term value by attracting investment, innovation, and talent.

COMMUNICATING PROGRESS

The Communication on Progress (CoP) is the accountability mechanism of the UN Global Compact. It is the annual and mandatory requirement for all business participants of the UN Global Compact to report on their sustainability progress against the Ten Principles of the UN Global Compact. The CoP can be a helpful framework for companies to get started on sustainability reporting.



KEY TOOLS & RESOURCES

Sustainability Reporting

UN Global Compact Network UK:
- Sustainability Reporting Programme
- Sustainability Reporting Webinar Series 2025

UN Global Compact Academy:
- EU Sustainability Navigator

UN Global Compact:
- View the CoPs of UN Global Compact Participants
- CoP Aggregated Data

REWATCH THE LIVE SESSION:
Sustainability Reporting

KEY STEPS TO FOLLOW WHEN REPORTING ON SUSTAINABILITY

1 Identification of Frameworks or Standards

When selecting a framework, consider:

- Legal or regulatory requirements (current and future)
- Relevance to your sector and company
- Stakeholder expectations (investors, customers, employees)
- Your internal capabilities

Some voluntary reporting frameworks to consider:

- Global Reporting Initiative (GRI)
- UN Global Compact Communication on Progress (CoP)
- Carbon Disclosure Project (CDP)
- Task-force for Nature-Related Financial Disclosures (TNFD)
- Sustainability Accounting Standards Board (SASB)

2 Scope and Timeline

Factors to consider:

- **Individual or consolidated**: Company size and structure dependent, decide whether to report by entity or as a group (parent company). Prioritise consistency and comparability.
- **Period covered**: Define the reporting period (e.g. annual), setting clear start and end dates. Aligning with your financial cycle enables data integration with other reporting.
- **Baseline and scope**: Set a baseline year (prioritise reliable data), define the initial scope (areas of business, operations, and value chain to include), and what topics to report on.
- **Transparency**: Explain methods, acknowledge data gaps, and note reporting challenges. Remember that reporting is a process of continuous improvement.

3 Identification of Material ESG Aspects

Conduct a materiality assessment:

- **Materiality**: Identify issues that significantly affect your business and stakeholders, consider both risk and impact.
- **Stakeholder engagement**: Gather input from diverse stakeholders (internal and external) to understand priorities and ensure transparency.
- **Materiality matrix**: Map identified topics by a) how they affect your business and b) how your business impacts society and the environment (double materiality). Topics that appear high on both axes are your key material issues → identify the relevant impacts, risks, and opportunities (IROs) for each of those issues, providing a clear, focused foundation for your sustainability strategy and reporting.

4 Identification of Policies and Actions

Building on your material ESG aspects, identify relevant internal policies and actions for each.

- **Material ESG Aspects**: Draw on the priority topics identified in Step 3.
- **Internal Policies**: Map each topic to a clear policy to address the challenge.
- **Actions**: Support policies with training, audits, reporting channels, and operational improvements.

Theme → Material Issue → Internal Policies → Actions

e.g. Social → Gender Pay Gap → Equality Policy → Calculate pay gap

5 Set KPIs & Targets

Indicators may be:

- Quantitative (e.g. percentages, ratios, emissions data) and/or qualitative (descriptions of activities, processes, or policies)
- Aligned with chosen sustainability framework(s)
- Linked to broader goals (e.g. SDGs, sector best practices)

Targets should be:

- Relevant to operations and material issues
- SMART (specific, measurable, achievable, relevant, time-bound) and have a clear baseline

Ownership and accountability:

- Assign each target to a logical owner within the company
- Define responsibility for progress and data monitoring

6 Compile & Publish

Sustainability reports should be shared with relevant stakeholders and publicly available:

- Publish on the website
- Consider accessibility needs for various stakeholders
- Specific areas of sustainability
- To be sent to key stakeholders

Some examples of voluntary reports:

- View CoPs from UN Global Compact Participants

ABOUT THE UNITED NATIONS GLOBAL COMPACT

As a special initiative of the United Nations Secretary-General, the UN Global Compact is a call to companies worldwide to align their operations and strategies with Ten Principles in the areas of human rights, labour, environment, and anti-corruption.

Its ambition is to accelerate and scale the global collective impact of business by upholding the Ten Principles and delivering the Sustainable Development Goals through ambitious, accountable companies and environments that enable change. With more than 25,000 companies and 3,300 non-business signatories based in over 160 countries, and 64 Country 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, visit www.unglobalcompact.org

ABOUT THE UN GLOBAL COMPACT NETWORK UK

The UN Global Compact Network UK is part of the world's largest responsible business initiative, the United Nations Global Compact, connecting UK companies and other organisations in a global movement dedicated to driving sustainable growth. Through an extensive programme of activity, it promotes sustainability leadership to create a world we want to live and do business in, by inspiring ambition, enabling action, and collaborating to shape the business environment.

The Ten Principles of the UN Global Compact, rooted in UN treaties, provide a robust foundation for corporate sustainability and business action on the Sustainable Development Goals (SDGs).

For more information, follow us on LinkedIn (UN Global Compact Network UK) or visit unglobalcompact.org.uk

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