



The Practical Guide to the United Nations Global Compact

COMMUNICATION ON PROGRESS (COP)

Creating, Sharing and Posting a COP



United Nations Global Compact

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United Nations Global Compact COMMUNICATION ON PROGRESS (COP)

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Human Rights

Labour

Environment

Anti-Corruption

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COP in Brief

Communication on Progress (COP):

See page 8

Companies that participate in the UN Global Compact are required to produce an annual Communication on Progress (COP) to their stakeholders which details progress made in implementing the ten Global Compact principles and, where appropriate, in supporting UN goals through partnerships.

COP Elements:

See page 9

While there is no specific format or standard for a COP, the communication must contain three elements:

- Executive statement of continued support for the Global Compact;
- Description of practical actions taken to implement the Global Compact principles;
- Measurement of current or expected outcomes.

Sharing and Posting a COP:

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Because a COP is a communication with a company's stakeholders (e.g., consumers, employees, organized labour, shareholders, media, government), it must be shared publicly, for example as a print version or on the company's website. COPs must also be posted in a timely fashion on the Global Compact website.

Benefits of Communicating progress:

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The COP programme is based on the concepts of public accountability, transparency and continuous improvement. COPs are important because they:

- Enhance the credibility and value of a company's participation in the UN Global Compact;
- Serve as a source of information for stakeholders on a company's environmental, social and governance activities and performance;
- Provide learning, sharing and inspiration for UN Global Compact participants;
- Drive internal and external change for companies; and
- Protect the integrity and accountability of the UN Global Compact initiative.

How to Use this Guide

This guide contains information on the creation, sharing and posting of a COP, as well as practical examples of how companies are communicating progress. Also included are helpful definitions, tips on where to begin, numerous examples and GRI indicators. The following symbols are used throughout the publication:

- ? Helpful Explanations:** The Global Compact principles are based on complex concepts and issues. We have included short definitions where appropriate. For more detailed explanations of each principle please see: <http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>.
- t Tips on Where to Begin:** Tracking actions and reporting performance on the topics covered by the Global Compact principles is new or complex territory for many companies. To help you identify relevant actions and measures of outcomes, we suggest various places within your organization that may be appropriate to look for indications of progress on the principles.
- e Examples:** We have provided various examples of how companies communicate progress. Additional innovative approaches and illustrative examples can be found in the Notable COP section of the Global Compact website: http://www.unglobalcompact.org/COP/notable_cops.html.



Relevant Global Reporting Initiative (GRI) Indicators: The Global Compact Office considers the indicators in the GRI G3 Guidelines as appropriate for monitoring and evaluating progress on implementing the ten principles, and recommends their use by companies of all sizes and sectors. The indicators listed in this publication for each Global Compact principle are those that GRI and the Global Compact Office believe are the most relevant. However, a company need not use all the suggested indicators, nor limit their choice to those offered.

Additional Resources

The appendix lists numerous publications that address the various issues and challenges associated with implementing the United Nations Global Compact principles.

How does this guide relate to the other Global Compact COP publications?

There are two other publications that address the creation, sharing and posting of a Global Compact communication on progress. This publication is the most comprehensive overview of the COP process, while the other publications cover more specific issues, such as linking to GRI. Also, the UN Global Compact website is a valuable source for up-to-date information and examples of COPs (www.unglobalcompact.org).



Making the Connection, produced in partnership with the Global Reporting Initiative (GRI), introduces and explores ways to address GRI and COP requirements simultaneously. By linking the GRI G3 Guidelines to the ten principles of the Global Compact, *Making the Connection* assists companies in integrating the COP and other sustainability reporting vehicles.



Leading the Way provides Global Compact participants with inspiration and ideas on how to communicate progress on implementation of the ten principles. It is the result of an ongoing dialogue between the Global Compact Office and participating companies. In particular, it reflects experiences and perspectives that practitioners and users of COPs shared during a two-day workshop held in March 2006 in Geneva.

PART ONE: COP Essentials

What is a COP?

To join the Global Compact, companies must make an explicit commitment to internalize the initiative's ten principles in the areas of human rights, labour, environment and anti-corruption into corporate policies, operations and culture. Although a voluntary initiative, the Global Compact expects that participants will take actions in line with their commitment and, therefore, requires participants to communicate annually on their corporate responsibility efforts — referred to as a “Communication on Progress” (COP).

A COP is a communication to stakeholders (e.g., consumers, employees, organized labour, shareholders, media, government) on the progress the company has made in implementing the ten Global Compact principles and, where appropriate, supporting UN goals through partnerships.

A company's first COP is due within one year of joining the Global Compact, and every year thereafter. The COP policy must be met in order for a company to remain an “active” participant in the initiative. Companies are encouraged to incorporate their COPs into existing reporting mechanisms, such as an annual financial or sustainability report.

The COP policy is based on the concepts of public accountability, transparency and continuous improvement. It serves many important purposes, including: helping to ensure the credibility of corporate engagement in the Global Compact; providing a repository of data on corporate responsibility practices that can be used by companies and stakeholders for purposes of learning and analysis; and protecting the integrity of the Global Compact initiative.

There are three steps to communicating progress: creating, sharing and posting a COP.

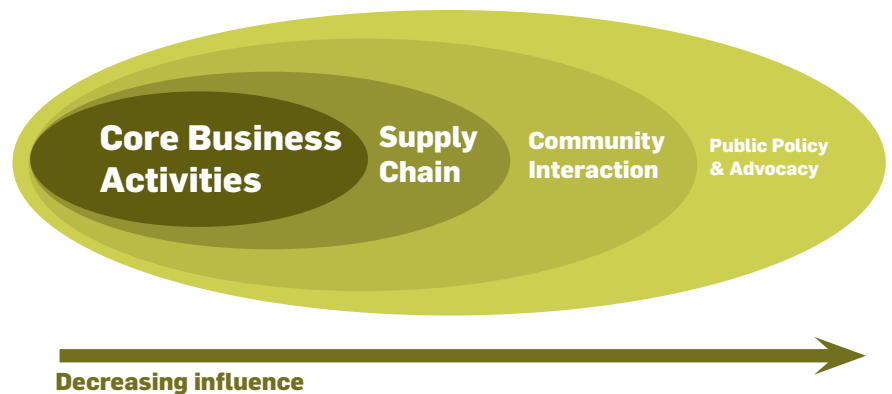
STEP ONE: Creating your COP

There are countless ways that information can be gathered and presented to show progress on implementation of responsible corporate practices. While there is no single COP structure, the communication must include three elements: an executive statement of continued support of the Global Compact; a description of actions undertaken; and a measurement of current or expected outcomes.



What is “Sphere of Influence”?

Companies are asked to embrace, support and enact the 10 principles within their “sphere of influence”. Perhaps the term is better described as spheres of influence, and envisioned as a series of concentric circles, where influence diminishes as the circles get bigger. The smallest circle includes a company's core business activities in the workplace and marketplace. This is where a company has the greatest control in affecting ESG (environmental, social and governance) performance. The next circle covers the supply chain. Control is weakened here, but in some cases the influence can be significant. The third circle includes a company's community interaction, social investment and philanthropy activities. And the final circle of influence is a company's engagement in public policy dialogue and advocacy activities.



ELEMENT 1: Statement of Continued Support

A statement of continued support for the Global Compact in the opening letter or message from the Chief Executive Officer, Chairman or equivalent

The Global Compact is a leadership initiative which requires the continuous support of the CEO and/or Board of Directors. Therefore, a statement of continued support by the highest executive is a required element in each COP.

The statement should explicitly state continued support for the Global Compact, going beyond a simple mention that the report shows performance against the Global Compact principles. Further, articulating the benefits of engagement within the statement of support is considered good practice. Doing so offers reinforcement to the business case for implementing the Global Compact principles, and helps outline for stakeholders why companies support the principles.

If the COP is woven throughout a sustainability or annual report, a statement of continued support for the Global Compact should be included in the opening letter from a senior executive. If the COP is prepared as a self-contained, comprehensive document separate from a sustainability or annual report, the statement of continued support from the Chief Executive Officer, Chairman or equivalent can be made as an introduction to the COP.

The following information may be suitable to include in the support statement:

- Reasons and/or benefits for supporting the Global Compact;
- Previous year's major actions and outcomes in implementing the Global Compact principles and/or undertaking partnership projects; and
- Mention of engagement in Global Compact activities, events, local networks.



The Coca Cola Bottling Company of Ghana As a company we have shown that we have the character to back our commitments in all the areas of endeavour that we have been committed to: in the marketplace, environment, workplace and our communities. We have by extension displayed our commitment to the principles of the Global Compact and we believe that even as we strive for progress, our drive will be in the direction of reaching out to the entities and people we do business with. We expect to touch them in our own small way to ensure that they also abide by the principles of the Global Compact. Our belief that we cannot be an island all by ourselves and the special meaning we attach to the word "global", as in Global Compact, is what strengthens our resolve. — 2006 COP

Element 2: Actions

A description of practical actions (i.e., commitments, systems, activities) the participant has taken during the previous year to implement the Global Compact principles and engage in partnerships

Comprehensive reporting on each principle can be achieved in a number of ways, but many companies follow a commitment > system > activity approach to reporting on their actions.

COMMITMENT A statement of specific commitment, for example to protect human rights. These commitments often originate from the company mission or vision statement or a policy, or reference an industry or international standard (e.g., Universal Declaration of Human Rights). Importantly, these commitments often include a statement that the commitment is universally pursued regardless of local laws. Elaborating a statement of commitment or vision is useful as it provides the foundation for the systems and activities, and helps the COP reader understand how a company views the principle.

e Talal Abu-Ghazaleh & Co. International (Egypt) TAG org shall not discriminate against any employee for any reason such as age, race, gender, sexual orientation, marital status, religious belief, national extraction or disability. TAG org is to guarantee its employees a fair working environment and protection from the loss of their jobs. All employees without any discrimination whatsoever have the right to equal pay for equal work. All candidates seeking to be hired are now required to pass through a series of quantitative exams (multiple choice) which ensures objectivity, fairness and equal chances are given to all in our hiring process. We affirm and pledge to uphold the universal human rights of all individuals without limitation. — 2006 COP

SYSTEMS Systems help ensure that commitments become actions. A description of the processes and/or management systems used to address each principle is important because it helps communicate how a company is systematically working to integrate the ten principles into company strategy, operations and communications as part of a continuous improvement journey.

e Li & Fung Limited (China) In 2006 the Vendor Compliance Division evaluated more than 6,000 vendors in 39 countries around the world. Subsequent to the completion of each evaluation, factories were issued an evaluation report in the form of Corrective Action Plans (CAP). Facility re-evaluations were then re-scheduled based on initial evaluation outcomes and pre-defined cycles to verify issue rectification and corrective action improvement. — 2006 COP

ACTIVITIES A description of practical actions taken in the past year shows that a company is taking steps to live up to its commitment and act based on policies, processes and management systems. This might include: training programmes; public awareness campaigns; auditing, reviews or other monitoring activities; operational initiatives; or collaborative programmes.

e Novartis (Switzerland) Novartis is the first company in its industry to set a living wage for its employees worldwide. — 2006 COP

Following are suggestions for reporting on practical actions taken to implement the ten principles and partnerships:

- Link commitments and actions to the business relevance of Global Compact principles (“materiality”);
- Reflect on the company’s sphere of influence — such as supply chain, customers, and local communities — and reporting boundary;
- Reflect the Global Compact principles in management systems, such as policy and strategy documents, monitoring systems and daily processes;
- Describe actions in a way that allows readers to learn, and possibly replicate key elements;
- Outline a future plan of action and/or priorities; and
- Describe partnership projects in support of broad UN goals (e.g., type of partnership, benefits for partners, outcomes).

ELEMENT 3: Outcomes

A measurement of current or expected outcomes using, as much as possible, indicators or metrics, such as those developed by the Global Reporting Initiative

The third COP element – measurement of current and expected outcomes – embodies the Global Compact’s core philosophy of continuous improvement.

Continuous improvement demands assessment of where the company is, how it has progressed in meeting its targets and identification of future targets. The systematic application of performance indicators is therefore essential. However, performance data should be supplemented by a narrative description of the impact made because indicators paint only part of the picture. The most well-developed sustainability reporting framework is the GRI G3 Sustainability Reporting Guidelines. While the GRI G3 Guidelines do not represent the only way of preparing a COP, they do offer globally-recognized reporting guidance and are recommended by the Global Compact.

Following are suggestions for reporting on the measurement of outcomes in a company’s work to implement the ten principles and partnerships:

- Show performance for several years, allowing readers to check progress;
- Present positive and negative aspects of the organization’s performance to enable an informed assessment of overall performance;
- Specify targets for future year(s);
- Make the business case for activities related to the ten principles by linking actions and outcomes to financial data or other performance data; and
- Link performance to the ten principles, even if the emphasis is placed only on the implementation of specific principles.

e Starbucks (USA) To measure how well we are doing at upholding our commitments to social responsibility and to our guiding principles, Starbucks has identified key performance indicators as relevant metrics for our business. Each year we will report our performance relative to these metrics and any new metrics we may add. We strive to include forward looking targets for our performance indicators. — *2006 Sustainability Report*. (This example shows outcomes for Global Compact principle 8 on promoting greater environmental responsibility)

	INDICATOR	2005	2006	2007 TARGET
ENVIRONMENT*				
Electricity	Kilowatt-hours per square foot of retail space per month	6.40	6.57	Target has not been established.
Water	Gallons per square foot of retail space per month	24	26	Target has not been established.
Paper	Percentage of post-consumer fiber (not including hot cups)	49.5% (goal: 48%)	66.4% (goal: 50%)	66.9%
	Percentage of unbleached fiber (not including hot cups)	85.9% (goal: 90%)	86.3% (goal: 86.5%)	87.1%
WHAT WE SAID IN 2005		WHAT WE DID IN 2006		SELF-RATING
<ul style="list-style-type: none"> • Purchase renewable energy certificates to offset 20% of the energy used in our U.S. and Canada company-operated stores. 		<ul style="list-style-type: none"> • Quadrupled our renewable energy purchase to equal 20% of the energy used in our U.S. and Canada company-operated stores. 		●
<ul style="list-style-type: none"> • Integrate specific environmental practices into our retail operational standards to help focus on improving store level accountability for energy and water conservation, recycling and waste reduction. 		<ul style="list-style-type: none"> • Updated a store manager performance tool to emphasize the importance of managing environmental aspects of store operations and what bottom line impact – positive or negative – their actions can have. 		◐
<ul style="list-style-type: none"> • Roll out new hot beverage cups containing 10% post-consumer fiber (PCF) in U.S. company-operated and licensed stores. 		<ul style="list-style-type: none"> • Converted all hot beverage cups in Starbucks U.S. and Canada stores to the 10% PCF content version. 		●
				MORE INFO
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STEP TWO: Sharing Your COP with Stakeholders

A COP is not a communication with the United Nations Global Compact Office, nor a Global Compact Local Network. Rather, it is a communication from a company to its stakeholders on progress made implementing the ten Global Compact principles. When possible, a COP should be integrated into a company's existing communication with stakeholders, such as an annual financial, CSR or sustainability report. A stand-alone COP should be created only if a company has no other vehicle to report on corporate citizenship issues.

Just as important as the medium chosen to communicate progress is the method of distributing a COP to stakeholders. Companies should use the established methods for stakeholder communication, particularly as it relates to sustainability information (e.g., websites, direct mailings, employee alerts, open houses). Posting a COP to the Global Compact website is not considered a sufficient effort to share the information with company stakeholders.

STEP THREE: Posting Your COP to the Global Compact Website

Companies are expected to post an electronic version (and web link if available) of their COP on the Global Compact website. Additionally, they are asked to describe how the COP is being made available to stakeholders. This should be done as soon as possible after the production of the COP.

Detailed instructions for posting a COP are available at:

http://www.unglobalcompact.org/docs/communication_on_progress/4.3/COP_posting_doc_eng.pdf



Stakeholder Engagement

Effective implementation of the Global Compact principles depends to a large degree on stakeholder engagement. This is particularly relevant when developing or refining a company's sustainability vision, policies and strategies; understanding and improving a company's impact on society; and reporting. For example, the company's leadership may decide to seek stakeholder input while developing new policies. Stakeholder engagement can also be important in understanding the actual and potential impacts on society, both positive and negative, of a company's operations. Stakeholders can also be instrumental in helping a company determine which issues are most "material" and therefore should be a priority in a company's implementation efforts. Finally, an increasing number of companies are involving many of their stakeholders in the reporting process and in helping to assess company performance more generally.

COP Deadlines and Participant Status

Business participants are required to post a COP on the Global Compact website within one year of the date of joining the UN Global Compact, and every year thereafter.

Should a company fail to meet the initial COP posting deadline or a subsequent annual deadline, it will be marked as "non-communicating". Companies with a "non-communicating" status must submit a new COP to the Global Compact website in order to regain "active" status.

In case a company is listed as "non-communicating" during one year, it will be removed from the Global Compact website entirely (or "delisted").

Companies that have been removed from the Global Compact after being delisted must send a formal letter to the United Nations Secretary-General re-committing to the initiative and submit a current COP in order to rejoin the Global Compact.

Notable COPs

The Global Compact Office introduced the Notable COP programme in 2004 to highlight and recognize outstanding Communications on Progress. COPs featured in the Notable COP programme are selected because of their adherence to the COP policy and because they represent illustrative and inspirational examples of communicating progress. Showcasing outstanding COPs – with respect to the quality and comprehensiveness of the information they provide – is proving to be a strong incentive for companies, particularly as efforts increase to link COPs with mainstream financial market analysis.

In order to be considered notable, a COP must meet all the basic requirements as specified in the COP policy. In addition, a Notable COP must be considered an exceptional example in two or more of the categories below:

- 1. Strong statement of continued support for the Global Compact**
 - *Statement is signed by CEO, Chairperson or equivalent*
 - *Statement is part of COP, not a stand-alone document*
 - *Reasons and/or benefits for supporting the initiative are given*
 - *Statement is linked to major actions or outcomes in implementing the principles*
- 2. Clear and detailed description of practical actions taken in implementing the Global Compact principles and/or in undertaking partnership projects in support of broader UN goals**
 - *Materiality of issues is described*
 - *Principles are reflected in management systems and daily processes*
 - *Actions are fully described in a way that allows readers to learn from them*
 - *A future plan of action (for the following year) has been outlined*
- 3. Measurement of outcomes that allows for checking progress**
 - *Performance indicators are clearly defined or a full set of standard indicators is used (e.g., GRI)*
 - *Performance is shown for several years, allowing progress to be assessed*
 - *Targets for the following year(s) are specified*
 - *Performance relates to the ten principles of the UN Global Compact*
- 4. Reporting process ensures reliability, clarity and timeliness of information and includes stakeholder dialogue**

Detailed information on the Notable COP programme and the criteria used to identify Notable COPs can be found at: http://unglobalcompact.org/COP/notable_cops.html



Creating the Most Value with your COP

Based on the input and experiences of participants and other key stakeholders, the Global Compact has identified practical ways that companies can maximize the value of the COP process, for example by improving the quality of COP content and taking steps to enhance the credibility of the report. Following are tips for creating the most value through a company's COP:

Process Effectiveness

Look for Connections

Review the ten principles closely in order to understand the connections that exist between the principles and the company's vision, strategy, policies, activities, and measurement and reporting systems already in place for current internal, government, investor or industry association reporting (e.g., your company's annual report). To avoid duplication of effort and to minimize reporting fatigue, companies are encouraged to integrate their COP into other disclosures, such as annual or sustainability reports.

Content Quality

Be Complete

There is no expectation that all ten principles will be covered in initial COPs, nor all ten principles addressed to the same extent. Additionally, small companies are often not able to provide as much depth and breadth in their COPs as multinational companies. However, the information contained within a COP should be complete and accurate enough to assess and understand the organization's performance in relationship to the ten principles and related issues.

Provide Context

A COP should put a company's actions and indicators into context so that readers can make informed judgments on the company's progress in implementing the Global Compact principles.

Ensure Relevance

COPs should contain all information necessary for a stakeholder to judge the sustainability performance of the company, as well as how the company has determined its priorities in regard to the principles. An effective way to determine relevance is through a stakeholder dialogue process (e.g., AA1000), or the "materiality" process described in the GRI G3 Guidelines.

Define Boundaries

Some companies specifically define the boundaries of their responsibility. This can be useful in managing stakeholder expectations and fostering dialogue about the boundaries, especially regarding subsidiaries and supply chains. For example, companies operating in developed nations should not simply reference their compliance with local laws governing issues related to the Global Compact principles (e.g., human rights). They should also demonstrate how the company is upholding these rights and/or making sure they are not violated.



What is Materiality?

A company is faced with a wide range of topics on which it could report. Relevant topics and indicators are those that may reasonably be considered important for reflecting the organization's economic, environmental, and social impacts, or influencing the decisions of stakeholders, and, therefore, potentially merit inclusion in the report. Materiality is the threshold at which an issue or indicator becomes sufficiently important that it should be reported.

Make Your COP Accessible

- **Language:** A COP should be created in the language(s) most appropriate for the company's stakeholders.
- **Structure:** A COP needs to be structured in a way that clearly communicates the company's progress in implementing the ten principles. Some companies achieve this through an index or table of contents that directs the reader to the page, policy, website or other source where they can find information relevant to the ten principles. Other companies find it effective to structure the COP around the the principles.

Show Progress

Reported information should be presented in a manner that enables readers to analyse changes in an organization's performance over time and follow-up on commitments, goals and targets a company has made in earlier COPs.

Use Indicators

Use performance indicators appropriate for your company's size, sector and unique operating environment, and also allow for benchmarking and comparability.

Credibility of Communication

Present a Balanced View

COPs should reflect and explain positive and negative aspects of the organization's performance to enable a reasoned, informed assessment of overall performance.

Be Specific

As companies improve their implementation of the principles and related communications, it is important that the COP includes specific descriptions (e.g., "we trained 50 suppliers on how to improve their spill response performance") rather than generic statements (e.g., "we have a training programme for suppliers").

Provide Assurance

Companies should develop systems and evaluation programmes to assure that the information they are recording, collecting, analysing and disclosing is accurate and reliable. Importantly, this need not be a highly complex and expensive process, but could be as simple as a local Global Compact network peer review programme.



What is Assurance?

In the context of sustainability reporting, assurance refers to activities designed to assess a report and the information it contains. An assurance process often results in a published statement describing the scope of the review, the methodology used, the independence of the assurance body and any conclusions and recommendations about the fair and reasonable presentation of information in the report. An external assurance can be conducted by professional assurance bodies or stakeholder panels.

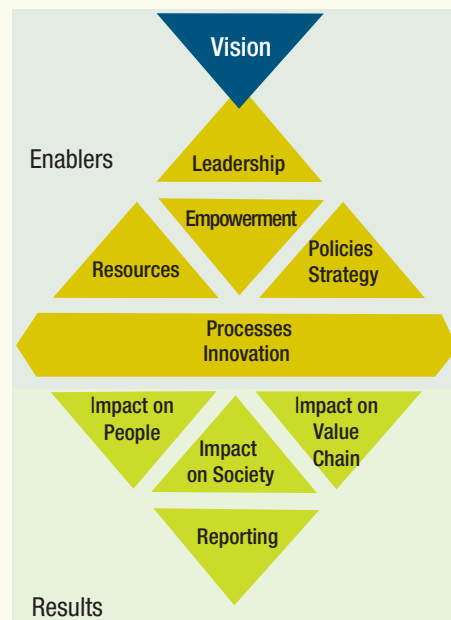


Where Do I Start in Implementing the Global Compact Principles?

Companies that have signed on to the Global Compact commit to work towards implementation of the ten principles into their strategies and operations. However, small and large companies alike are sometimes uncertain about the right approach. While there is no single “correct” way of implementing the principles within a company’s management approach, there are numerous management models that can assist in the process. Companies may draw inspiration from the Global Compact Performance Model, which guides an organization from the leadership vision to the measurement and reporting of outcomes.

Key success factors in implementing the Global Compact principles include:

- treating the principles not as an add-on, but as an integral part of business strategy and operations;
- clear related commitments from company leadership;
- communicating the commitment throughout the organization to senior management and employees to ensure broad support for the principles;
- a business environment favourable to new ideas and business innovation;
- measurable targets and a transparent system of communicating progress;
- willingness and ability to learn and adapt;
- a dedication to practical actions; and
- willingness to engage and dialogue with the company’s stakeholders.



The Performance Model is composed of ten elements of business practice, each represented by a separate segment of the diagram to the left. It is a company-driven process of continuous improvement that begins with the organization’s vision and proceeds through each element represented in the diagram:

Vision Integrating a commitment to responsible corporate citizenship in the company’s vision. In addition to looking at the ten Global Compact principles, this may include efforts such as dialoguing with stakeholders about their expectations of the company, reviewing major economic, social and environmental trends, understanding potential risks, and undertaking scenario planning.

Leadership Driving the vision throughout the company. A leadership commitment to improved social and environmental performance is

crucial in effecting lasting change. However, to have maximum effect, this message must be widely communicated throughout the organization and beyond. Companies should further treat corporate citizenship as a corporate governance issue and establish board level oversight for the company’s efforts to implement the principles.

Empowerment Organizing, informing, showing, motivating, training, rewarding, listening to, consulting, and trusting staff so that they can play their role in helping their organization achieve its vision. Empowerment can harmonise an individual’s values with corporate objectives.

Policies and Strategies Reviewing the company's existing policies and strategies and aligning them with the Global Compact principles (or developing new policies consistent with the principles). Some companies have overarching corporate citizenship policies. Others have specific policies and management guidance materials on topics such as the environment, human rights and anti-corruption.

Resources Managing the means to implement the company's policies and strategies and equipping employees with what they need to achieve their targets without compromising the company's commitment to the Global Compact principles. It includes ensuring that financial, human, informational and other resources are distributed according to the company's corporate citizenship policies and commitments.

Processes and Innovation Confronting dilemmas that may be created by implementation of the Global Compact principles and turning them into innovative solutions and business opportunities. It includes understanding the key processes that can foster improvements, including setting targets and communicating them throughout the organization. A thorough risk and opportunity assessment may be particularly useful.

Impact on the Value Chain Managing relations with commercial partners and influencing their operations. The conduct of suppliers, distributors, and customers can have a significant impact on a company's reputation and ultimately its bottom line. Many companies communicate their corporate citizenship policies and expectations to business partners. Some even incorporate these into their contractual arrangements, and review the social and environmental performance of their suppliers using monitoring and audits. Some go further and assist suppliers in raising the level of their social and environmental performance through training, capacity-building and sharing of best practices.

Impact on People Participating in the Global Compact affects a company's workforce, including employee morale. Studies suggest that good social and environmental performance not only has a positive effect on a company's ability to recruit and retain high quality talent, but also on its productivity.

Impact on society The impact of a company on communities, as well as on society at large, is also a key element of the Performance Model. Collaboration with local communities can make it easier for a company to operate smoothly and maintain its social license to operate. Depending on the scale and nature of the activities concerned, some companies perform impact assessments and use community opinion surveys to help gauge their impact on society.

Reporting This element is about reliable measurement and communication of the company's economic, social and environmental performance. Specific measurements that track actual performance are essential for ensuring continuous improvement.

Put simply, implementation of the Global Compact principles means making a commitment, developing policies and strategies, taking action and finally reporting on progress. What matters is not how the company is performing at the moment of entry, but rather that the company is committed to change and continuous improvement.

The Global Compact has accumulated a substantial inventory of resources and tools on addressing the issue areas covered by the principles. See the catalogue of resources provided in the appendix for further reading.



For more information on each step please see the "How to participate" section of the Global Compact website.

Benefits of Communicating Progress

The Communication on Progress can serve as far more than an indication of engagement in the Global Compact. The information included in COPs can help satisfy the information needs and expectations of a wide range of stakeholders – including employees, communities, investors, NGOs and business partners. Additionally, the COP serves as a mechanism for a company to – at least annually – assess the implementation of the Global Compact’s principle-based change approach, determine if the company’s approach should be adjusted or augmented for performance improvement, and then more accurately report on the progress and impact of its actions.

Following are some of the most commonly voiced benefits related to the Communication on Progress:

Internal Benefits

- Motivates a company to define and live up to a sustainability vision and strategy;
- Motivates a company to integrate corporate citizenship activities into their core business operations and increase positive social impacts of their value chain;
- Enhances corporate governance and leadership commitment by the CEO, and promotes senior management involvement by preparing, reviewing and endorsing the report;
- Supports efforts to identify business risks and opportunities;
- Encourages internal information sharing and learning by connecting different corporate departments (e.g., human resources, communications, environment, health and safety, operations, community relations);
- Stimulates internal assessment of progress and contributes to continuous performance improvement; and
- Emphasizes and clarifies to employees the commitment of senior management on environmental, social and governance issues.

External Benefits

- Demonstrates active participation in the Global Compact and explains related actions to incorporate principles into business strategy and operations;
- Improves corporate reputation and brand value due to increased transparency and creation of trust;
- Enhances stakeholder relations by articulating a sustainability vision, strategy and implementation plan;
- Provides significant learnings to stakeholders through collaboration; and
- Makes inclusion in socially responsible investment funds or indices more possible.
- Shows that company’s participation in Global Compact is much more than a public relations exercise.



For More Information

We have gathered answers to the most frequently asked questions at <http://www.unglobalcompact.org/>

PART TWO

Practical Examples

The following pages offer guidance and examples, principle by principle, on how companies have implemented the principles and communicated their progress.

Human Rights

Principle 1: Business should support and respect the protection of internationally proclaimed human rights

Actions

COMMITMENT

State your specific corporate commitment and the relevance of this principle for your company, for example:

- Commitment to protecting human rights using words from your policy, international standards (e.g., Universal Declaration of Human Rights) and/or industry standards



Novo Nordisk (Denmark) Our support for the United Nations Universal Declaration of Human Rights has been an important part of our commitment to social responsibility since 1998. Our commitment entails that we work continuously to improve our social performance by setting high objectives and integrating human rights considerations into our daily business. — 2006 COP

SYSTEMS

Briefly describe policies, programmes and management systems, for example:

- Company policy and strategy to support human rights
- Human rights management system
- Health and safety management system
- Monitoring system to ensure that the company's human rights policies are being implemented



Rio Tinto (UK) The Rio Tinto SpeakOut programme is an independent, internal and confidential complaint handling system designed to capture, analyse, and investigate compliance failures identified by employees. — 2006 COP

ACTIVITIES

Describe the practical activities undertaken in the past year to implement this principle, for example:

- Providing safe and healthy working conditions
- Providing access to basic health, education and/or housing for workers and their families
- Preventing the forcible displacement of individuals, groups or communities
- Working to protect the economic livelihood of local communities



Sekem (Egypt) SEKEM provides access to basic health, education and housing for the workers and their families through SEKEM School and the Medical Center. Social assessments are carried out to see if the family can afford the medical treatment or school fees. If found not able to pay, the family is either granted or subsidized to attain the needed education and health care. — 2006 COP



What are Human Rights?

Human rights are commonly understood as being those rights that are inherent to the human being (e.g., right to education, freedom of speech). The concept of human rights acknowledges that every single human being is entitled to enjoy his or her human rights without distinction as to race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.

Outcomes

PERFORMANCE

Describe impact of systems and outcomes of actions and progress achieved in regard to this principle, for example:

- Progress on righting historical patterns of discrimination
- Changes in workforce demographics



Petrobras (Brazil) 14.4% drop in infant mortality in the 192 localities that received the “UNICEF seal of an approved municipality” as a result of joint actions with Petrobras.
– 2006 Social and Environmental Report

 Relevant GRI Indicators	
HR 1	Percentage and total number of significant investment agreements that include human rights clauses or that underwent human rights screening.
HR 2	Percentage of significant suppliers and contractors that underwent screening on human rights and actions taken.
HR 3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.
HR 4	Total number of incidents of discrimination and actions taken.
HR 5	Operations identified where the right to exercise freedom of association and collective bargaining may be at significant risk, and actions to support these rights.
HR 6	Operations identified as having significant risk for incidents of child labour and measures to contribute to eliminate child labour.
HR 7	Operations identified as having significant risk for incidents of forced or compulsory labour and measures to contribute to the elimination of forced or compulsory labour.
HR 8	Percentage of security personnel trained in the company’s policies or procedures concerning aspects of human rights relevant to operations.
HR 9	Total number of incidents of violations involving rights of indigenous people and actions taken.
EC 5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.
LA 4	Percentage of employees covered by collective bargaining agreements.
LA 6	Percentage of total workforce represented in formal joint management – worker health and safety committees that help monitor and advise on occupational health and safety programmes.
LA 7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.
LA 8	Education, training, counseling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.
LA 9	Health and safety topics covered in formal agreements with trade unions.
LA 13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.
LA 14	Ratio of basic salary of men to women by employee category.
SO 5	Public policy positions and participation in public policy development and lobbying.
PR 1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and service categories subject to such procedures.
PR 2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.
PR 8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.



Where to Begin:

Check with your *Human Resources* or *Employee Relations* department to see if they have:

- An overarching set of policies and programmes addressing human rights and workplace standards
- Training programmes (on-line or live) on how to respect human rights
- An ethics or complaints hotline that tracks and responds to employee and external concerns about human rights abuses

Check with *Procurement* or *Supply Management* for:

- Supplier/contractor pre-qualification requirements regarding human rights
- Any supplier audit or training programme and results of such programmes

Check with *Public Affairs*, *Media*, *Government* or *Corporate Relations* for:

- Country-specific risk assessments that include human rights issues
- Joint educational or awareness programmes with non-profit groups or governments

Human Rights

Principle 2: Business should make that they are not complicit in human rights abuses.



What is complicity?

There are several types of complicity.

Direct Complicity

Occurs when a company actively assists, directly or indirectly, in human rights violations committed by others. An example of this is a company assisting in the forced relocation of peoples in circumstances related to business activity (e.g., to enable construction of a pipeline).

Beneficial Complicity

Suggests that a company benefits directly from human rights abuses committed by someone else. For example, violations committed by security forces, such as the suppression of a peaceful protest against business activities or the use of repressive measures while guarding company facilities, are often cited in this context.

Silent Complicity

Describes a situation where a company may not be assisting or encouraging human rights violations, nor benefiting from the actions of those that commit abuses, but is viewed as staying silent in the face of human rights abuses. There is debate as to whether simply being present in a country can amount to complicity in the human rights abuses being committed. The social perception of silent complicity can be significantly damaging to a company's reputation and its relationship with shareholders. For example, inaction or acceptance by companies of systematic discrimination in employment against particular groups on the grounds of ethnicity or gender could bring accusations of silent complicity.

Actions

COMMITMENT

State your specific corporate commitment and the relevance of this principle for your company, for example:

- Commitment to protecting human rights using words from your policy, international standards (e.g., Universal Declaration of Human Rights) and/or industry standards



H&M (Sweden) We have to make sure that nobody whose work is contributing to our success is deprived of his or her human rights, or suffers mental or bodily harm. The Code of Conduct is a non-negotiable requirement from our side that all our suppliers and their subcontractors, without exception, should follow this code. — *2006 Corporate Social Responsibility Report*

SYSTEMS

Briefly describe policies, programmes and management systems, for example:

- Explicit policies that protect the human rights of workers in the company's direct employment and throughout its supply chain
- Explicit policies to ensure that the company's security arrangements do not contribute to human rights violations, whether it provides its own security, contracts out to others or uses security supplied by the State
- Ongoing staff training on how human rights issues can be affected by business
- Ongoing staff training on internal company policies as they relate to human rights
- Human rights impact assessments of business activities



LEGO Group (Denmark) We see it as our responsibility to help ensure that our suppliers act in accordance with a number of minimum requirements. The need for such a set of guidelines is due to the unfortunate fact that suppliers in some countries fail to ensure compliance with, for example, key ILO conventions governing labour standards. The requirements in the LEGO Group Code of Conduct are therefore more strict in many areas than the general standard in some of the countries our suppliers are based in. Clearly there may be structural conditions or cultural traditions that mean we cannot expect immediate compliance with the LEGO Group Code of Conduct. The most important thing is that suppliers are prepared to actively work to ensure they eventually comply with the requirements.

Our Code of Conduct expresses our support for the UN Declaration of Human Rights, and we also encourage our suppliers to sign up to the UN Global Compact. — *2006 Sustainability Report*

ACTIVITIES

Describe the practical activities undertaken in the past year to implement this principle, for example:

- Human rights assessment of the situation in countries where the company does, or intends to do, business so as to identify the risk of involvement in human rights abuses and the company's potential impact on the situation
- Open dialogue with human rights organizations or business partners



Statoil (Norway) The human rights training programme [that was] developed for our employees in cooperation with Amnesty International's Norwegian branch was incorporated. During the year, about 4,000 people accessed the programme. — *2006 Sustainability Report*

Outcomes

PERFORMANCE

Describe impact of systems, outcomes of actions and progress achieved in regard to this principle, for example:

- Progress on tracking and addressing complaints about human rights abuses
- Number of follow-up investigations

e Anglo American (United Kingdom) – Report to Society 2005

Focus	Our goals	Our performance in 2005	2006 and future targets
	Implement training programme on security and human rights	✓ Training manual produced, divisional champions identified and initial training workshops conducted	Embed compliance and reporting system, sharing experience and good practice
	Develop human rights guidelines	✗	Produce in context of work by the UN on business and human rights

✓ Target achieved

✗ Target not achieved

 <h2 style="margin: 0;">Relevant GRI Indicators</h2>	
HR 1	Percentage and total number of significant investment agreements that include human rights clauses or that underwent human rights screening.
HR 2	Percentage of significant suppliers and contractors that underwent screening on human rights and actions taken.
HR 3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.
HR 4	Total number of incidents of discrimination and actions taken.
HR 5	Operations identified where the right to exercise freedom of association and collective bargaining may be at significant risk, and actions to support these rights.
HR 6	Operations identified as having significant risk for incidents of child labour and measures to contribute to eliminate child labour.
HR 7	Operations identified as having significant risk for incidents of forced or compulsory labour and measures to contribute to the elimination of forced or compulsory labour.
HR 8	Percentage of security personnel trained in the company’s policies or procedures concerning aspects of human rights relevant to operations.
HR 9	Total number of incidents of violations involving rights of indigenous people and actions taken.
SO 5	Public policy positions and participation in public policy development and lobbying.

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Where to Begin:

Check with your *Human Resources* or *Employee Relations* department to see if they have:

- An overarching set of policies and programmes addressing human rights and workplace standards
- Training programmes (on-line or live) on how to respect human rights
- An ethics or complaints hotline that tracks and responds to employee and external concerns about human rights abuses

Check with *Procurement* or *Supply Management* for:

- Supplier/contractor pre-qualification requirements regarding human rights
- Any supplier audit or training programme and results of such programmes

Check with *Public Affairs, Media, Government* or *Corporate Relations* for:

- Country-specific risk assessments that include human rights issues
- Joint educational or awareness programmes with non-profit groups or governments

Labour

Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining

Actions

COMMITMENT

State your specific corporate commitment and the relevance of this principle for your company, for example:

- Commitment to protecting freedom of association using words from your policy, including a statement that the policy is applicable to business partners and that it is universally applied independent of local laws.



Telecom Italia (Italy) All personnel – whatever the level/qualification – are entitled to form and join trade unions for the protection of individual and collective interests. The Group's companies acknowledge the role of union representatives, who are not subject to any discrimination, and ensure, for union activities, the appropriate retribution of absence and the means to communicate with personnel in the workplace. – 2006 COP

SYSTEMS

Briefly describe policies, programmes and management systems, for example:

- Union-neutral policies and procedures in areas such as applications for employment, record-keeping and decisions on advancement, dismissal or transfer
- Facilities to enable worker representatives to carry out their functions within the company, such as: collecting union dues on company premises, posting trade union notices, and distributing union documents related to normal trade union activities in the enterprise and time-off with pay for union activities



Jaqalanka Group (Sri Lanka) The communication link between the Union and the Workers council is the monthly meetings which are held continuously. The minutes of these meetings are recorded and posted on the notice boards signed jointly by both the Management and the Trade Union/Workers Council committees. – 2006 COP

ACTIVITIES

Describe practical activities undertaken in the past year to implement this principle, for example:

- Ensuring that all workers are able to form and join a trade union of their choice without fear of intimidation or reprisal
- Recognizing representative organizations for the purpose of collective bargaining
- Using collective bargaining as a constructive forum for addressing working conditions and terms of employment and relations between employers and workers, or their respective organizations



Areva (France) Many of the collective bargaining agreements signed in the group's different business units addressed occupational equality between men and women. – 2006 COP



What are Freedom of Association and Collective Bargaining?

Freedom of association

implies a respect for the right of employers and workers to join associations of their own choice. It does not mean that workforces must be organized or that companies must invite unions in. Employers should not interfere in an employee's decision to associate, or discriminate against the employee or a representative of the employee because of such association.

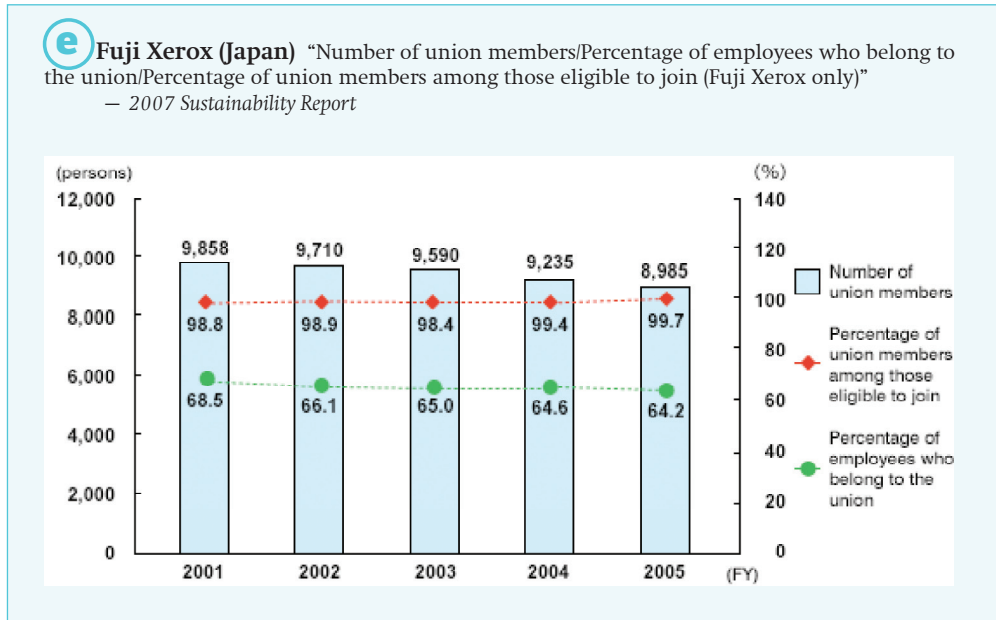
Collective bargaining refers to the process or activity leading up to the conclusion of a collective labour agreement. Collective bargaining is a voluntary process used to determine terms and conditions of work and the regulation of relations between employers, workers and their organizations.


Outcomes

PERFORMANCE

Describe impact of systems, outcomes of actions and progress achieved in regard to this principle, for example:

- Number of employees covered by collective bargaining agreements
- Details of collective bargaining negotiations
- List of trade unions with which the company has a collective bargaining agreement or other relationship



 <h2>Relevant GRI Indicators</h2>	
LA 4	Percentage of employees covered by collective bargaining agreements.
LA 5	Minimum notice period(s) regarding operational changes, including whether specified in collective agreements.
HR 1	Percentage and total number of significant investment agreements that include human rights clauses or that underwent human rights screening.
HR 2	Percentage of significant suppliers and contractors that underwent screening on human rights and actions taken.
HR 3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.
HR 5	Operations identified where the right to exercise freedom of association and collective bargaining may be at significant risk, and actions to support these rights.
SO 5	Public policy positions and participation in public policy development and lobbying.



Where to Begin:

Check with your *Human Resources* or *Employee Relations* department to see if they have:

- A freedom of association policy
- Statistics on the number of employees that are represented by a trade or labour union
- Arranged with a third party to conduct an external assurance of employee rights (e.g., a Fair Labor Association audit), and results of the audit
- Participated in an independent monitoring programme regarding labour conditions, and associated results
- A procedure to investigate allegations of union-busting or wrongful termination of employees for union activity

Check with the *Legal* department for:

- Results of collective bargaining conducted during the year

Labour

Principle 4: Business should uphold the elimination of all forms of forced and compulsory labour

Actions

COMMITMENT

State your specific corporate commitment and the relevance of this principle for your company, for example:

- Commitment to support the elimination of all forms of forced and compulsory labour using words from your policy or international standards (e.g., ILO Convention No. 29)

e **National Mineral Development Corporation Ltd. (India)** NMDC stands committed not to resort to any form of forced and compulsory labour. —2006 COP

SYSTEMS

Briefly describe policies, programmes and management systems, for example:

- Management systems on labour practices, as they address the issue of forced labour
- Policies and procedures to prohibit the requirement that workers lodge financial deposits with the company
- In planning and conducting business operations, ensure that workers in debt bondage or other forms of forced labour are not engaged, and where found, provide for the removal of such workers from the workplace with adequate services and provision of viable alternatives in the community of operation

e **Gap (USA)** Factory monitoring is part of our strategy to improve working conditions (including forced labour) in the apparel industry. Our monitoring system provides us with firsthand insight into factory conditions and serves as an important tool to measure factory progress against our standards. Monitoring not only helps us leverage our influence with contract garment factories through face-to-face interaction, but also provides us with regular data about factory conditions and a mechanism to assess the impact of our efforts over time. —2005/2006 Social Responsibility Report



What is Forced Labour?

Forced and compulsory labour were defined in ILO Convention No. 29, Forced Labour Convention, in 1930 as “*All work and service which is exacted from any person under the menace of any penalty and for which the said person has not offered her/himself voluntarily.*”

The most extreme examples are slave labour and bonded labour; but debts, withholding of identity papers, or the lodging of compulsory deposits can also be used as means of forcing labour. Another form of forced labour is when workers are compelled, under threat of firing, to work extra hours to which they have not previously agreed.

ACTIVITIES

Describe practical activities undertaken in the past year to implement this principle, for example:

- Providing grievance mechanisms for workers subjected to forced labour
- Making available to all employees, employment contracts stating the terms and conditions of service, the voluntary nature of employment and the freedom to leave (including the appropriate procedures that may be associated with a departure or cessation of work)
- Engaging with suppliers on forced labour and how to avoid its use
- Helping develop skills training and income-generating alternatives, including micro-credit financing programmes, for adults removed from situations of forced labour

e **Motorcare Lda (Mozambique)**

- Each employee has a contract of employment stating the terms and conditions of service
- Each employee has a current job description
- The company funds by means of ad hoc grants to a wholly owned employee fund which administers micro credit financing programmes for employees
- Annual research conducted to establish market wage rates for similar functions within the same industry —2005 COP

Outcomes

PERFORMANCE

Describe impact of systems, outcomes of actions and progress achieved in regard to this principle, for example:

- When the objective is the non-existence of a condition, such as forced labour, it is sometimes more appropriate to discuss performance in qualitative terms (i.e., you can't measure what's not there)
- Audit results would be a relevant indicator to report



Belgo Siderurgia S.A. – Arcelor Group (Brazil) The Belgo-Arcelor Brasil companies have never been charged with, indicted for or in any other way whatsoever involved with the use of slave labour. – 2006 COP

 <h3>Relevant GRI Indicators</h3>	
HR 1	Percentage and total number of significant investment agreements that include human rights clauses or that underwent human rights screening.
HR 2	Percentage of significant suppliers and contractors that underwent screening on human rights and actions taken.
HR 3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.
HR 7	Operations identified as having significant risk for incidents of forced or compulsory labour and measures to contribute to the elimination of forced or compulsory labour.
SO 5	Public policy positions and participation in public policy development and lobbying.



Where to Begin:

Check with your *Human Resources* or *Employee Relations* department to see if they have:

- Awareness training for employees or community members
- A record of checking lowest wage paid against regulated amount
- A third party audit of your own or suppliers' labour conditions and results of the audit (e.g., number of suppliers excluded because of forced labour issues)
- An independent monitoring programme regarding labour conditions, and associated results
- Internal social audits (check for issues reviewed and number of audits)

Labour

Principle 5: Business should uphold the effective abolition of child labour

Actions

COMMITMENT

State your specific corporate commitment and the relevance of this principle for your company, for example:

- Commitment to support the effective abolition of child labour using words from your policy or international standards (e.g., ILO Convention Nos. 138 and 182), including a statement that the policy is universally applied independent of local laws



Grupo Nueva (Chile) Masisa (one of the Grupo Nueva companies) is against the illegal use of child labour, exploitation of the work of children and all other unacceptable forms in the treatment of workers. Our policy is not to work with suppliers and contractors whose labour practices are reproachable, such as the use of child labour, physical punishment, female abuse, and forced labour and other forms of abuse. — *Masisa Sustainability Report 2004 - 2005*

SYSTEMS

Briefly describe policies, programmes and management systems, for example:

- Adherence to minimum age provisions of national labour laws and regulations and, where national law is insufficient, taking account of international standards
- Adequate and assurable mechanisms for age verification in recruitment procedures
- Development and implementation of mechanisms to detect child labour and provide remediation where abuse is found
- Ensuring that adult workers are given secure employment and decent wages and working conditions so that they do not need to send their children to work



Sedexho Alliance (France) In North America, our suppliers comply with a Code of Conduct based on ILO (International Labour Organization) standards. At our request, suppliers sign a code of conduct covering many areas related to the Global Compact. One such area is child labour ... Suppliers are prohibited from using workers under the legal age of employment in any country or local jurisdiction where the supplier performs work for Sodexho. If the minimum age of employment is not defined, the minimum age of employment shall be 15 years of age. — *2006 Act as a Corporate Citizen Report*

ACTIVITIES

Describe the practical activities undertaken in the past year to implement this principle, for example:

- When children below the legal working age are found in the workplace, providing for their removal with adequate services and viable alternatives for both the children and their families
- Exercising influence on subcontractors, suppliers and other business affiliates to combat child labour
- Supporting and helping design educational, vocational training, and counselling programmes for working children, and skills training for parents of working children



IKEA (Sweden) School enrolment drives have been conducted to enroll children into primary school, as well as the establishment of alternative learning centres as a transitional measure to formal mainstream primary schooling. Quality educational opportunities are essential to prevent child labour. — *2006 Social and Environmental Responsibility Report*



What is Child Labour?

ILO conventions recommend a minimum age for admission to employment or work that must not be less than the age for completing compulsory schooling, and in any case not less than 15 years. Lower ages are permitted – generally in countries where economic and educational facilities are less well-developed. The minimum age is 14 years and 13 years for “light work”. The minimum age for hazardous work is higher at 18 years.

Outcomes

PERFORMANCE

Describe impact of systems, outcomes of actions and progress achieved in regard to this principle, for example:

- The number of children working for the company
- Average work and school hours per week for children
- When the objective is the non-existence of a condition, such as child labour, it is sometimes more appropriate to discuss performance in qualitative terms (i.e., you can't measure what's not there)
- Audit results



Martha Tilaar Group (Indonesia) – 2006 COP

In our company the minimum age of the workers is 18 years old as shown by above data.

AGES	MANAGEMENT			NON MANAGEMENT		
	2004	2005	2006	2004	2005	2006
Less than 18 years old	0	0	0	0	0	0
18 - 20 years old	0	0	0	8	10	2
21 - 30 years old	18	13	11	299	238	181
31 - 40 years old	69	52	62	388	326	330
41 - 50 years old	41	37	34	107	96	107
51 - 55 years old	9	12	15	14	16	16
above 55 years old	2	3	4	6	3	3
Total	139	117	126	822	689	639

Table structure of employee based on age's rank

Note :

- National age for completing compulsory schooling is 16 years old.
- Based on company regulation, retirement age is 55 years old.



Where to Begin:

Check with your *Human Resources* or *Employee Relations* department to see if they have:

- Awareness training for employees or community members
- A record of checking youngest employee age against regulations
- A third party audit or independent monitoring programme of your labour conditions, and results of the audit
- Internal social audits (check for issues reviewed and number of audits)

Check with *Procurement* or *Supply Management* for:

- Supplier/contractor pre-qualification requirements regarding human rights
- Any supplier audit or training programme and results of such programmes (e.g., number of suppliers excluded because of child labour issues)

Check with *Community Relations* or *the Corporate Foundation* for:

- Sponsorship of an education programme for community children or other means (e.g., food subsidy) to keep children out of the workforce



Relevant GRI Indicators

HR 1	Percentage and total number of significant investment agreements that include human rights clauses or that underwent human rights screening.
HR 2	Percentage of significant suppliers and contractors that underwent screening on human rights and actions taken.
HR 3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.
HR 6	Operations identified as having significant risk for incidents of child labour and measures taken to contribute to the elimination of child labour.
SO 5	Public policy positions and participation in public policy development and lobbying.

Labour

Principle 6: Business should uphold the elimination of discrimination in respect of employment and occupation

Actions

COMMITMENT

State your specific corporate commitment and the relevance of this principle for your company, for example:

- Commitment to support the elimination of discrimination using words from your policy, or international standards (e.g., ILO Convention No. 111), including a statement that the policy applies to hiring, employment opportunity and promotion decisions.

e BGFIBANK (Gabon) Our Group has the permanent concern to respect and promote the principle of nondiscrimination on all the levels of our Human Resources, with special emphasis on: recruitment, career development and training. With this intention, Group BGFIBANK commits not to practice any form of discrimination, that it is founded on the age, the sex, the religion, origins (social and ethnic), political affiliation or trade-union membership. – 2006 COP

SYSTEMS

Briefly describe policies, programmes and management systems, for example:

- High-level responsibility for equal employment opportunity issues, clear company-wide policy and procedures to guide equal employment opportunity practices, and link between advancement and desired performance in this area
- Company policies and procedures which make qualifications, skill and experience the basis for the recruitment, placement, training and advancement of staff at all levels
- Grievance procedures that apply when discrimination is identified, to address complaints, handle appeals and provide recourse for employees

e Copagaz (Brazil) Composed of managers from the Human Resources, Auditing and Legal departments, the Ethical Conduct Committee is Copagaz's means to ensure compliance with the company's Code of Conduct and human rights principles. – 2006 COP



What is Discrimination?

Discrimination was defined in ILO Convention No. 111 in 1958 as: "Any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation." Since that time, additional considerations have been included in some jurisdictions (e.g., sexual orientation, marital status, physical ability except where identified as a bona fide occupational requirement).

ACTIVITIES

Describe practical activities undertaken in the past year to implement this principle, for example:

- Working on a case by case basis to evaluate whether a distinction is inherent to a job requirement (e.g., does the job require a female to perform it), and avoid the application of job requirements in a way that would systematically disadvantage certain groups
- In foreign operations, working with representatives of workers and governmental authorities to ensure equal access to employment by women and minorities

e MAS Holdings (Sri Lanka) In 2003, MAS launched the "Women Go Beyond" programme to empower their female employees. The programme concentrates on promoting knowledge, awareness, leadership skills, attitudinal changes, and the ability to balance work and personal life. – 2006 COP

Outcomes


PERFORMANCE

Describe impact of systems, outcomes of actions and progress achieved in regard to this principle, for example:

- The number of employees from population groups (i.e., race, gender or age) that have been traditionally discriminated against



Deloitte South Africa Deloitte has increased the black staff proportion from 30 percent in 2000 to almost 50 percent in 2007, and blacks in the partnership from 6 percent in 2000 to 25 percent in 2007.

 Relevant GRI Indicators	
LA 2	Total number and rate of employee turnover broken down by age group, gender, and region
LA 13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.
LA 14	Ratio of basic salary of men to women by employee category.
HR 1	Percentage and total number of significant investment agreements that include human rights clauses or that underwent human rights screening.
HR 2	Percentage of significant suppliers and contractors that underwent screening on human rights and actions taken.
HR 3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.
HR 4	Total number of incidents of discrimination and actions taken.
EC 7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.
SO 5	Public policy positions and participation in public policy development and lobbying.



Where to Begin:

Check with your *Human Resources* or *Employee Relations* department to see if they have:

- Equal opportunity programmes (e.g., job placements, or skills or awareness training for employees or community members) that attempt to correct traditional forms of discrimination
- Internal social audits (check for issues reviewed and number of audits)
- A breakdown of employees by identified minority, potentially required for regulatory reports

Check with *Supply Management* for:

- A programme or partnership to aid minority suppliers

Environment

Principle 7: Business should support a precautionary approach to environmental challenges

Actions

COMMITMENT

State your specific corporate commitment and the relevance of this principle for your company, for example:

- Commitment to taking a precautionary approach to environmental issues using words from your policy, or a reference to international standards (e.g., Article 15 of the Rio Declaration, UNEP International Declaration on Cleaner Production)

e **L'Oréal (France)** L'Oréal supports the Rio Declaration on Environment and Development, which outlines the concepts of a precautionary approach to environmental challenges, promotion of greater environmental responsibility and development and diffusion of environmentally friendly technologies. — *Sustainable Development Report*

SYSTEMS

Briefly describe policies, programmes and management systems, for example:

- Environmental risk assessment — establishes the potential for unintended environmental damage alongside other risks
- Life cycle assessment (LCA) — explores the opportunities for more environmentally benign inputs and outputs throughout a product's or process' life cycle
- Environmental impact assessment — ensures that impacts of development projects are within acceptable levels
- Strategic environmental assessment — ensures that impacts of policies and plans are taken into account and mitigated

e **Carrefour (France)** Application of the "safety first" principle to all suspect substances in our banners' own-brand products. By suspect substances, we mean a substance that is the subject of divided scientific opinion, the safety of which cannot be agreed upon unanimously. — *Inspirational Guide to Implementing the Global Compact 2007*

ACTIVITIES

Describe practical activities undertaken in the past year to implement this principle, for example:

- Creating a managerial committee or steering group to oversee the application of precaution
- Establishing two-way communication with stakeholders (e.g., via workshop discussions, focus groups, public polls) about uncertainties and potential risks
- Supporting scientific research, including independent and public research, on the issue involved
- Participating in industry-wide collaborative efforts to share knowledge and deal with issues, in particular, production processes and products around which high level of uncertainty, potential harm and sensitivity exist

e **Mitsui (Japan)** The Environmental Advisory Committee, which consists of outside experts with environmental knowledge, executives in charge of environmental matters, and members from within the company, considers Mitsui's environment-related operations, such as recycling, emissions trading and the use of biomass, as well as the company's R&D-oriented manufacturing, which commercialize the results of Mitsui's own R&D, in order to promote those businesses that show the greatest possible responsibility and concern for the environment. — *2006 CSR Report*



What is the Precautionary Approach?

The precautionary approach is defined as: "Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation."

Outcomes

PERFORMANCE

Describe impact of systems, outcomes of actions and progress achieved in regard to this principle, for example:

- Results from regular consultations with stakeholders and/or cooperation with external organizations in dealing with issues that require the application of precaution
- Results of product or process assessments (e.g., number of products that were assessed for toxicity)

e **Haier (China)** Environmental evaluation of Haier Group covers 4 items: Energy use per unit output value, water use per unit output value, waste water produced per unit output value and CO2 emitted per unit output value. — *2005 Environmental Report*

● **Energy-saving Programs of Various Divisions in 2005**

Division	Planned cut-down (10,000 kwh)	Actual cut-down (10,000 kwh)	Cut-down Rate (%)
Special Freezer	50	86	172
Freezer	45	46.292	103
Washing Machine	50	56.84	114
Residential Air Conditioner	30	32.4	108
Haier Merloni	60	61	102
Electric Heater	55	57	104
Refrigeration Equipment	40	40.196	100
Haier-MHI	35	36.2	103
Intelligent Home Integration	60	64.2	107
Injection Molding	70	74	106
Special Steel	40	41.5	104
Molding	45	46	102
Pharmacy	30	30	100
Refrigerator International	80	85.75	107
Commercial Air Conditioner	80	93.7	117
Dishwasher	50	50	100
Electronics	40	42	105
Total	860	943.3	110



Where to Begin:

Check with your *Environment* or *Sustainable Development* department to see if they have:

- A greenhouse gas reduction strategy and results of related programmes
- An environmental auditing programme and its results

Check with *Engineering* for:

- A rigorous qualification approach for introducing untested materials, chemicals, or operating procedures, and results of reviews

 Global Reporting Initiative™	Relevant GRI Indicators
EC 2	Financial implications and other risks and opportunities for the organization’s activities due to climate change.
EN 18	Initiatives to reduce greenhouse gas emissions and reductions achieved.
EN 26	Percentage of products sold and their packaging materials that are reclaimed by category.
EN 30	Total environmental protection expenditures and investments by type.
SO 5	Public policy positions and participation in public policy development and lobbying.

Environment

Principle 8: Business should undertake initiatives to promote greater environmental responsibility

Actions

COMMITMENT

State your specific corporate commitment and the relevance of this principle for your company, for example:

- Commitment to promoting greater environmental responsibility using your own words, or a reference to international or industry standards (e.g., UNEP International Declaration on Cleaner Production, ICC Business Charter, CERES Principles, Responsible Care®)

e **COSCO (China)** Cosco commits itself to adopt a growth strategy that is based on environmental protection and resource saving, eliminating waste to the greatest extent possible, and actively supporting and participating in ecological protection to realize harmonious development between human beings and the nature. — 2005 Cosco Sustainable Development Report

SYSTEMS

Briefly describe policies, programmes and management systems, for example:

- Adoption of voluntary charters, codes of conduct, codes of practice in global and sector initiatives
- Strategies, policies and systems that incorporate the “triple bottom line” of sustainable development and introduce Life Cycle Management
- Quantifiable objectives and targets, and measurement of progress made against them

e **Telefónica S. A. (Spain)** To apply a common environmental management methodology throughout the company, Telefónica approved “Minimum Environmental Requirements”. The requirements enable standardized practices throughout the different units in the company, regardless of their activity, the geographical area where they operate, and the applicable legal requirements. With these internal requirements, Telefónica moved ahead of the growing regulatory requirements that affect their widely dispersed operations. — 2005 Corporate Social Responsibility Report



What does greater environmental responsibility mean to my business?

- resource productivity, eco-efficiency
- cleaner production
- corporate governance
- life-cycles, business design, management systems
- multi-stakeholder, active dialogue

ACTIVITIES

Describe practical activities undertaken in the past year to implement this principle, for example:

- Introducing, certifying and continuously improving environmental management systems (e.g., ISO 14000)
- Developing supply chain management and collaborative projects or partnerships with suppliers or other private and public groups
- Developing training activities and initiatives to advance environmental awareness in company locations, or events through which the company holds a dialogue with local communities or other specific stakeholders

e **Metito (United Arab Emirates)** We are doing our part for the environment by building “green” facilities that help minimize the overall ecological footprint and contribute to more sustainable livelihoods by decreasing energy needs and increasing water conservation. This year we completed construction on our new global headquarters in Technopark, Dubai, consisting of offices, factory and chemical facilities. The new building is one of only four green buildings in the UAE; it has been Green Certified by the US Green Building Council, achieving the gold level. — 2006 CSR Report


Outcomes

PERFORMANCE

Describe impact of systems, outcomes of actions and progress achieved in regard to this principle, for example:

- Results of independent environmental audits
- Impact of waste, energy and water reduction programmes

e **Westpac (Australia)** Since 1996, Westpac has succeeded in reducing direct greenhouse gas emissions by over 45%. There are obvious financial benefits to environmental programmes. Westpac's E-statement programme has reduced operating costs by \$800,000, saved 41 tonnes of paper, and prevented more than 103 tonnes of greenhouse gas emissions. — *2006 Stakeholder Impact Report*

 Global Reporting Initiative™		Relevant GRI Indicators
EN 1	Materials used by weight or volume.	
EN 2	Percentage of materials used that are recycled input materials.	
EN 3	Direct energy consumption by primary energy source.	
EN 4	Indirect energy consumption by primary source.	
EN 5	Energy saved due to conservation and efficiency improvements.	
EN 6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives during the reporting period.	
EN 7	Initiatives to reduce indirect energy consumption and reductions achieved.	
EN 8	Total water withdrawal by source.	
EN 9	Water sources significantly affected by withdrawal of water.	
EN 10	Percentage and total volume of water recycled and reused.	
EN 11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	
EN 12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	
EN 13	Habitats protected or restored.	
EN 14	Strategies, current actions, and future plans for managing impacts on biodiversity.	
EN 15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	
EN 16	Total direct and indirect greenhouse gas emissions by weight.	
EN 17	Other relevant indirect greenhouse gas emissions by weight.	
EN 18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	
EN 19	Emissions of ozone-depleting substances by weight.	
EN 20	NOx, SOx, and other significant air emissions by type and weight.	
EN 21	Total water discharge by quality and destination.	
EN 22	Total weight of waste by type and disposal method.	
EN 23	Total number and volume of significant spills.	
EN 24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	
EN 25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	
EN 26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	
EN 27	Percentage of products sold and their packaging materials that are reclaimed by category.	
EN 28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	
EN 29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	
EN 30	Total environmental protection expenditures and investments by type.	
SO 5	Public policy positions and participation in public policy development and lobbying.	
PR 3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	
PR 4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	



Where to Begin:

Check with your *Environment or Sustainable Development* department to see if they have:

- An environmental management system that includes programmes, procedures, improvement plans, inspections/audits, and results
- General environmental performance data (e.g., on waste, emissions, energy and water use, spills, land management, penalties), for existing reporting to regulators
- Pollution prevention or reuse/recycling programmes and associated results

Check with *Maintenance or Facilities Management* for:

- Programmes to improve energy efficiency or reduce water use

Check with *Community Relations* or the *Corporate Foundation* for:

- Sponsorship of a programme to improve environmental conditions or increase awareness

Check with *Supply Management* for:

- A partnership with suppliers to address environmental issues (e.g., packaging take-back, chemical use reduction)

Environment

Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies

Actions

COMMITMENT

State your specific corporate commitment and the relevance of this principle for your company, for example:

- Commitment to encouraging the development and diffusion of environmentally friendly technologies using words from your policy, or a reference to international or industry standards or codes

e **Industrias Peñoles, S.A.B. de C.V. (Mexico)** One of the several commitments Peñoles makes in regard to Environmental Control is the use of innovative technologies to reduce environmental impact in all of the companies operations. — *2006 Sustainability Report*

SYSTEMS

Briefly describe policies, programmes and management systems, for example:

- Corporate or division/subsidiary policies on the use of environmentally sound technologies (ESTs)
- Life cycle assessment (LCA) for the development of new technologies and products, so as to take into account impacts in the manufacture, use and disposal of the product
- Environmental Technology Assessment (EnTA) — analytical tool designed to ensure that decision making processes related to technology adaptation, implementation and use are sustainable

e **BMW (Germany)** But optimal product recycling begins in the design and concept phase of a vehicle. Engineers of the BMW Group evaluate the ecological effects of new component concepts over the whole life cycle of the product by means of the Life Cycle Assessment instrument. These results help the vehicle developers to choose those development alternatives early on that offer the greatest ecological improvement over the whole life cycle of the product. — *2007 Sustainability Report*



What is meant by an “environmentally sound technology”?

ESTs are those that:

“...protect the environment, are less polluting, use all resources in a more sustainable manner, recycle more of their wastes and products, and handle residual wastes in a more acceptable manner than the technologies for which they were substitutes. [ESTs] are not just individual technologies, but total systems which include know-how, procedures, goods and services, and equipment as well as organizational and managerial processes.” (Agenda 21, Chapter 34)

ACTIVITIES

Describe practical activities undertaken in the past year to implement this principle, for example:

- Sharing with stakeholders the benefits of using ESTs
- Refocusing research and development towards “design for sustainability”
- Establishing investment criteria and a sourcing policy for suppliers and contractors to ensure that tenders stipulate minimum environmental criteria
- Cooperating with industry partners to ensure that “best available technology” is available to other organizations

e **Diageo Plc (UK)** Manufacturing sites are constantly challenged to improve the sustainability of the technologies, processes and materials employed in their operations and this report includes examples of environmental impacts reduced by such initiatives. The energy management review announced this year will identify improvements in the use of power and fuels and a new packaging review will aim to define the environmental implications of materials and practices in packaging. A major programme to upgrade effluent treatment at more than a dozen sites in Africa is approaching completion. — *2006 Corporate Citizenship Report*


Outcomes

PERFORMANCE

Describe impact of systems, outcomes of actions and progress achieved in regard to this principle, for example:

- Reduction (or forecasted reduction) in energy use or waste generation from highlighted technology (using actual figures if possible)
- Quantitative description of how many people/companies might be affected by external technology sharing, and how it helps to improve environmental or social conditions

e **Cadbury Food Company China** Cadbury Food Company China helped to reduce the problem of poor air quality in Beijing by switching its boilers from diesel-fuel to natural gas, which saves 7,860kg of sulphur dioxide emissions each year and reduces costs.
 – 2006 Corporate and Social Responsibility

	Global Reporting Initiative™	<h2>Relevant GRI Indicators</h2>
EN 2	Percentage of materials used that are recycled input materials.	
EN 5	Energy saved due to conservation and efficiency improvements.	
EN 6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives during the reporting period.	
EN 7	Initiatives to reduce indirect energy consumption and reductions achieved.	
EN 10	Percentage and total volume of water recycled and reused.	
EN 18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	
EN 26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	
EN 27	Percentage of products sold and their packaging materials that are reclaimed by category.	
EN 30	Total environmental protection expenditures and investments by type.	
SO 5	Public policy positions and participation in public policy development and lobbying.	



Where to Begin:

Check with your *Environment, Sustainable Development or Supply Management* department to see if they have:

- Examples of pilot projects with local learning institutions, or if your company has sponsored a chair or special programme at a university
- A collaboration with a non-profit group or government to share company learnings widely (e.g., on technologies successfully employed to reduce waste, improve energy efficiency, remediate contaminated sites)
- A partnership with suppliers to develop and utilise environmentally friendly technologies

Check with *Community Relations* or the *Corporate Foundation* for:

- Sponsorship of a programme for sharing technology (e.g., water sanitation, energy efficiency) in developing countries where you operate

Check with *Product Development* or the *Business Units* for:

- Research and development programmes dedicated to developing new environmentally friendly products or services

Check with *Maintenance or Facilities Management* for:

- Programmes involving technologies to improve internal energy efficiency or reduce water use

Check with *New Product Development, Marketing or Engineering* for:

- Product/service development activities that incorporate or capitalize on an environmentally friendly technology component

Anti-Corruption

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



What is meant by corruption?

Corruption can take many forms that vary in degree from the minor use of influence to institutionalized bribery. Transparency International's definition of corruption is "the abuse of entrusted power for private gain". This can mean not only financial gain but also non-financial advantages.

... what about extortion?

The OECD Guidelines for Multinational Enterprises define extortion in the following way: "The solicitation of bribes is the act of asking or enticing another to commit bribery. It becomes extortion when this demand is accompanied by threats that endanger the personal integrity or the life of the private actors involved."

... and bribery?

Transparency International's Business Principles for Countering Bribery define "bribery" in the following way: "Bribery: An offer or receipt of any gift, loan, fee, reward or other advantage to or from any person as an inducement to do something which is dishonest, illegal or a breach of trust, in the conduct of the enterprise's business."

The UN Convention against Corruption adopts the widest notion of corruption, which goes well beyond the traditional forms of bribery and embezzlement both in the private and public sectors. By global standards, corruption also means trading in influence, abuse of functions, illicit enrichment, obstruction of justice, laundering and concealment of ill-gotten gains.

Actions

COMMITMENT

State your specific corporate commitment and the relevance of this principle for your company, for example:

- Commitment to eliminating corruption using words from your policy, or a reference to international standards (e.g., UN Convention Against Corruption, OECD Convention on Combating Bribery).



e De Beers (South Africa) De Beers will not condone any violation of the law, dishonesty or unethical business dealing by any employee, including any payment for, or other participation in, any illegal act such as bribery, fraud, theft, money-laundering or illicit dealing in diamonds or stolen property.
— Report to Stakeholders 2005/6

SYSTEMS

Briefly describe policies, programmes and management systems, for example:

- Anti-corruption policy and implementation of a programme tailored to the risk profile of the company
- Human resources management systems supporting the ethical behaviour of employees
- Monitoring and sanctions system and whistleblower schemes
- Reporting procedures and continuous improvement processes
- Functions of compliance officers



e BP (UK) Employees or contractors who are concerned that laws, regulations, standards or the code of conduct may be being breached, including safety-related issues, can raise concerns through our independent confidential helpline, OpenTalk. Individuals can contact OpenTalk using a multilingual phone line or via fax, e-mail or letter, 24 hours a day, seven days a week. All reports are initially handled by an independent organization before being forwarded to the appropriate person within BP. Concerns are passed to a regional ombudsperson - a senior BP manager - who will arrange a response, possibly including an investigation. BP will not tolerate retaliation against anyone who raises an OpenTalk case or is named in one. Any allegation of retaliation is investigated and, if substantiated, disciplinary action will be taken against those responsible. — 2006 Sustainability Report

ACTIVITIES

Describe practical activities undertaken in the past year to implement this principle, for example:

- Internal and external communications
- Training of employees
- Dealing with agents and business partners
- Dealing with incidents
- Participation in collective activities and stakeholder engagement
- Cooperation with authorities investigating and prosecuting cases of corruption
- Support of the establishment or improvement of anti-corruption infrastructure in the countries where you do business



e ESKOM (South Africa) A formal Eskom fraud prevention workshop, named CURE, was successfully developed and implemented. — 2003 COP

Outcomes

PERFORMANCE

Describe impact of systems, outcomes of actions and progress achieved in regard to this principle, for example:

- Number of cases investigated and sanctions imposed
- Number of follow-up investigations
- Number of employees that took online business ethics training



Tata Motors (India) Tata has implemented a business ethics management programme. Status of management of business ethics: – 2005-2006 COP

	02-03	03-04	04-05	05-06
Concerns received	107	46	95	125
Concerns resolved	98	38	65	86
% resolved	91.6%	83%	68%	68.8%



Relevant GRI Indicators

SO 2	Percentage and total number of business units analyzed for risks related to corruption.
SO 3	Percentage of employees trained in organization’s anti-corruption policies and procedures.
SO 4	Actions taken in response to incidents of corruption.
SO 5	Public policy positions and participation in public policy development and lobbying.
SO 6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country.



Where to Begin:

Check with your *Human Resources* or other relevant department to see if they have:

- A training programme for all or certain employees regarding how to identify bribery and corruption
- A code of business conduct and ethics, that includes a requirement for employees to review and sign off on the code regularly
- An ethics “hotline” for reporting suspected violations, and associated use statistics
- An investigations procedure that addresses violations, and associated results of investigations

Check with *Government Relations, Supplier Relations* or *Customer Relations* for:

- Partnerships that promote awareness of the issue

Check with *Legal Department* for:

- Any decided cases of bribery and corruption that can be disclosed

Partnerships for Development

In addition to asking companies to implement the ten principles, the Global Compact encourages participants to engage in partnership projects in support of broader UN goals, in particular the Millennium Development Goals (MDGs). Undertaking such projects is a practical manifestation of good corporate citizenship and underscores a company's commitment to positive change.

Often, practices for reporting on partnerships follow slightly different frameworks than those used to communicate progress on the ten principles.

In regard to partnerships, COPs generally contain three elements:

- **Partnership description**
- **Concrete actions taken**
- **Outcome or impact of the partnership**

? **What are partnerships?** “Partnerships are commonly defined as voluntary and collaborative relationships between various parties, both State and non-State, in which all participants agree to work together to achieve a common purpose or undertake a specific task and to share risks, responsibilities, resources, competencies and benefits”.

*“UN and enhanced cooperation with the private sector”
Report of the Secretary-General, 18 August 2003*

Partnerships are about identifying common ground between the private and the public sectors, and combining their respective skills and expertise.

There are three main types of partnerships:

- **Advocacy and policy dialogue** — Companies engage with other stakeholders to take a leadership role in championing, advocating for and contributing to resolving different issues
- **Social investment and philanthropic** — Companies provide financial support, contribute volunteers and/or expertise or make in-kind contributions, including product donations
- **Core business partnerships** — Partners collaborate to create employment and foster entrepreneurship, contribute to economic growth, generate tax revenues, implement social, environmental or ethical standards, and/or provide appropriate and affordable goods and services



What are the Millennium Development Goals?

The Millennium Development Goals (MDGs) are eight goals to be achieved by 2015 that respond to the world's main development challenges.

Goal 1: Eradicate extreme poverty and hunger

Goal 2: Achieve universal primary education

Goal 3: Promote gender equality and empower women

Goal 4: Reduce child mortality

Goal 5: Improve maternal health

Goal 6: Combat HIV/AIDS, malaria and other diseases

Goal 7: Ensure environmental sustainability

Goal 8: Develop a Global Partnership for Development



How to Assess and Communicate on the Impact of Projects? The Partnership Assessment Tool (PAT)

To communicate on the value of partnership activities, companies are encouraged to use the Partnership Assessment Tool (PAT), developed by the United Nations in collaboration with corporate partners. The tool has been developed to improve the quality of partnerships, but also as a resource for companies to report on the impact of their activities.

The Partnership Assessment Tool (PAT) is a tool to assess the developmental value of partnerships, and contributes to build more consistently high-impact and effective partnerships between the UN and the private sector. The PAT is a simple electronic assessment tool that guides the user through a series of questions, resulting in a scorecard determining the prospective value and impact of the partnership. The PAT can be used before and during a partnership project. The tool tests the strength of the partnership on six dimensions:

- **Alignment of objectives and values**
- **Internal partnership management**
- **External partnership management**
- **Multiplier effects and scalability**
- **Environmental impact**
- **Socio-economic impact**

Partnership description

The partnership description should provide the context for the reader, outlining the various considerations that were important in the decision to undertake the project, select partners and identify activities.

Describe the partnership, including goals and objectives. For example:

- Challenges or dilemmas motivating the partnership
- Partners involved
- Development goals (such as the MDGs) targeted
- Role and responsibility of partners (type of partnership)



SN Power Invest (Norway) – SN Power's subsidiary Himal Power Limited has a partnership agreement with UNDP to implement the Khimti Neighbourhood Development Project in Nepal. The main component of the programme is rural electrification. A mini hydropower plant will be built and more than 3,500 households are to be electrified. This adds on to the existing mini hydropower plant of 620 kW and the 4,300 households already electrified by the first phase of the project. All assets are, and will be, owned and managed by the local electricity users themselves through a cooperative, the Khimti Rural Electrification Cooperative, KREC. In addition to electrification, local economic development, skills training, women empowerment and irrigation measures are important parts of the Khimti Neighbourhood Development Project – http://www.snpower.no/Corporate_Responsibility/Memberships/UNDP

Actions

A description of the actions should include the role the of each partner and how the partnership moved from vision to action (if relevant).

Describe the practical actions taken, for example:

- Advocacy campaigns to raise awareness of critical local issues
- Improve livelihood and access to affordable goods and services of surrounding communities
- Build local infrastructure (telecommunications, transportation, energy, water, sanitation, health)



China United Telecommunications Corporation (China) – In March 2003, “Care via Unicom SMS, Hope Lifted by Everybody”, a charity campaign for both “Project Hope” and “Protect the River of Motherland” via SMS, was advocated and officially launched by China Unicom and China Juvenile Development Fund. The funds raised by China Unicom’s mobile subscribers will mainly be applied to the construction of “Unicom’s Hope Primary School” and the establishment of “Unicom Subscribers Scholarship for Project Hope” in areas of poverty, and the building of “China Unicom Subscribers Forest” along Yangtze River and Yellow River. In this activity, Ningxia Unicom built a “Unicom Public Welfare Forest” covering a land area of 50 mu, where more than ten thousand seedlings were planted. – *COP 2006*

Outcomes

Monitoring and evaluating outcomes is an important part of any partnership in order to chart progress and assess impact.

Describe impact and outcomes of actions, and progress achieved in regard to the partnership goals and activities, for example:

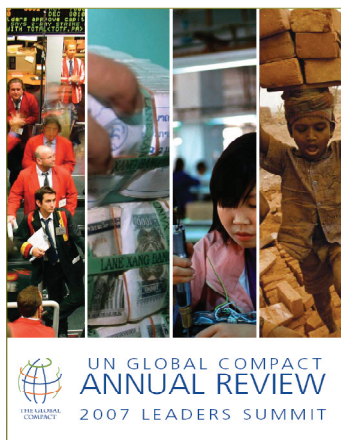
- Benefit of the partnership activities for each partner
- Measurable outcomes and impact on targeted goals



Stora Enso (Finland) – The partnership has been highly successful in gaining the trust of Stora Enso’s customers, investors and other stakeholders in the company’s management of sustainability issues in its Chinese plantation operation. – *Inspirational Guide to Implementing the Global Compact 2007*

Appendix: Additional Resources

The following tools and resources have been produced by the Global Compact Office – often in cooperation with key partners and experts – or by one of the associated UN agencies. All resources can be downloaded from the Global Compact website: <http://www.unglobalcompact.org/NewsAndEvents/publications.html>



GENERAL

2007 Global Compact Annual Review

The Annual Review provides a comprehensive picture of the initiative and the efforts made by business and other stakeholders to advance the Global Compact's mission and principles. The review reveals the results of the first in-depth survey of Global Compact participants. Looking at business actions across several key areas – management, policy implementation, partnerships and local involvement, the survey shows how and why companies are implementing the ten principles and seeking partnerships. (UNGCO, 2007)

After the Signature - A Guide to Engagement in the Global Compact

A basic introduction to the Global Compact outlining the commitment companies make when signing on to the initiative, including implementing the ten principles and producing an annual Communication on Progress. (UNGCO, 2007)

Inspirational Guide to Implementing the Global Compact

A publication presenting 21 practical examples of how corporate signatories of the Global Compact have approached implementation of the ten principles, emphasizing the solutions developed to related challenges and dilemmas. (UNGCO, 2007)

Inspirational Guide to Implementing the United Nations Global Compact – Africa

A publication prepared on the occasion of the 2008 African Private Sector Forum, co-organized by the Commission of the African Union and the UN Global Compact. Case examples presented in this publication illustrate the wide range of innovative and sustainable activities being undertaken by businesses across Africa. (UNGCO, 2008)

Global Leadership Network (GLN) Global Compact Implementation Tool

An interactive learning and benchmarking resource that helps Global Compact signatories identify how the principles and other core citizenship issues function as a driver of business success. A website has been launched (www.gln-openaccess.org) for Global Compact signatories, IFC clients and the wider private sector in emerging markets. This website provides free access to GLN's interactive online tool. (UNGCO/Accountability/Boston College Center for Corporate Citizenship/IFC, 2007)

Measuring Business Success from Sustainability Certification

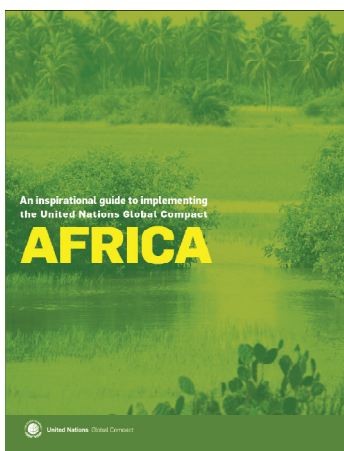
A project developing indicators that enable companies to assess the financial value of sustainability certification schemes in their strategy development and planning process. (UNGCO/ Rainforest Alliance, 2007)

Your Guide to the Global Compact – A Resource Package

An extensive resource package providing information on the Global Compact and practical guidance for companies seeking to implement the ten principles into business operations. (UNGCO, 2006)

Raising the Bar – Creating Value with the United Nations Global Compact

This comprehensive guide outlines how the Global Compact can stimulate organizational change while creating business value, assisting managers of large and small companies in translating the principles into business practices. (UNGCO/Greenleaf, 2004)



HUMAN RIGHTS AND LABOUR

Embedding Human Rights in Business Practice II

The second volume in this case study series explores the practical meaning of human rights for companies, presenting 20 case studies on business practices. (UNGCO/OHCHR, 2008)

Human Rights and Business Learning Tool

An internet-based learning tool developed to assist managers and corporate responsibility professionals in companies participating in the UN Global Compact. (UNGCO/OCHCR/UNSC, 2007)

Human Rights Framework

A poster designed and translated into six languages to give a publicly displayed, easily referenced overview for companies to use in implementing a human rights policy. (UNGCO/IBLF/BLIHR, 2007)

Human Rights Impact Assessment Guide

A guide to Human Rights Impact Assessment and Management giving an overall view of the process of implementing a human rights assessment programme into a corporation. (UNGCO/IFC/IBLF, 2007)

A Guide for Implementing Human Rights into Business Management

A report showcasing the experience of ten companies in implementing human rights within their companies. (UNGCO/OHCHR/BLIHR, 2006)

ILO-IPEC Guidelines for Developing Child Labour Monitoring Processes

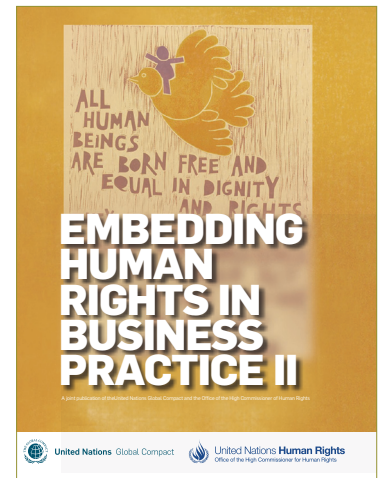
Guidelines providing information on how to design, develop and operate child labour monitoring along with practical examples that will help to adapt the model to specific child labour situations. (ILO, 2006)

Embedding Human Rights in Business Practice

A publication exploring the practical meaning of human rights for companies, presenting four case studies and a policy report on different business practices. (UNGCO/OHCHR, 2004)

The Global Compact and Human Rights: Understanding Sphere of Influence and Complicity

A briefing paper providing an overview of the current understanding of “sphere of influence” and “complicity” in the context of the Global Compact’s human rights principles. (OHCHR, 2004)



ENVIRONMENT

Caring for Climate: Tomorrow's Leadership Today -

Climate Change, Environmental Responsibility and Examples of Corporate Leadership
A collection of case studies demonstrating innovative examples of Global Compact participants taking action to address climate change. (UNGCO/UNEP/WBCSD, 2007)

The CEO Water Mandate

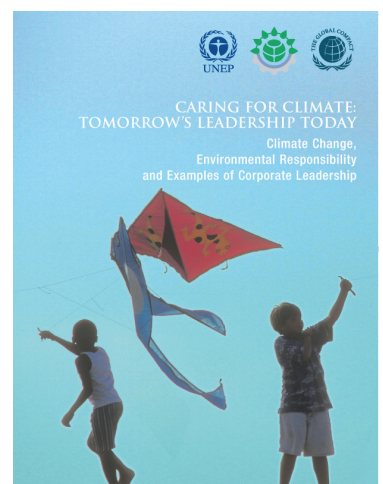
The CEO Water Mandate assists companies in developing a comprehensive approach to water management, covering six key areas: direct operations, supply chain and watershed management, collective action, public policy, community engagement, and transparency. (UNGCO/Ministry for Foreign Affairs Sweden, 2007)

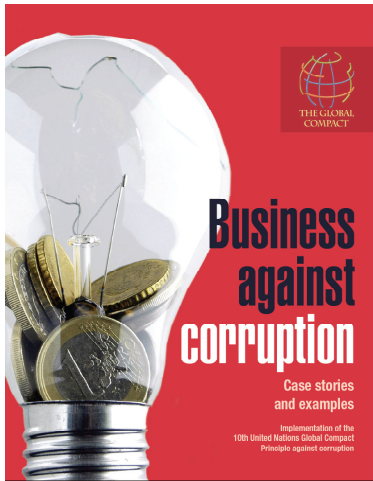
The Global Compact Environmental Principles Training Package

Training manual on the Global Compact’s environment principles, primarily for new companies – from medium-sized businesses in developing countries to large multinationals. (UNGCO/UNEP, 2005)

Talk the Walk – Advancing Sustainable Lifestyles through Marketing and Communications

Provides an overview of how marketing can foster sustainable consumptions and a toolbox for practitioners on how to run sustainable lifestyles marketing campaigns. (UNGCO/UNEP/Utopies, 2005)





ANTI-CORRUPTION

Business Against Corruption – Case Stories and Examples

A publication showcasing examples of how to deal with challenges when implementing the Global Compact's anti-corruption principle. (UNGCO, 2006)

Business Against Corruption - A Framework for Action

Resources and tools to assist companies in implementing the 10th principle on corruption. (UNGCO/IBLF/II, 2005)

Business Fighting Corruption: Experiences from Africa

A collection of case studies showcasing how organizations in Africa are addressing the challenge of corruption. The publication is intended to assist managers in fighting corruption and increasing transparency. To this end, it provides ample evidence that individuals can contribute to the establishment of value-driven organizational cultures and that their collective action can help advance more transparent and ethical societies. (GC Regional Learning Forum/GTZ, 2007)

PARTNERSHIPS

Business Guide to Partnering with NGOs and the UN

A tool providing information assist in the partner selection process and by systematically identifying leading non-profit social actors from around the world that have demonstrated skill and excellence in partnering with companies. (UNGCO/Dalberg, 2007)

Enhancing the Value of UN-Business Partnerships: A Tool to Assess Sustainability and Impact

A tool to improve the developmental value of partnerships between the UN system and the private sector. (UNGCO/UNDP/UNOP/UNITAR, 2007)

Joining Forces for Change: Demonstrating Innovation and Impact through UN-Business Partnerships

A publication that showcases a broad spectrum of cutting edge initiatives seeking to unleash the potential of UN-business partnerships. (UNGCO, 2007)

Business UNusual – Facilitating United Nations Reform Through Partnerships

As this publication shows, partnerships between UN and business have acted as a catalyst for reform and institutional innovation throughout the UN system by infusing private sector management practices and performance based thinking. (UNGCO/GPPI, 2005)



COMMUNICATION ON PROGRESS

The Practical Guide to the United Nations Global Compact Communication on Progress (COP) – Creating, Sharing and Posting a COP

Guidance and practical examples – principle by principle – for Global Compact companies on communicating progress on the ten principles and partnerships. (UNGCO, 2008)

Making the Connection:

The GRI Guidelines and the Global Compact Communication on Progress

A publication that introduces ways of addressing GRI and Global Compact requirements simultaneously. A draft guide was produced in 2006. (UNGCO/GRI, 2007)

Leading the Way in Communication on Progress

Inspiration and ideas on how to communicate progress in implementing the ten principles. (UNGCO, 2006)

OneReport COP Publisher

A web-based tool to assist companies producing a COP report. (UNGCO/SRI, 2006)



FINANCIAL MARKETS

New Frontiers in Emerging Markets Investment

Conference report from the 2007 “Who Cares Wins” annual meeting. (UNGCO/IFC/FDFA, 2007)

Principles for Responsible Investment

Voluntary principles providing guidelines on how to incorporate environmental, social and governance issues into mainstream investment decision-making and ownership practices. (UNGCO/UNEPFI, 2006)

Communicating ESG Value Drivers at the Company-Investor Interface

Conference report from the 2006 “Who Cares Wins” meeting. (UNGCO/FDFA/IFC, 2006)

Investing for Long-Term Value: Integrating environmental, social and governance value drivers in asset management and financial research

Conference report from the 2005 “Who Cares Wins” meeting. (UNGCO/FDFA/IFC, 2005)

Who Cares Wins: One Year On

A review of the integration of environmental, social and governance value drivers in asset management, financial research and investment processes. (UNGCO/IFC, 2005)

Who Cares Wins – Connecting Financial Markets to a Changing World

This report addresses how the financial industry should integrate environmental, social and governance issues in their financial analysis, research and investment recommendations. (UNGCO, 2004)

EDUCATION

Principles for Responsible Management Education

Principles to encourage academic institutions of business education around the world to play a strong role as change agents by educating and training future socially responsible business leaders. (UNGCO, 2007)

BUSINESS IN ZONES OF CONFLICT

Enabling Economies of Peace: Public Policy for Conflict-Sensitive Business

The report identifies a range of concrete actions that Governments and international organizations can undertake to better assist private-sector efforts to promote effective conflict-sensitive business practices. (UNGCO, 2005)

LOCAL NETWORKS

Local Network Report: Deepening Engagement at the Local Level

This report presents the results of the first comprehensive and systematic survey of Global Compact Local Networks. It highlights lessons learned about network building and performance, as well as numerous inspiring and innovative activities and examples of solutions developed by local networks to give practical meaning to the ten principles. The Local Network Report helps define what corporate citizenship means in different national contexts. (UNGCO, 2007)

Facilitating High-impact Global Compact Networks – A Practical Guide

Step-by-step guidance and practical advice on launching the GC and establishing GC networks at the country or regional level. (UNDP, September 2005)

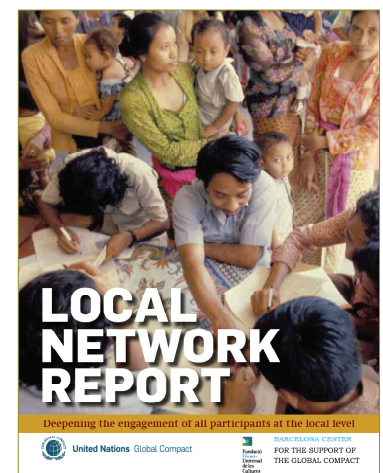
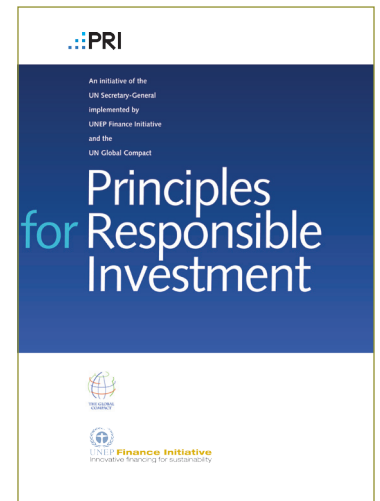
SMALL- AND MEDIUM-SIZE ENTERPRISES

UN Global Compact Operational Guide for Medium-Scale Enterprises

An easy-to-follow guide for medium-scale enterprises to implement the ten principles and become good performers in the Global Compact. (UNGCO/UNIDO, 2007)

REAP - Responsible Entrepreneurs Achievement Programme

An internet-based tool designed to support small- and medium-size enterprises in assessing their CSR-related performance, based on the ten principles of the Global Compact and the UNIDO triple-bottom-line approach. (UNIDO, 2006)



Notes

The ten principles of the United Nations Global Compact

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

- 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

- Principle 7 Businesses are asked to 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

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

