

# Update on the Communication on Progress

United Nations Global Compact  
Annual Local Network Forum

23 June 2010



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# Update on COP policy and moratorium

## Current COP policy

- Annual COP submission; one year grace period before being delisted
  - Exception 1: Joined the Global Compact before July 2009—2 years before first COP is due
  - Exception 2: Moratorium for non-OECD/G20 countries (expires 31.12.2010)
- Enhanced Submission Process
  - Mandatory short questionnaire for integrity measures
  - Optional additional questions to provide intelligence on the COP content
  - Automatic COP submission process based on self-assessment and public accountability



# The challenges ahead

Company Size (Employees)		Total		OECD G20		Non-OECD G20	
<b>&gt; 50,000</b> <i>207 companies (3%)</i> <i>27 million employees (66%)</i>	No COP	33	<b>16%</b>	30	<b>15%</b>	3	<b>50%</b>
	COP <sup>(1)</sup>	174	84%	171	85%	3	50%
<b>20,000 – 50,000</b> <i>214 companies (3%)</i> <i>6.7 million employees (16%)</i>	No COP	56	<b>26%</b>	50	<b>25%</b>	6	<b>40%</b>
	COP <sup>(1)</sup>	158	74%	149	75%	9	60%
<b>5,000 – 20,000</b> <i>474 companies (6%)</i> <i>4.6 million employees (11%)</i>	No COP	215	<b>45%</b>	170	<b>44%</b>	45	<b>52%</b>
	COP <sup>(1)</sup>	259	55%	217	56%	42	48%
<b>250 – 5,000</b> <i>2,277 Companies (31%)</i> <i>2.9 million employees (7%)</i>	No COP	1,313	<b>58%</b>	824	<b>55%</b>	489	<b>62%</b>
	COP <sup>(1)</sup>	964	42%	664	45%	300	38%
<b>&lt; 250</b> <i>4,208 Companies (57%)</i> <i>1.7 million employees (1%)</i>	No COP	3,255	<b>77%</b>	2,272	<b>78%</b>	983	<b>75%</b>
	COP <sup>(1)</sup>	953	23%	631	22%	322	25%

Note: based on 7,380 participants; includes delisted companies

(1) At least 1 COP



# Smaller companies and less developed countries

- The majority of participants of the UNGC are smaller companies
  - 86% of UNGC companies have 5.000 employees or less
- Companies with less than 5,000 employees have a much lower rate of COP submission than larger companies
  - ~30% vs. ~80%
- Situation exacerbated in less developed markets where companies are smaller and barriers to COPs are higher
- Over time this could lead to a high churn rate [~65%], severely restricting UNGC growth and weakening its reach, especially in less developed markets



# Solutions

- Differentiation
  - The UNGC Basic Programme
  - The UNGC Advanced Programme
  - The Leadership Blueprint
- Capacity Building
  - Increased support to Local Networks
  - Training
  - Renewed collaboration between GRI and UNGC
  - The Global Compact Self Assessment Tool



# Differentiation



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# UNGC Basic Programme

- Entry-level category reserved for smaller companies (<5,000 employees) that are not publicly listed, state-owned or subsidiary of a larger company
- Smaller companies can submit a 'Basic COP', displaying a basic level of public disclosure and coverage of GC issue areas
  - UNGC will develop simple template to create a 'Basic COP'
- However, transparency and accountability remains a key goal for this category and COPs are required every year
- De-listing in non-OECD/G20 countries gives consideration to:
  - Availability of Basic COP tools and resources, including in the relevant language
  - Existence of and strength of the Local Network in the relevant country
  - Cultural, language and technological barriers to ESG reporting



# UNGC Advanced Programme

- Concept
  - Create a gold standard of corporate sustainability performance and disclosure
  - Update of Notable Programme, with focus on implementation of the principles
  - Self-assessment of the covering content of COPs and made available to the public
  - Indirectly assesses performance and facilitates stakeholder analysis
  - Aligned with Leadership Blueprint
  
- Criteria
  - Strategy. Discussion on strategic aspects of UNGC implementation
  - Governance. Decision-making process and responsibilities for UNGC
  - Implementation of UNGC issue areas
  - Value chain. Supply chain and product responsibility
  - Stakeholder engagement. Process and outcome
  - Context, transparency and disclosure. Reporting; Independent verification



# Leadership Blueprint

- Focuses on cross-cutting components (strategy, governance, stakeholder engagement, and transparency and disclosure) and 3 core elements
  - Implementing the Ten Principles into Strategies and Operations
  - Taking Action in Support of Broader UN Goals and Issues
  - Engaging with the UNGC
- COP will become the main instrument for companies to disclose performance against the Blueprint
- Advanced Programme designed to match the specific criteria of the Blueprints' cross-cutting components and the first core element



# Capacity Building



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# Increase UNGC support to Local Networks

- Facilitate trainings on implementation and reporting
- Facilitate inter-network mentoring and information sharing
- Improve communication with Local Networks and share participants management and COP process
- Build a recognition system for Local Networks and COP best-practices
- Engagement of global champions to assist Local Networks on the ground, through subsidiary management, supply chain and peer-to-peer training
- Explore linkages GRI local chapters and ICC local chapters



# Training on implementation and COPs

- UNGC-led Training
  - Increased capacity to provide more GCO-led training (train the trainer, regional training, etc)
  - Provide support to trainings led by Local Networks
  - Online training (webinars and online training to complement live training)
- UNGC UNITAR Training
  - Training on UNGC principles and MDGs – live and online
- UNGC GRI Training
  - Provide joint UNGC/GRI training using existing GRI training products



# Closer collaboration between GRI and UNGC

- The GRI will integrate UNGC principles and issue areas centrally within the next iteration of its Sustainability Reporting Guidelines
- UNGC will adopt GRI Guidelines as the recommended reporting framework for companies to communicate on progress made
- UNGC and GRI will develop guidance on using GRI as the recommended reporting framework, introducing progressive differentiating levels
- UNGC and GRI will collaborate at the local level on outreach and training with a special focus on less developed markets and smaller companies



# The Global Compact Self-Assessment Tool

- Translates the basic expectations of the UNGC principles into practical self-assessment questions and performance indicators
- Enables companies to diagnose their performance across all four issue areas, inspires continuous improvement, and assist in the development of a COP
- [www.globalcompactselfassessment.org](http://www.globalcompactselfassessment.org)

