



THE GLOBAL
COMPACT

Communication on Progress The Situation Today

**Annual Network Conference
21-23 September 2005
Barcelona**

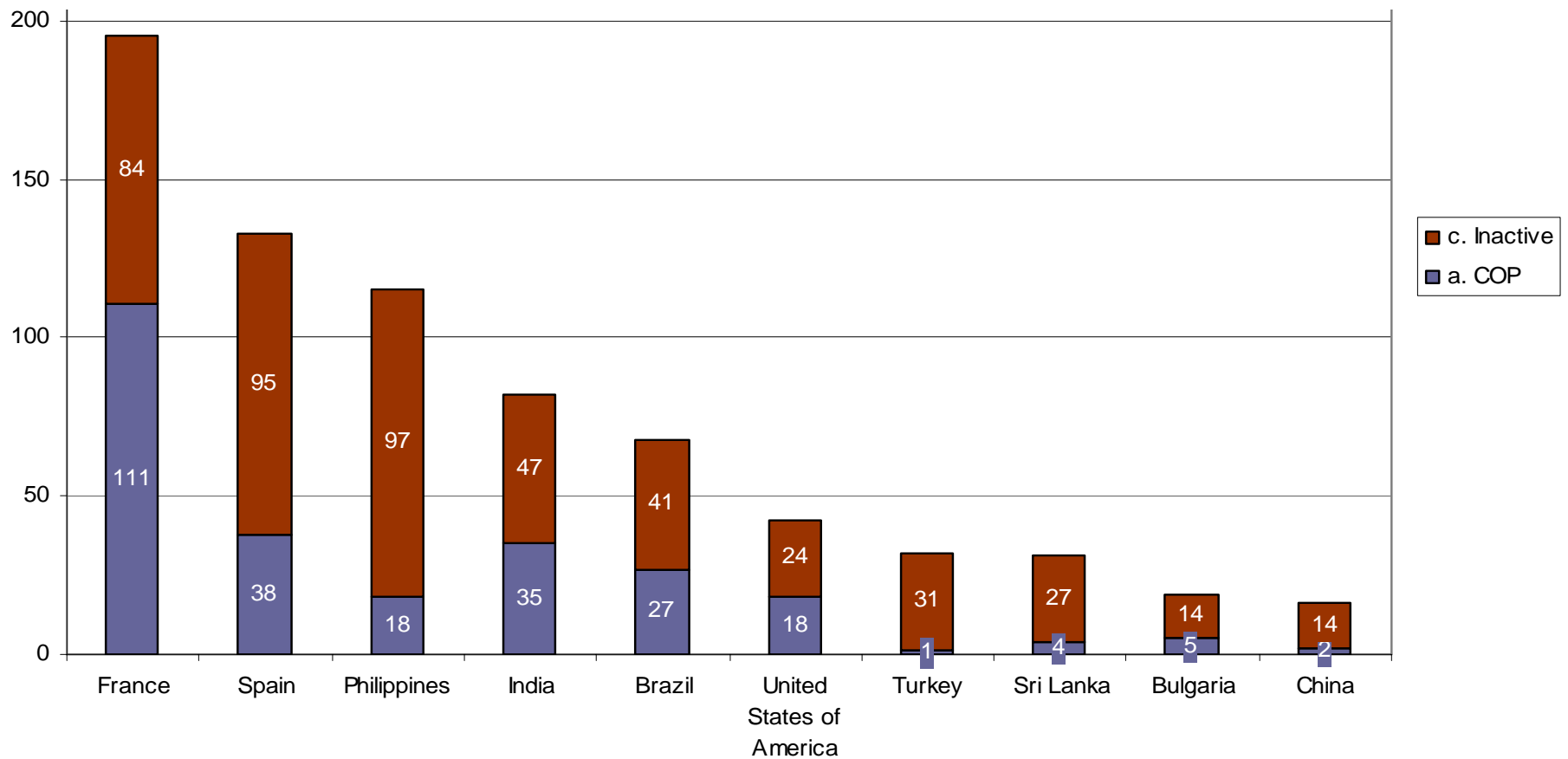
Basic facts

Among the 2,236 Global Compact participating companies

1,017 companies who joined more than 2 years ago were expected to communicate progress

590 did not (58%) and are now classified as inactive on the Global Compact website

Systemic problem – proportional with number of participants



10 countries with 80% of inactive participants

However, some countries performed better

| COUNTRY | COP | Total | % |
|----------------|------------|------------|------------|
| United Kingdom | 18 | 20 | 90% |
| Japan | 8 | 9 | 89% |
| Norway | 7 | 8 | 88% |
| Germany | 16 | 20 | 80% |
| Canada | 4 | 5 | 80% |
| Sweden | 10 | 13 | 77% |
| Chile | 5 | 7 | 71% |
| Switzerland | 9 | 13 | 69% |
| Denmark | 9 | 13 | 69% |
| Panama | 18 | 27 | 67% |
| Nepal | 7 | 11 | 64% |
| Australia | 6 | 10 | 60% |
| Italy | 8 | 14 | 57% |
| France | 111 | 195 | 57% |
| Latvia | 6 | 12 | 50% |
| Total | 242 | 377 | 64% |

30 countries with 95% of inactive participants

... and some countries performed worse

| COUNTRY | COP | Total | % |
|--------------------------|------------|------------|------------|
| United States of America | 18 | 42 | 43% |
| India | 35 | 82 | 43% |
| Russian Federation | 6 | 15 | 40% |
| South Africa | 2 | 5 | 40% |
| Brazil | 27 | 68 | 40% |
| Thailand | 4 | 13 | 31% |
| Spain | 38 | 133 | 29% |
| Bulgaria | 5 | 19 | 26% |
| Ghana | 1 | 6 | 17% |
| Philippines | 18 | 115 | 16% |
| Egypt | 1 | 7 | 14% |
| Sri Lanka | 4 | 31 | 13% |
| China | 2 | 16 | 13% |
| Turkey | 1 | 32 | 3% |
| Cameroon | 0 | 10 | 0% |
| Total | 162 | 594 | 27% |

30 countries with 95% of inactive participants

A Clear Regional Pattern

Looking at the 30 countries with 95% of inactive participants, we see that:

- 2/3rd of countries with the most Communications on Progress are in Western Europe**
- 2/3rd of countries with the most inactive participants are in are in Africa (40%) and Asia (27%)**

COPs are a challenge for all non-multinational companies

Among the 1,017 companies who joined more than 2 years ago:

- 100% of FT Global 500* communicated progress**
- Only 37.7% of Large Companies* and SMEs* communicated progress**

** The Global Compact classifies companies as FT Global 500 (World's largest companies by market cap), SMEs (250 employees or less), or large companies (neither SMEs nor Global 500)*

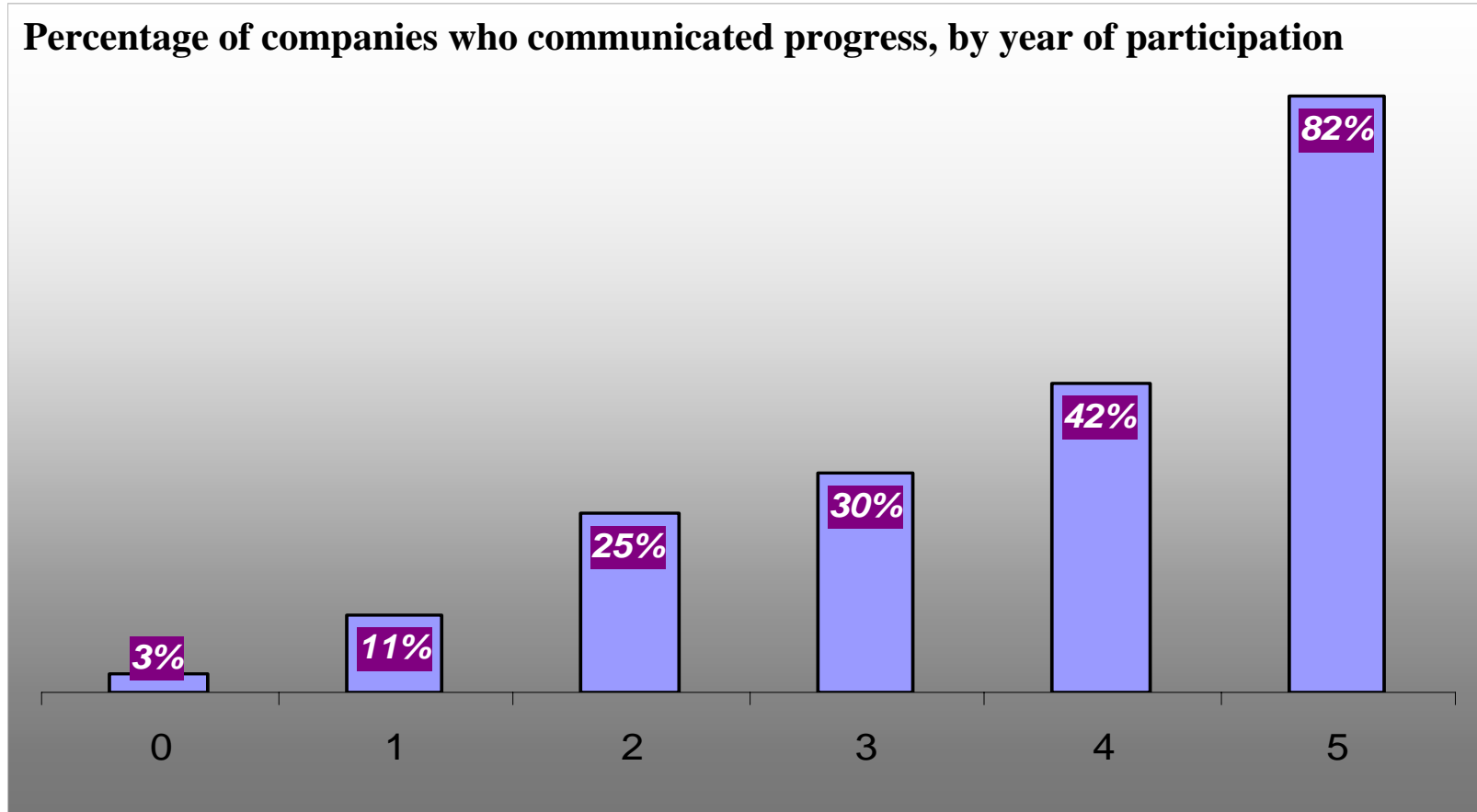
..., not only for SMEs

In countries with the most Communications on Progress , Large Companies perform much better than SMEs (65% v. 37%)

However, in countries with the most inactive participants (where the problem lies), the situation is somewhat similar (29% v. 17%)

It's a learning process!

Percentage of companies who communicated progress, by year of participation



Survey of Inactive Companies

- **Confirms size problem – respondents cited a range of difficulties related to size:**
 - **Lack of experience in reporting**
 - Most respondents did not publish any type of sustainability or other annual report
 - **Lack of time and resources**
 - For “[a] small size firm working hard to leverage certain business opportunities, the challenge is to find the time to prepare the COP and modify the website to make the COP accessible.”
 - **Challenge of implementing the principles**
 - “Challenges linked with the specific issue of very small companies implementing CSR principles.”

Survey of Inactive Companies

- **Local networks should administer the COP process**
 - “A better way to proceed is working with local networks, as there is already good relationships established ...”
- **Local networks should organize COP meetings for exchange of experiences**
 - “COP will enhance its service and influence through the local networks if there were a local forum or round table talk available annually. Please include COP panel in the local network in the future.”

Survey of Inactive Companies

- **Improve COP Process:**
 - Better communication of important information and deadlines
 - Better COP submission process
 - Better assistance from the GC Office and local networks
- **Peer-to-peer Mentoring Process**
 - “A mentoring process/initiative by experienced corporations who have COP process experience with companies like mine. This would guide, motivate and help procrastination.”

Topics for Round Tables Discussions

1 – Should local networks manage and administer the collection of COPs?

Local networks could become the guardians of their section of the central database (list of GC participants in that country and info page with COPs), which would be published on both a global and a local website. Once a COP is entered by a participant anywhere, it would be forwarded to the relevant local networks administrator for processing and publishing.

Topics for Round Tables Discussions

2 – How can local networks formalise and strengthen their support and mentoring capacity for willing first-time reporters (administration, assistance and mentoring)?

At the expert workshop in Geneva, it was suggested that mentors could be local network staff, local experienced Global Compact participants or business and engineering schools (through a system of internships).

Topics for Round Tables Discussions

3 – Which of the steps above could be implemented immediately to cover the next reporting season (Nov 05 – Mar 06)?

At the expert workshop in Geneva, it was agreed that the 2006 cycle of COPs should be launched early in the reporting season, starting with communications in October 2005 explaining the benefits of COPs and the supportive framework in place. A system of escalating reminders up to the next yearly check point was also proposed

Topics for Round Tables Discussions

4 – What is the role of local networks in enhancing the frequency and format of COPs?

For networks in well performing countries, the challenge is to increase the frequency of COPs from a one-time practice to a regular management exercise and enhance their presentation to ensure usability and comparability of information. The goal is to make the information easily available to stakeholders (such as investors) who want to assess the progress of Global Compact participants.