



MAKING THE CONNECTION

The GRI Guidelines and the UNGC Communication on Progress

Sponsors



Acknowledgements

The United Nations Global Compact and the Global Reporting Initiative would like to thank the following individuals and organizations for their valuable input during the development of this publication:

Chris Amsinger | **ABN AMRO**
Fouad Benseddik | **Vigeo**
Jose Manuel Sin Cabrero | **Repsol YPF**
Anne Gambling | **Holcim**
Dunstan Hope | **Business for Social Responsibility**
Pierre Mazeau | **EDF**
Susie Pontarolli | **Copel**
Jens Rupp | **Coca-Cola HBC**
Tomoko Sasaki | **Toshiba Corporation**
Bernhard Schwager | **Robert Bosch GmbH**
Cornis van der Lugt | **United Nations Environment Programme**

Participants in the consultative workshop at Partnerships for the Sustainable Development Conference, Oslo, March 2007; and the 3rd Communication on Progress Workshop, Geneva, April 2007

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Global Compact

Launched in 2000, the UN Global Compact is the largest corporate citizenship initiative in the world. As of May 2007 more than 3,000 companies from 100 countries, as well as over 700 hundred civil society and international labor organizations, are engaged in the initiative. All are working to promote responsible corporate citizenship, ensuring that business is part of the solution to the challenges of globalization. In this way, the private sector – in partnership with other social actors – can help realize a more sustainable and inclusive global economy.



Global Reporting Initiative

The Global Reporting Initiative's (GRI) vision is that reporting on economic, environmental, and social performance by all organizations becomes as routine and comparable as financial reporting. GRI accomplishes this vision by developing, continually improving and building capacity around the use of the GRI's Reporting Framework, the core of which is the Sustainability Reporting Guidelines. An international network of thousands from business, civil society, labor, and professional institutions create the content of the Reporting Framework in a consensus-seeking process.



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Global Compact and GRI: Creating a Value Platform for Sustainability

As business interests and sustainable development are increasingly linked, the need for organizations to demonstrate responsible practices is more evident and important than ever before. It has also become clear that integrating universal principles – such as those related to human and labor rights, environmental standards and anti-corruption – into the global marketplace can lead to greater social and economic inclusion while driving long-term business success. To unlock this potential and meet evolving expectations for the business-society relationship, organizations need broadly recognized and transparent global frameworks to help implement sustainability principles into organizational practices – and to measure, manage, and report on progress made.

The United Nations Global Compact (GC) and the Global Reporting Initiative (GRI) are both voluntary initiatives that play complementary roles in advancing universal principles by promoting organizational accountability and improved performance. The Global Compact catalyzes leadership and innovation in translating key corporate responsibility commitments into organizational vision and action through its ten principles. The GRI's Sustainability Reporting Guidelines provide a means for measuring progress and communicating performance against the GC principles. The universal principles on which the GC is based, are a central reference point in the GRI Guidelines. Therefore the two initiatives are mutually reinforcing, and provide a seamless value platform for organizations looking to implement sustainability policies in their business practices.

As uptake of the GC and the GRI continues to increase, the complementary nature of the organizations' missions and frameworks has led to active collaboration. The GRI and the GC co-authored "Making the Connection" to provide practical guidance on how these global frameworks can be used most effectively together, with the goal of enhancing the value and ease with which the GC Principles can be implemented and results can be communicated.

This guide provides advice and support for linking sustainability reporting under the new Third Generation (G3) of GRI's Sustainability Reporting Guidelines with the preparation of an annual GC Communication on Progress (COP), which is required of all Global Compact participants. While other guidance is available for preparing a COP, the GRI G3 Guidelines do offer globally recognized reporting guidance that can help produce strong COPs, and are therefore recommended for use by the Global Compact. Equally, the GRI recommends the use of the GC Principles as the most widely applied framework for aligning business strategy and operations with universal values and sustainability objectives.

This publication was released in draft form in October 2006. Feedback on how to improve this guide was received from a diverse group of Global Compact signatories, companies active in the GRI network, and other stakeholders. Their feedback and continued support of the UN Global Compact and the GRI is greatly valued. It is only through ongoing collaboration among all sectors of society that a more sustainable and inclusive global economy can be realized.

Georg Kell
Executive Director
UN Global Compact Office

Ernst Ligteringen
Chief Executive
Global Reporting Initiative



Measures of Success

More than 4,000 organizations from more than 100 countries are signatories to the Global Compact.

More than 1,000 organizations from nearly 60 countries have formally declared their use of the GRI Guidelines.

INTRODUCTION

Making the Connection introduces and explores ways of addressing GRI and Global Compact requirements simultaneously, and is intended to assist companies in combining their GRI-based sustainability reporting and Communication on Progress (COP). *Making the Connection* is not intended to prescribe “the” single way to prepare a sustainability report or a COP. Every company is unique and will choose to communicate in different ways. However, organizations are encouraged to use the GRI G3 Guidelines as a means to communicate their progress due to the complementary nature of GRI and the GC.

If a company plans to prepare a COP that is not based on the G3 Guidelines or if it seeks to incrementally increase use of the Guidelines, the Global Compact provides *A Practical Guide to Communication on Progress*.¹ The Practical Guide offers principle-by-principle advice on implementation strategies and how to communicate progress.

For companies,
the COP is a tool
to exercise
leadership,
facilitate learning,
stimulate dialogue
and promote
action.

THE COMMUNICATION ON PROGRESS (COP) IN BRIEF

One of the explicit commitments that a company makes when it participates in the Global Compact is to produce an annual public COP. A COP is a public communication to stakeholders (consumers, employees, organized labour, shareholders, media, government...) on the progress the company has made in implementing the ten principles in their business activities and, where appropriate, in supporting broader UN goals through partnerships.

The purpose of the COP requirement is to ensure and deepen the commitment of Global Compact participants and to safeguard the integrity of the initiative. It also aims to create a rich repository of corporate practices that serves as a basis for continuous performance improvement. For companies, it is a tool to exercise leadership, facilitate learning, stimulate dialogue and promote action.

Within two years of joining the Global Compact, and every year thereafter, a company is expected to produce a COP, share it publicly with stakeholders, and post it on the Global Compact website. Companies failing to post a COP by the relevant deadline will be labeled “non-communicating” on the Global Compact website. Companies failing to post a COP two years in a row will be labeled “inactive” and removed from the Global Compact database of participants.

For answers to frequently asked questions about the COP, please go to:
<http://www.unglobalcompact.org/COP/FAQ.html>.

The key components of the COP process are:

- 1. Preparing a Communication on Progress.** While there is no single structure for the creation of a COP, it must include the following three key elements:
 - a. A statement of continued support** for the Global Compact in the opening letter, statement or message from the Chief Executive Officer, Chairman or other senior executive.
 - b. A description of practical actions** (commitments, policies, systems, and activities), including, if appropriate, partnerships created, to implement the Global Compact principles since joining the initiative or since the company’s most recent COP.
 - c. Measurement of outcomes** using, as much as possible, standard indicators or metrics.
- 2. Sharing the COP with a company’s stakeholders.** The COP was designed as a tool for companies to communicate progress in implementing the ten Global Compact principles directly to their stakeholders. Therefore, COPs should be integrated into a participant’s existing stakeholder communication, such as an annual or sustainability report.²
- 3. Posting the COP to the Global Compact website.** In addition to disseminating a COP, participants are expected to post an electronic version of their COP on the Global Compact website including, if possible, a link to a company web page where the document is available.³

¹ http://unglobalcompact.org/docs/communication_on_progress/4.3/pock_guide.pdf

² This guide is largely based on the assumption that a company will prepare an annual sustainability report, whether in print or electronic form. However, in case a participant does not publish such reports, a COP can be a stand-alone report that is made available through other public communication channels (e.g., websites, newsletters, intranets, company notice boards, included with payroll).

³ A document outlining the submission process is available at <http://www.unglobalcompact.org/cop/>

THE GRI REPORTING FRAMEWORK IN BRIEF

The GRI Reporting Framework provides guidance on how organizations can disclose their sustainability performance.

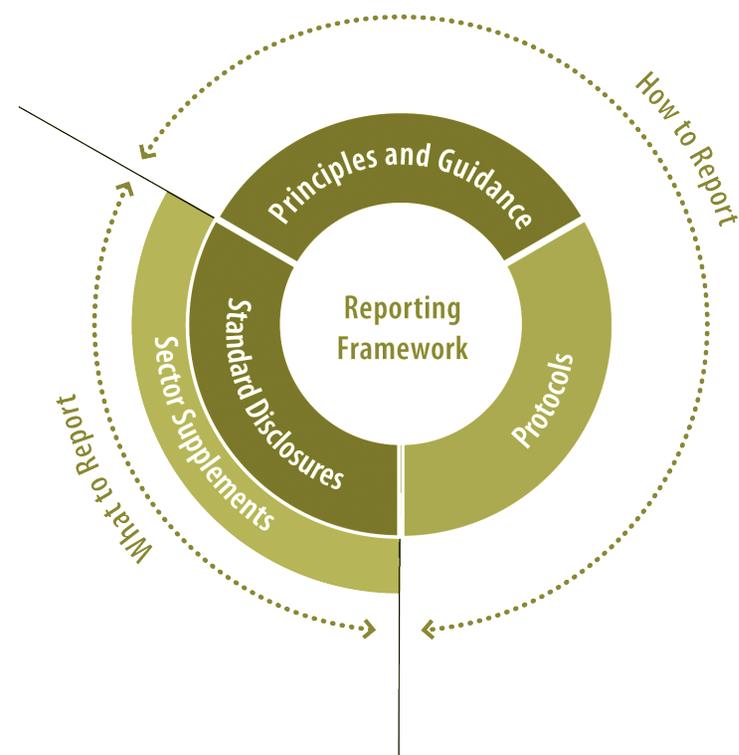
The Framework is applicable to organizations of any size, type or location, and already has been used worldwide by more than a thousand companies, associations and organizations in all sectors as the basis for sustainability reporting. It is continuously improved and expanded as experience with sustainability reporting evolves, and the needs of report-makers and report-users change.

GRI uses an open process to develop new Framework components or update existing material through collaboration among businesses, civil society, labor and other professional institutions worldwide in a consensus-seeking approach. The core Sustainability Reporting Guidelines are in their third generation (G3) and were released in October 2006 following a three-year, innovative development period that engaged more than 3,000 individuals from diverse sectors worldwide.

The G3 Guidelines document is the foundation upon which all other GRI reporting components are based, and outlines core content for reporting that is broadly relevant to all organizations regardless of size, sector or location. The G3 Guidelines contain Reporting Principles for defining report content and ensuring the quality of reported information, as well as Reporting Guidance on how to set the report boundary. It also includes Standard Disclosures made up of Profile Disclosures, Disclosures on Management Approach, and Performance Indicators. Indicator Protocols provide detailed guidance on how to respond to indicators, and include definitions of key terms, compilation methodologies, and other technical references.⁴

Sector Supplements complement (not replace) use of the G3 Guidelines by capturing the unique set of sustainability issues faced by different sectors such as mining, automotive, financial, public agencies and others. National Annexes will soon be developed for use in conjunction with the G3 Guidelines, and will address country or regional sustainability issues.

The G3 Guidelines also include an Application Levels system which is intended to demonstrate a pathway for incrementally developing, expanding and deepening reporting over successive reporting cycles. The Levels provide a system for an organization to inform readers about which elements of the GRI Reporting Framework were applied in preparation of their report. For a description of the requirements for each level, please refer to the GRI website (<http://www.globalreporting.org/Services/ReportServices/ApplicationLevelsCheck/ApplicationLevelsCriterion/>).



⁴ Please visit the GRI website and refer to the G3 Sustainability Reporting Guidelines for further guidance on what to include in Profile Disclosures and Disclosures on Management Approach. Refer to the Indicator Protocols for definitions and compilation methods for each performance indicator.

MAKING THE GLOBAL COMPACT – GRI CONNECTION

“Companies participating in both initiatives have long stressed the understanding that the GRI is a practical expression of the Global Compact.”

Georg Kell,
Executive Director
United Nations
Global Compact
Office

Use of the GRI G3 Guidelines can enhance Global Compact participants’ communication with their stakeholders in a number of key ways:

- The GRI G3 Guidelines address the status of implementation and performance for each Global Compact principle.
- GRI’s indicators and disclosures ensure presentation of a company’s performance and achievements in an appropriate and relevant context (strategy and vision, management systems and other context-setting information).
- Aside from content coverage, the GRI G3 Guidelines provide guidance on many relevant decisions related to reporting that enhance the quality of the COP.
- The GRI G3 Guidelines offer an incremental approach that allows companies to increase reporting at their own pace. This is consistent with the concept of continuous improvement on which the COP is based.
- Knowledge accumulated in the GRI Guidelines over the last ten years provides a global, multi-stakeholder view on how to assess performance around many of the same issues covered by the GC principles.

As both the Global Compact and the GRI are based on the concept of encouraging continuous improvement, there is significant alignment in approaches to quality and scope of reporting. Neither organization is in a position to judge the veracity of the reported information submitted under their respective frameworks. Therefore both organizations have developed systems — the GRI Application Levels and the Global Compact “Notable COP” program — that assess the degree to which the reporting frameworks have been applied. A list of Notable COPs can be found on the Global Compact website (<http://www.unglobalcompact.org/COP/notables.html>).

The following table summarizes how the G3 Guidelines cover the key COP elements. A more elaborate table that outlines how the ten principles can be directly addressed and woven throughout a GRI-based sustainability report is located on pages 7-14. Finally, a third table that summarizes the links between the GRI indicators and the GC principles can be found in Annex A. Additional resources for further understanding both initiatives are included in Annex B.

Summary of Alignment Between COP Elements and G3 Guidelines	
UNGC COP Element	G3 Guidelines Disclosures
A statement of continued support for the Global Compact in a message from the Chief Executive Officer or other senior executive.	Strategy and Analysis: Support for the Global Compact and how the ten principles influence the company’s strategy can be presented in a CEO letter.
A description of practical actions (commitments, policies, systems, and activities), including, if appropriate, partnerships created, that participants have taken to implement the Global Compact principles during the previous year	Governance, Commitments, Engagement: Descriptions of statements of mission or values, codes of conduct, principles, charters, or other initiatives the company endorses that assist the company in addressing sustainability issues, along with high level processes for setting strategies, defining risk and opportunities, can be used to demonstrate commitment to implementation of GC principles.
	Disclosure on Management Approach (DMA): Overview of the company’s management approach in each category (e.g., human rights) can be used to describe how the GC principles are put into practice.
	Select Performance Indicators: Select performance indicators ask for descriptions of actions in addition to quantitative data.
Measurement of outcomes using , as much as possible, standard indicators or metrics.	Performance Indicators: Stating performance shows outcomes and results for economic, environmental and social categories. Performance on each of the GC principles is covered with one or more indicators.

INTEGRATING YOUR COP THROUGHOUT A G3 SUSTAINABILITY REPORT

The following table is not meant to be prescriptive nor a checklist. Rather, it provides detailed guidance on how the G3 disclosures can be used to show progress on implementing the GC principles. Decisions on the actual layout, sections, and structure of a GRI-based report are the responsibility of the company preparing it.

GRI G3 Disclosure Section	GRI G3 Disclosure	UNGC COP Element Addressed
Strategy and Analysis	<p>Profile Disclosure 1.1 – Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy</p> <p>Profile Disclosure 1.2 – Description of key impacts, risks, and opportunities</p>	<p>Statement of Continuing Support</p> <p>Beyond stating ongoing commitment to the GC, the CEO letter might also mention how the Global Compact influences strategy and management, and refer to key actions and achievements that support the principles.</p>
Organizational Profile	<p>Profile Disclosure 2.1 – Name of the organization</p> <p>Profile Disclosure 2.2 – Primary brands, products, and/or services</p> <p>Profile Disclosure 2.3 – Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures</p> <p>Profile Disclosure 2.4 – Location of organization's headquarters</p> <p>Profile Disclosure 2.5 – Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report</p> <p>Profile Disclosure 2.6 – Nature of ownership and legal form</p> <p>Profile Disclosure 2.7 – Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)</p> <p>Profile Disclosure 2.8 – Scale of the reporting organization</p> <p>Profile Disclosure 2.9 – Significant changes during the reporting period regarding size, structure, or ownership</p> <p>Profile Disclosure 2.10 – Awards received in the reporting period</p>	<p>No Specific COP Requirement</p> <p>However, descriptions of company size, nature, and locations, present the context for understanding actions and performance on GC principles.</p>
Report Parameters	<p>Profile Disclosure 3.1 – Reporting period (e.g., fiscal/calendar year) for information provided</p> <p>Profile Disclosure 3.2 – Date of most recent previous report (if any)</p> <p>Profile Disclosure 3.3 – Reporting cycle (annual, biennial, etc.)</p> <p>Profile Disclosure 3.4 – Contact point for questions regarding the report or its contents</p> <p>Profile Disclosure 3.5 – Process for defining report content</p> <p>Profile Disclosure 3.6 – Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)</p> <p>Profile Disclosure 3.7 – State any specific limitations on the scope or boundary of the report</p>	<p>No Specific COP Requirement</p> <p>However, descriptions of report scope provide readers with understanding of any qualifications or limitations of the report.</p>

GRI G3 Disclosure Section	GRI G3 Disclosure	UNGC COP Element Addressed
Report Parameters	<p>Profile Disclosure 3.8 – Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations</p> <p>Profile Disclosure 3.9 – Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report</p> <p>Profile Disclosure 3.10 – Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement</p> <p>Profile Disclosure 3.11 – Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report</p> <p>Profile Disclosure 3.12 – Table identifying the location of the Standard Disclosures in the report</p> <p>Profile Disclosure 3.13 – Policy and current practice with regard to seeking external assurance for the report</p>	<p>No Specific COP Requirement</p> <p>However, descriptions of report scope can provide readers with an understanding of how a company defines its “sphere of influence”.</p>
Governance, Commitments and Engagement	<p>Profile Disclosure 4.1 – Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight</p> <p>Profile Disclosure 4.2 – Indicate whether the Chair of the highest governance body is also an executive officer</p> <p>Profile Disclosure 4.3 – For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members</p> <p>Profile Disclosure 4.4 – Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body</p> <p>Profile Disclosure 4.5 – Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization’s performance (including social and environmental performance)</p> <p>Profile Disclosure 4.6 – Processes in place for the highest governance body to ensure conflicts of interest are avoided</p> <p>Profile Disclosure 4.7 – Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization’s strategy on economic, environmental, and social topics</p> <p>Profile Disclosure 4.8 – Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation</p> <p>Profile Disclosure 4.9 – Procedures of the highest governance body for overseeing the organization’s identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles</p> <p>Profile Disclosure 4.10 – Processes for evaluating the highest governance body’s own performance, particularly with respect to economic, environmental, and social performance</p>	<p>Actions Taken to Implement Principles 1-10</p> <p>Descriptions of governance systems and responsibilities offer the opportunity to express how the company has organized addressing the GC principles (e.g., whether there is a committee responsible for oversight of implementation of GC principles).</p> <p>Actions Taken to Implement Principles 1-10</p> <p>If the company’s statements of commitment are inspired by, or reflect the GC principles, this can be noted here.</p> <p>Actions Taken to Implement Principles 1-10</p> <p>A company can use these disclosures to describe mechanisms for high-level oversight of aspects relevant for continuous improvement and implementation of the GC principles.</p>

GRI G3 Disclosure Section	GRI G3 Disclosure	UNGC COP Element Addressed
Governance, Commitments and Engagement	Profile Disclosure 4.11 – Explanation of whether and how the precautionary approach or principle is addressed by the organization	Actions Taken to Implement Principle 7
	Profile Disclosure 4.12 – Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	Actions Taken to Implement Principles 1-10
	Profile Disclosure 4.13 – Memberships in associations (such as industry associations) and/or national/international advocacy organizations	In addition to mentioning participation in the GC, these disclosures can explain how adoption and implementation of the GC principles motivated the company to undertake similar additional commitments and participation.
	Profile Disclosure 4.14 – List of stakeholder groups engaged by the organization Profile Disclosure 4.15 – Basis for identification and selection of stakeholders with whom to engage Profile Disclosure 4.16 – Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group Profile Disclosure 4.17 – Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Sharing the COP with the Company’s Stakeholders In addition to explaining how the company has shared the COP with stakeholders these disclosures can be used to describe how implementation of the principles is influenced by stakeholders.
Economic	Disclosure on Management Approach – Economic Provide a concise disclosure on the following Management Approach items: goals and performance; policy; additional contextual information.	Actions Taken to Implement Principles 1, 4, 6 and 7 Disclosure on management approach can be used to describe systems set up to tackle issues addressed by GC principles as well as any major changes to management systems or structures to improve performance and further implement GC principles.
	EC1 – Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	No Specific COP Requirement
	EC2 – Financial implications and other risks and opportunities for the organization’s activities due to climate change	Actions Taken to Implement Principle 7
	EC3 – Coverage of the organization’s defined benefit plan obligations	No Specific COP Requirement
	EC4 – Significant financial assistance received from government	
	EC5 – Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	Outcomes from Implementing Principle 1
	EC6 – Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	No Specific COP Requirement
	EC7 – Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	Actions Taken and Outcomes from Implementing Principle 6
	EC8 – Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement EC9 – Understanding and describing significant indirect economic impacts, including the extent of impacts	No Specific COP Requirement

GRI G3 Disclosure Section	GRI G3 Disclosure	UNGC COP Element Addressed
Environmental	<p>Disclosure on Management Approach – Environmental Provide a concise disclosure on the following Management Approach items: goals and performance; policy; organizational responsibility; training and awareness; monitoring and follow-up; additional contextual information.</p>	<p>Actions Taken to Implement Principles 7, 8 and 9</p> <p>Disclosure of management approach can be used to describe systems set up to tackle environmental issues addressed by GC principles as well as any major changes to management systems or structures to improve performance and further implement GC principles.</p>
	EN1 – Materials used by weight or volume	Outcomes from Implementing Principle 8
	EN2 – Percentage of materials used that are recycled input materials	Outcomes from Implementing Principles 8 and 9
	EN3 – Direct energy consumption by primary energy source	Outcomes from Implementing Principle 8
	EN4 – Indirect energy consumption by primary source	
	EN5 – Energy saved due to conservation and efficiency improvements	Outcomes from Implementing Principles 8 and 9
	EN6 – 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	Actions Taken to Implement Principles 8 and 9
	EN7 – Initiatives to reduce indirect energy consumption and reductions achieved	
	EN8 – Total water withdrawal by source	Outcomes from Implementing Principle 8
	EN9 – Water sources significantly affected by withdrawal of water	
	EN10 – Percentage and total volume of water recycled and reused	Outcomes from Implementing Principles 8 and 9
	EN11 – Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Outcomes from Implementing Principle 8
	EN12 – Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	
	EN13 – Habitats protected or restored	
	EN14 – Strategies, current actions, and future plans for managing impacts on biodiversity	Actions Taken to Implement Principle 8
	EN15 – Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Outcomes from Implementing Principle 8
	EN16 – Total direct and indirect greenhouse gas emissions by weight	
	EN17 – Other relevant indirect greenhouse gas emissions by weight	
EN18 – Initiatives to reduce greenhouse gas emissions and reductions achieved	Actions Taken and Outcomes from Implementing Principles 7, 8 and 9	

GRI G3 Disclosure Section	GRI G3 Disclosure	UNGC COP Element Addressed
Environmental	EN19 – Emissions of ozone-depleting substances by weight	Outcomes from Implementing Principle 8
	EN20 – NOx, SOx, and other significant air emissions by type and weight	
	EN21 – Total water discharge by quality and destination	
	EN22 – Total weight of waste by type and disposal method	
	EN23 – Total number and volume of significant spills	
	EN24 – 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	
	EN25 – Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly	
	EN26 – Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Actions Taken to Implement Principles 7, 8 and 9
	EN27 – Percentage of products sold and their packaging materials that are reclaimed by category	Outcomes from Implementing Principles 8 and 9
	EN28 – Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Outcomes from Implementing Principle 8
EN29 – Significant environmental impacts of transporting products and other goods and materials used for the organization’s operations, and transporting members of the workforce		
EN30 – Total environmental protection expenditures and investments by type	Actions Taken and Outcomes from Implementing Principles 7, 8 and 9	
Labor Practices and Decent Work	<p>Disclosure on Management Approach – Labor Practices and Decent Work Provide a concise disclosure on the following Management Approach items: goals and performance; policy; organizational responsibility; training and awareness; monitoring and follow-up; additional contextual information.</p>	<p>Actions Taken to Implement Principles 1, 3 and 6</p> <p>Disclosure of management approach can be used to describe systems set up to tackle labor issues addressed by GC principles as well as any major changes to management systems or structures to improve performance and further implement GC principles.</p>
	LA1 – Total workforce by employment type, employment contract, and region	No Specific COP Requirement
	LA2 – Total number and rate of employee turnover broken down by age group, gender, and region	Outcomes from Implementing Principle 6
	LA3 – Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	No Specific COP Requirement
	LA4 – Percentage of employees covered by collective bargaining agreements	Outcomes from Implementing Principles 1 and 3
	LA5 – Minimum notice period(s) regarding operational changes, including whether specified in collective agreements	Outcomes from Implementing Principle 3

GRI G3 Disclosure Section	GRI G3 Disclosure	UNGC COP Element Addressed
Labor Practices and Decent Work	LA6 – Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs	Outcomes from Implementing Principle 1
	LA7 – Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region	
	LA8 – Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Actions Taken to Implement Principle 1
	LA9 – Health and safety topics covered in formal agreements with trade unions	
	LA10 – Average hours of training per year per employee by employee category	No Specific COP Requirement
	LA11 – Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	
	LA12 – Percentage of employees receiving regular performance and career development reviews	
	LA13 – Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Outcomes from Implementing Principles 1 and 6
Human Rights	Disclosure on Management Approach – Human Rights Provide a concise disclosure on the following Management Approach items: goals and performance; policy; organizational responsibility; training and awareness; monitoring and follow-up; additional contextual information.	Actions Taken to Implement Principles 1, 2, 3, 4, 5 and 6 Disclosure of management approach can be used to describe systems set up to tackle human rights issues addressed by GC principles as well as any major changes to management systems or structures to improve performance and further implement GC principles.
	HR1 – Percentage and total number of significant investment agreements that include human rights clauses or that underwent human rights screening	Outcomes from Implementing Principles 1, 2, 3, 4, 5, and 6
	HR2 – Percentage of significant suppliers and contractors that underwent screening on human rights and actions taken	Actions Taken and Outcomes from Implementing Principles 1, 2, 3, 4, 5, and 6
	HR3 – 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	Outcomes from Implementing Principles 1, 2, 3, 4, 5 and 6
	HR4 – Total number of incidents of discrimination and actions taken	Actions Taken and Outcomes from Implementing Principles 1, 2 and 6
	HR5 – Operations identified where the right to exercise freedom of association and collective bargaining may be at significant risk, and actions to support these rights	Actions Taken to Implement Principles 1, 2 and 3
	HR6 – Operations identified as having significant risk for incidents of child labor and measures to contribute to eliminate child labor	Actions Taken to Implement Principles 1, 2 and 5
	HR7 – Operations identified as having significant risk for incidents of forced or compulsory labor and measures to contribute to the elimination of forced or compulsory labor	Actions Taken to Implement Principles 1, 2 and 4

GRI G3 Disclosure Section	GRI G3 Disclosure	UNGC COP Element Addressed
Human Rights	HR8 – Percentage of security personnel trained in the company’s policies or procedures concerning aspects of human rights relevant to operations	Outcomes from Implementing Principles 1 and 2
	HR9 – Total number of incidents of violations involving rights of indigenous people and actions taken	Actions Taken and Outcomes from Implementing Principles 1 and 2
Society	Disclosure on Management Approach — Society Provide a concise disclosure on the following Management Approach items: goals and performance; policy; organizational responsibility; training and awareness; monitoring and follow-up; additional contextual information.	Actions Taken to Implement Principle 10 Disclosure of management approach can be used to describe systems set up to tackle anti-corruption addressed by GC principles as well as any major changes to management systems or structures to improve performance and further implement GC principles.
	S01 – Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	No Specific COP Requirement
	S02 – Percentage and total number of business units analyzed for risks related to corruption	Outcomes from Implementing Principle 10
	S03 – Percentage of employees trained in organization’s anti-corruption policies and procedures	
	S04 – Actions taken in response to incidents of corruption	Actions Taken to Implement Principle 10
	S05 – Public policy positions and participation in public policy development and lobbying	Actions Taken to Implement Principles 1-10
	S06 – Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	Outcomes from Implementing Principle 10
	S07 – Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes S08 – Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No Specific COP Requirement
Product Responsibility	Disclosure on Management Approach – Product Responsibility Provide a concise disclosure on the following Management Approach items: goals and performance; policy; organizational responsibility; training and awareness; monitoring and follow-up; additional contextual information.	Actions Taken to Implement Principles 1 and 8 Disclosure of management approach can be used to describe systems set up to tackle issues addressed by GC principles as well as any major changes to management systems or structures to improve performance and further implement GC principles.
	PR1 – 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	Actions Taken and Outcomes from Implementing Principle 1
	PR2 – 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	Outcomes from Implementing Principle 1

GRI G3 Disclosure Section	GRI G3 Disclosure	UNGC COP Element Addressed
Product Responsibility	PR3 – Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Actions Taken and Outcomes from Implementing Principle 8
	PR4 – Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Outcomes from Implementing Principle 8
	PR5 – Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	No Specific COP Requirement
	PR6 – Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	No Specific COP Requirement
	PR7 – Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	No Specific COP Requirement
	PR8 – Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Outcomes from Implementing Principle 1
	PR9 – Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No Specific COP Requirement

FINAL THOUGHTS: ACCOUNTABILITY AS A PROCESS

A company's sustainability reporting and COP preparation are continuous processes that do not begin or end with a publication.

Reporting should be treated as part of a broader process of defining organizational strategy, implementing action plans, and assessing outcomes. The values and actions of an organization should drive the reporting process. Conversely, the reporting process can be used to drive actions. The process then becomes a continuous improvement tool to help the entire organization become more efficient, more focused, and more sustainable. Preparing a COP/G3 sustainability report is an integral part of the process required to implement a company's sustainability vision. The report serves as a marker and begins the process of improvements once more—an end and a beginning.

ANNEX A: GC PRINCIPLES-GRI INDICATORS CROSS REFERENCE TABLE

The following table shows which GRI G3 performance indicators relate to each of the ten Global Compact principles. Including such a table in a COP, along with page numbers where the indicator/principle is covered, can prove useful to stakeholders seeking more information about how a company is implementing the GC principles.

Issue Areas	GC Principles	Relevant GRI Indicators
Human Rights	Principle 1 – Businesses should support and respect the protection of internationally proclaimed human rights.	EC5, LA4, LA6 – 9; LA13 – 14, HR1 – 9, SO5, PR1 – 2, PR8
	Principle 2 – Businesses should make sure that they are not complicit in human rights abuses.	HR1 – 9, SO5
Labor	Principle 3 – Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	LA4 – 5, HR1 – 3, HR5, SO5
	Principle 4 – Businesses should uphold the elimination of all forms of forced and compulsory labor.	HR1 – 3, HR7, SO5
	Principle 5 – Businesses should uphold the effective abolition of child labor.	HR1 – 3, HR6, SO5
	Principle 6 – Businesses should uphold the elimination of discrimination in respect of employment and occupation.	EC7, LA2, LA13 – 14, HR1 – 4, SO5
Environment	Principle 7 – Businesses should support a precautionary approach to environmental challenges.	EC2, EN18, EN26, EN30, SO5
	Principle 8 – Businesses should undertake initiatives to promote greater environmental responsibility.	EN1 – 30, SO5, PR3 – 4
	Principle 9 – Businesses should encourage the development and diffusion of environmentally friendly technologies.	EN2, EN 5 – 7, EN 10, EN 18, EN 26 – 27, EN30, SO5
Anti-Corruption	Principle 10 – Businesses should work against corruption in all its forms, including extortion and bribery.	SO2 – 6

An online tool that cross-references the GRI G3 indicators to the Global Compact principles is available on the GRI website: (<http://www.globalreporting.org/griportal/GRI/G3Online/frmManagementNorms.aspx>)

ANNEX B: RESOURCES

Communicating Business Contributions to the Millennium Development Goals

<http://www.globalreporting.org>

Global Compact Communication on Progress website

<http://www.unglobalcompact.org/CommunicatingProgress/index.html>

Global Compact Integrity Measures

<http://www.unglobalcompact.org/AboutTheGC/integrity.html>

GRI Sustainability Reporting Guidelines

<http://www.globalreporting.org>

The GRI sustainability reporting cycle: A handbook for small and not-so-small organizations.

Global Reporting Initiative, 2007.

<http://www.globalreporting.org/sme>

Leading the Way on Communication on Progress

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

Practical Guide to Communication on Progress

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

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

Claude Fussler, Aron Cramer, and Sebastian van der Vegt, Greenleaf Publishing, 2004.

<http://www.greenleaf-publishing.com/catalogue/rtbar.htm>

Striking the Balance – Sustainable Development Reporting

Heemskerk, Pistorio, Scicluna, 2002.

Available at the World Business Council for Sustainable Development's sustainability reporting website

(<http://www.sdportal.org>) at http://qpub.wbcds.org/web/sdportal/publication/20030106_sdreport.pdf)

HOW YOUR COMPANY CAN PARTICIPATE IN THE GLOBAL COMPACT

As a voluntary initiative, the Global Compact seeks wide participation from a diverse group of businesses and other organizations. To participate in the Global Compact, a company:

1. Sends a letter from the Chief Executive Officer (and endorsed by the board) to the Secretary-General expressing support for the Global Compact and its principles;
2. Sets in motion changes to business operations so that the Global Compact and its principles become part of strategy, culture and day-to-day operations;
3. Is expected to publicly advocate the Global Compact and its principles via communications vehicles such as press releases, speeches, etc.; and
4. Is expected to publish in its annual report or similar corporate report (e.g., sustainability report) a description of the ways in which it is supporting the Global Compact and its ten principles (i.e. a Communication on Progress).

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HOW YOUR COMPANY CAN BECOME A GRI REPORTER

GRI welcomes your involvement in the GRI network; whether you are new to reporting, an experienced practitioner or somewhere in between.

The GRI Reporting Framework is intended to serve as a generally accepted framework for reporting on an organization's economic, environmental, and social performance. It is designed for use by organizations of any size, sector, or location. The Framework contains general and sector-specific content that has been identified by a wide range of stakeholders around the world to be generally applicable for reporting an organization's sustainability performance. To get started with reporting:

1. Obtain a copy of the G3 Guidelines from the GRI website;
2. Use the Reporting Principles to help guide decisions about what to report on and how to report it, then use the Standard Disclosures to prepare your report;
3. Register your report online and declare the level to which you have used the Guidelines following the GRI Application Level criteria; and
4. You can request that GRI review your self-declared Application Level and add your report to its online database.

Logon to GRI's website to find out how you can get actively involved in the GRI network, or to access a wide variety of supporting tools GRI offers to help you with reporting.

www.globalreporting.org

GLOBAL COMPACT PRINCIPLES

The United Nations Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption. The principles are as follows:

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

Anti-Corruption

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



Published by the United Nations Global Compact Office | unglobalcompact.org
contact: unglobalcompact@un.org

May 2007 | 2.5M