

Making the Connection:

Using the GRI G4 Guidelines to Communicate Progress on the UN Global Compact Principles





This document describes how to use the G4 Guidelines to prepare a Communication on Progress (COP) and fulfill the elements of the GC Active and GC Advanced levels of the UN Global Compact Differentiation Programme.

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Introduction

Link Between UN Global Compact Communication on Progress (COP) & GRI G4 Guidelines

Using Global Compact principles to guide sustainability strategy and actions and GRI G4 Guidelines as a recommended language to communicate progress to stakeholders, companies can:

- Embed sustainability strategy within universal principles rooted in international standards
- Demonstrate commitment and actions in terms of policies, processes, and disclosure
- Provide stakeholders with focused, comprehensive and credible information about sustainability impacts and performance
- Standardize sustainability reporting

Using the GRI G4 Guidelines to Communicate Progress

| COP Content Requirements | |
|--|---|
| GC Active | GC Advanced |
| <ol style="list-style-type: none"> 1. CEO statement of continued support 2. Description of actions in each issue area Human Rights Labour Environment Anti-Corruption 3. Measurement of Outcomes | <ol style="list-style-type: none"> 1. Meet GC Active requirements 2. Fulfill additional criteria in the areas of: <ul style="list-style-type: none"> • Implementing the Ten Principles into Strategies & Operations in each issue area • Taking Action in Support of Broader UN Goals and Issues • Corporate Sustainability Governance & Leadership |

Using the GRI G4 Guidelines to Communicate Progress

GRI G4 Standard Disclosures can help fulfill COP requirements.

General Standard Disclosures:

Set the overall context for understanding organizational impacts and performance, such as an organization's strategy, profile, governance, ethics and integrity.

Specific Standard Disclosures: G4 Aspects

Disclosures on Management Approach:

How economic, environmental and social impacts related to material Aspects are managed. Narrative information on how an organization identifies, analyzes, and responds to its actual and potential material economic, environmental and social impacts. Context for the performance reported by Indicators.

Indicators:

Qualitative/quantitative information about results or outcomes associated with the organization that is comparable and demonstrates change over time.

Spotlight on 'In Accordance' & Materiality


- Upon signing the Global Compact, an organization's chief executive commits to managing and reporting on four issue areas: human rights, labour, environment and anti-corruption

These issues are material in a COP.

- Reporting 'in accordance' with G4 focuses on the process of identifying material Aspects, including but not limited to the Global Compact's issue areas

Therefore:

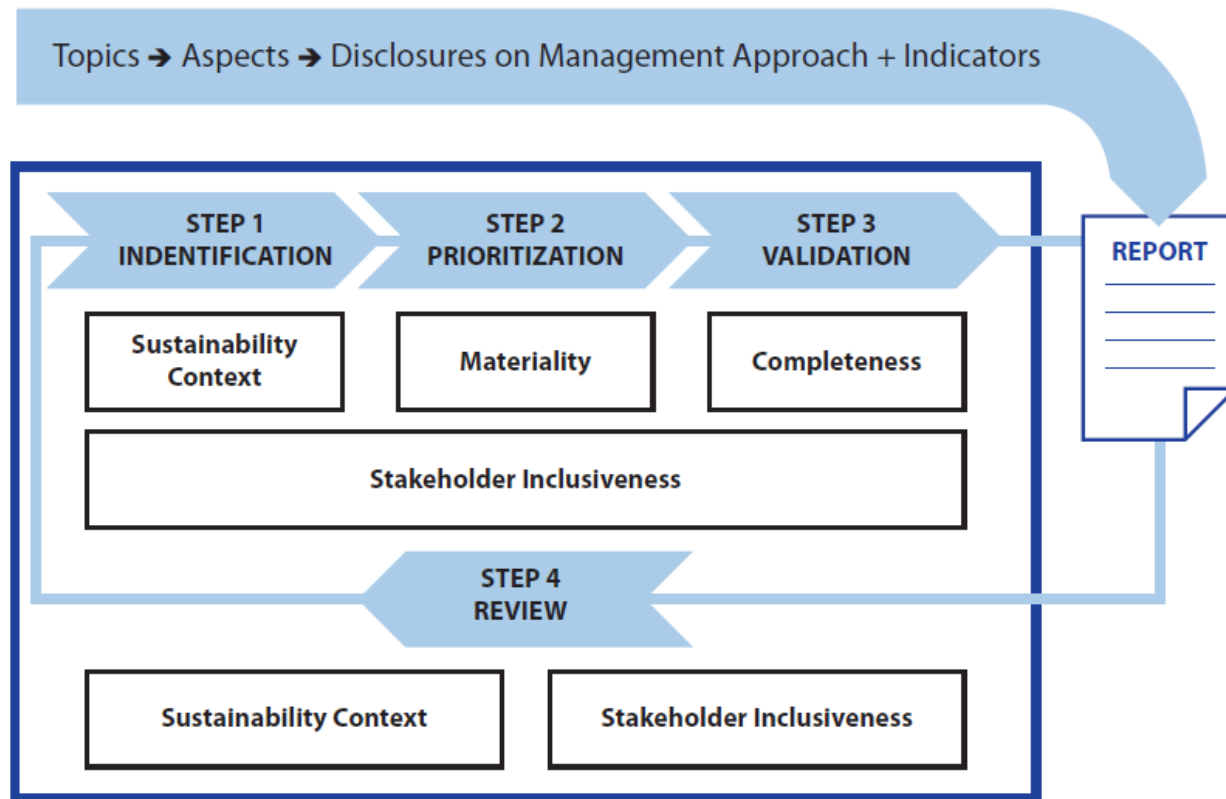
- Both G4 'in accordance' options – Core and Comprehensive - could qualify as a GC Advanced COP, but not all comprehensive GRI reports will automatically qualify as GC Advanced COPs
- A GC Active or Advanced COP is not automatically 'in accordance' with G4



How to Create a COP Using GRI G4 Standard Disclosures

Prepare: Define COP Scope Using G4

GRI G4 Principles and guidance for defining report content help define a COP's material Aspects and boundaries



Step 1: Set the context

| Info that Helps Set the Context | Relevant COP Elements | | Relevant G4 Standard Disclosure |
|-------------------------------------|--|---|--|
| | GC Active | GC Advanced | |
| High-level Commitment & Strategy | CEO statement of continued support | Criterion 19: CEO commitment & leadership | G4-1 & G4-2: Strategy & Analysis |
| Context of Operation & Verification | Though not explicit requirements, these enhance the quality of the report. | External COP Assessment Requirement | G4-3 - G4-13: Organizational Profile G4-33: Assurance |
| Governance | | Criterion 20: Board adoption & oversight | G4-34 – G4-55: Governance |
| Stakeholder Engagement | | Criterion 21: Stakeholder Engagement | G4-24 – G4-27: Stakeholder Engagement |

Step 2: Describe Practical Actions (COP Minimum Requirement)

- All COPs must describe practical actions (i.e., any relevant policies, procedures, activities) in the 4 issue areas
- GC Advanced COPs must describe management approach in the 4 issue areas, including:
 - Commitments, strategies or policies (Criteria 3, 6, 9, 12)
 - Management systems to integrate the principles (Criteria 4, 7, 10, 13)
 - Monitoring and evaluation mechanisms (Criteria 5, 8, 11, 14)
- GC Advanced COPs must disclose actions in support of broader UN goals and issues (Criteria 15-18)

Step 2: Describe Practical Actions (COP Minimum Requirement)

G4's Disclosures on Management Approach address this requirement, including:

- Why the Aspect is material and the impacts that make it material
- How the organization manages the material Aspect or its impacts
- Evaluation of the management approach:
 - Mechanisms for evaluating its effectiveness
 - Results of the evaluation
 - Related adjustments

STEP 3: Disclose Results & Outcomes (COP Minimum Requirement)

- All COPs must contain a measurement of outcomes
- GC Advanced COPs must describe key outcomes in each of the four issue areas (Criteria 5, 8, 11, 14 on monitoring and evaluation)
- Consider disclosing G4 Indicators that relate to the four GC issue areas
 - COPs ‘in accordance’ with the G4 Guidelines should additionally report Indicators that belong to any additional material Aspects (the number of required Indicators depends on the chosen ‘in accordance’ option).

Overview of G4 Disclosures for GC Advanced Level

| G4 General Standard Disclosures | GC Advanced Criteria | |
|---------------------------------|----------------------|---|
| | Number | Description |
| G4-1 and G4-2 | 19 | CEO Commitment and Leadership |
| G4-3 - G4-13 | | High Standards of Transparency and Disclosure* |
| G4-33 | | External COP Assessment* |
| G4-34 – G4-55 | 1 | Mainstreaming into Corporate Functions and Business Units |
| | 20 | Board Adoption and Oversight |
| G4-24 – G4-27 | 21 | Stakeholder Engagement |

* This is required of GC Advanced COPs in addition to the GC Advanced Criteria

Continued >>

Overview of G4 Disclosures for GC Advanced Level

| G4 Specific Standard Disclosures | GC Advanced Criteria | |
|---|----------------------|--|
| | Number | Description |
| Economic (Disclosures on Management Approach (DMA) and Indicators for Aspects under Economic) | 15-18 | UN Goals (including in high-risk or conflict-affected areas, if applicable**) |
| Environment (Disclosures on Management Approach (DMA) and Indicators for Aspects under Environment) | 9-11 | Environment (including in high-risk or conflict-affected areas, if applicable**) |

**Applicable only to companies that operate in high risk or conflict-affected areas

Continued >>

Overview of G4 Disclosures for GC Advanced Level

| G4 Specific Standard Disclosures | GC Advanced Criteria | |
|---|----------------------|--|
| | Number | Description |
| Labor Practices and Decent Work (Disclosures on Management Approach (DMA) and Indicators for Aspects under Labor Practices and Decent Work) | 6-8 | Labour (including in high-risk or conflict-affected areas, if applicable**) |
| Human Rights (Disclosures on Management Approach (DMA) and Indicators for Aspects under Human Rights) | 3-5 | Human rights (including in high-risk or conflict-affected areas, if applicable**) |
| Society (Disclosures on Management Approach (DMA) and Indicators for Aspects under Society) | 12-14 | Anti-Corruption (including in high-risk or conflict-affected areas, if applicable**) |

**Applicable only to companies that operate in high risk or conflict-affected areas

GC Advanced & 'In Accordance' - Core at the Same Time

To fulfill the GC Advanced COP requirements and report '**in accordance**' – **Core** with the G4 Guidelines, the following is recommended:

- Report the G4 General Standard Disclosures for the 'in accordance' – Core option
- Report on the G4 Disclosures on Management Approach and **at least one Indicator** for the material Aspects relating to the four GC Issue areas
- Report the G4 Disclosures on Management Approach and **at least one Indicator** for any other Aspect that the organization identifies as material

Download the G4 Guidelines at www.globalreporting.org



GC Advanced & 'In Accordance' - Comprehensive at the Same Time

To fulfill the GC Advanced COP requirements and report **'in accordance'** – **Comprehensive** with the G4 Guidelines, the following is recommended:

- Report the G4 General Standard Disclosures for the 'in accordance' – Comprehensive option
- Report on the G4 Disclosures on Management Approach and **all Indicators** for the material Aspects relating to the four GC Issue areas
- Report the G4 Disclosures on Management Approach and **all Indicators** for any other Aspect that the organization identifies as material

Download the G4 Guidelines at www.globalreporting.org



Summary

The publication “Making the Connection: Using the GRI G4 Guidelines to Communicate Progress on the UN Global Compact Principles” (2013) offers:

- Explanation of how COP and G4 reporting are linked
- Examples of which G4 General and Specific Standard Disclosures can be used to fulfill each COP requirement
- Guidance on how to fulfill the GC Advanced requirements and report ‘in accordance’ with G4 at the same time

[Download it here](#)



Annex



Example: GC Principle 4 – GRI Disclosures

| | |
|--|--|
| <p>Principle 4: Labour Businesses should uphold the elimination of all forms of forced and compulsory labour.</p> | <p><u>GRI Disclosures to report actions taken to implement Principle 4, and outcomes from implementing Principle 4:</u></p> <p>Indicators Human Rights: Aspect: Forced or Compulsory Labor G4-HR6: Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor</p> |
|--|--|

See “Making the Connection” (2013) for full list of principles

G4 'In Accordance' Options: Core & Comprehensive

TABLE 3: REQUIRED GENERAL STANDARD DISCLOSURES

| General Standard Disclosures | 'In accordance' – Core (This information should be disclosed in all cases) | 'In accordance' – Comprehensive (This information should be disclosed in all cases) |
|--|---|--|
| Strategy and Analysis | G4-1 | G4-1, G4-2 |
| Organizational Profile | G4-3 to G4-16 | G4-3 to G4-16 |
| Identified Material Aspects and Boundaries | G4-17 to G4-23 | G4-17 to G4-23 |
| Stakeholder Engagement | G4-24 to G4-27 | G4-24 to G4-27 |
| Report Profile | G4-28 to G4-33 | G4-28 to G4-33 |
| Governance | G4-34 | G4-34 G4-35 to G4-55(*) |
| Ethics and Integrity | G4-56 | G4-56 G4-57 to G4-58(*) |
| General Standard Disclosures for Sectors | <i>Required, if available for the organization's sector(*)</i> | <i>Required, if available for the organization's sector(*)</i> |

TABLE 4: REQUIRED SPECIFIC STANDARD DISCLOSURES (DMA AND INDICATORS)

| Specific Standard Disclosures | 'In accordance' – Core | 'In accordance' – Comprehensive |
|--|--|--|
| Generic Disclosures on Management Approach | For material Aspects only(*) | For material Aspects only(*) |
| Indicators | At least one Indicator related to each identified material Aspect(*) | All Indicators related to each identified material Aspect(*) |
| Specific Standard Disclosures for Sectors | <i>Required, if available for the organization's sector and if material(*)</i> | <i>Required, if available for the organization's sector and if material(*)</i> |

'In accordance':
 The extent to which the reporter followed the intention of the G4 Guidelines, including fulfilling certain minimum expectations regarding the transparency (not quality) with which it discloses its sustainability impacts and performance

GC Advanced Criteria

Implementing the Ten Principles into Strategies & Operations

Criterion 1: The COP describes mainstreaming into corporate functions and business units
Criterion 2: The COP describes value chain implementation

Robust Human Rights Management Policies & Procedures

Criterion 3: The COP describes robust commitments, strategies or policies in the area of human rights
Criterion 4: The COP describes effective management systems to integrate the human rights principles
Criterion 5: The COP describes effective monitoring and evaluation mechanisms of human rights integration

Robust Labour Management Policies & Procedures

Criterion 6: The COP describes robust commitments, strategies or policies in the area of labour
Criterion 7: The COP describes effective management systems to integrate the labour principles
Criterion 8: The COP describes effective monitoring and evaluation mechanisms of labour principles integration

Robust Environmental Management Policies & Procedures

Criterion 9: The COP describes robust commitments, strategies or policies in the area of environmental stewardship
Criterion 10: The COP describes effective management systems to integrate the environmental principles
Criterion 11: The COP describes effective monitoring and evaluation mechanisms for environmental stewardship

Robust Anti-Corruption Management Policies & Procedures

Criterion 12: The COP describes robust commitments, strategies or policies in the area of anti-corruption
Criterion 13: The COP describes effective management systems to integrate the anti-corruption principle
Criterion 14: The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption

Taking Action in Support of Broader UN Goals and Issues

Criterion 15: The COP describes core business contributions to UN goals and issues
Criterion 16: The COP describes strategic social investments and philanthropy
Criterion 17: The COP describes advocacy and public policy engagement
Criterion 18: The COP describes partnerships and collective action

Corporate Sustainability Governance and Leadership

Criterion 19: The COP describes CEO commitment and leadership
Criterion 20: The COP describes Board adoption and oversight
Criterion 21: The COP describes stakeholder engagement

