



2010 GLOBAL COMPACT IMPLEMENTATION SURVEY

Key Findings

About the Survey/Methodology

Launched in 2008, the Global Compact Implementation Survey is an annual, anonymous online survey of Global Compact participants worldwide to take stock of environmental and social performance and identify trends and developments related to corporate sustainability issues. All 6,000+ companies participating in the Global Compact were invited to take the 2010 survey, which was conducted in November/December 2010. The survey was administered and analysed by a team of doctoral and MBA candidates at the Wharton School of the University of Pennsylvania.

The survey received 1,251 responses from 103 countries. With a response rate of over 20 percent, the 2010 survey is generally representative of the Global Compact participant base, especially in terms of region and year that the company joined the initiative.

A Diverse Picture of Performance

- The annual survey reveals a diverse picture of sustainability performance, with participants spanning all stages of development and sophistication in their corporate responsibility efforts.
- Nearly three quarters of Global Compact participants rank their practices at the beginner or intermediate level – with just one quarter calling their sustainability efforts more advanced.
- Larger companies and publicly traded companies are performing at higher rates on all issues.
- For companies of all sizes, environment and labour issues are addressed significantly more often than human rights and corruption – a key finding in each annual survey to date.
- More recent participants perform at lower rates than companies that have been in the Global Compact the longest. Further analysis revealed positive movement for companies that joined the Global Compact in 2009, when comparing implementation of policies and actions in all principle areas from 2009 to 2010.

Global Compact Impact

- Compared to 2009, a significantly higher percentage of companies reported positively on the impact of the Global Compact on their company's overall corporate responsibility efforts.
 - Seventy-nine percent of companies indicate at least moderate impact from engaging in the Global Compact – up 12 percent from 2009.
 - Thirty-five percent of companies indicate that participation in the Global Compact has either significantly helped to advance, or is essential to advancing, their corporate responsibility policies and practices – up 9 percent from 2009.
 - Companies of all sizes indicated greater impact in 2010.



2009-2010 Comparison

- In 2010, the rate of implementation in the areas of human rights and labour was consistent with 2009 data.
- There was a substantial increase in policies and actions to advance the environmental principles.
 - Environmental policy implementation saw increases, particularly for triple-bottom-line (+5 percent), production (+5 percent), and sustainable consumption (+11 percent) policies. SMEs reported gains in the most policy areas, notably linked to production (+11 percent) and consumption (+18 percent).
 - Companies of all sizes reported increased implementation of policies on sustainable consumption, which represents the most common environmental policy at an overall rate of 71 percent.
 - Companies indicated higher rates of environmental actions, particularly in the areas of management systems (+15 percent), life-cycle assessment (+6 percent) and reporting greenhouse gas emissions (+5 percent).
- In the area of anti-corruption, there was a rebound in implementation of policies and actions following a drop in 2009:
 - Gains were made by companies of all sizes with respect to the existence of anti-corruption policies – either explicit policies or within overall corporate code – and in the area of zero-tolerance.
 - Anti-corruption actions rose in 2010 in the areas of management systems (+6 percent), training and awareness-raising (+6 percent), public availability of anti-corruption policy (+4 percent), and hotlines for anonymous reporting of corruption (+3 percent).
- There were no significant losses in overall implementation rates between 2009 and 2010 in any of the principle issue areas – however, there were variations when looking at results by company size and ownership type.

Company Size and Ownership Type

- The gap in performance between small and large companies is enormous on nearly all fronts. For example:
 - With respect to addressing human rights principles in an overall corporate code, 89 percent of the largest companies (over 50,000 employees) indicate doing so versus 56 percent of SMEs.
 - Anti-corruption actions vary greatly between SMEs and the largest companies – including in the areas of anonymous hotlines (9 percent vs. 68 percent), recording instances of corruption (12 percent vs. 57 percent) and anti-corruption management systems (23 percent vs. 65 percent).
- In a minority of instances, all companies – regardless of size – are indicating high rates of implementation, for example around non-discrimination and equal opportunity policies. In others, all companies are struggling – for example on human rights impact assessments and recording facilitation payments or instances of corruption. These are rare exceptions to an overall pattern of significant gaps in performance based on company size.
- The Global Compact has noted clear variations in performance between publicly traded, privately owned and state-owned companies. On the whole, publicly traded companies perform at higher rates, followed by state-owned and then privately owned companies. For example:



United Nations Global Compact

- Publicly traded companies are both monitoring and disclosing their anti-corruption efforts at twice the rate of private companies.
- Forty percent of publicly traded companies indicate having an explicit human rights policy compared to an overall rate of 26 percent.
- Publicly traded and state-owned companies report markedly higher rates for institutional frameworks and collective bargaining than those that are privately held.

A Closer Look at Policies and Actions

Policies

- Approximately two-thirds of survey respondents report implementation of at least one key policy in each of the Global Compact's issue areas – with more policies and higher rates of coverage seen in environment and labour.
- Over 80 percent of participants indicate having non-discrimination and equal opportunity labour policies in place, and over 65 percent report environmental policies in several areas, including targets and indicators, production, and sustainable consumption.
- Approximately 70 percent of companies report addressing human rights and anti-corruption in their overall corporate code. Far fewer are enacting more specific policies. Twenty-six percent indicate having an explicit human rights policy. With respect to anti-corruption, a minority have policies related to limiting the value of gifts (38 percent), donations to charitable organizations (32 percent) and publicizing political donations (10 percent).

Actions

- Roughly 60 percent of companies report taking action on environmental and labour issues, while human rights and anti-corruption experience significantly lower rates.
- Employee training and awareness-raising remain the most common actions taken across all issues.
- Companies are challenged to monitor and evaluate their performance, as well as to publicly disclose issue-specific policies and practices. Human rights is the least-implemented issue, with less than 25 percent of companies indicating monitoring or disclosing practices, followed by anti-corruption – only slightly higher at approximately 30 percent. Rates for monitoring and disclosure in the areas of labour and environment are higher, at approximately 40 and 50 percent, respectively.
- Multi-stakeholder dialogue is conducted by the minority of companies responding to the survey – 30 percent or less for each issue area. This is consistent with 2009 and 2008 survey findings.

Boards of Directors

- Forty-seven percent of companies report that their boards of directors develop or evaluate corporate responsibility strategies or practices – with a similar number indicating specific actions such as assigning responsibility to a sustainability sub-committee and approving public reports.
- Approximately 60 percent of public companies state that their boards appoint a sustainability sub-committee and approve reporting, compared to 40 percent of private companies. The gap widens when looking at these actions by company size, with approximately 70 percent of the largest companies doing so versus 30 percent of SMEs.



Subsidiary Engagement

- Seventy-nine percent of companies state that they are making at least moderate efforts to spread their Global Compact commitment to subsidiaries – with 28 percent requiring subsidiaries to implement the principles and assess progress. These findings are consistent with 2009 and 2008 survey results. Neither a company’s size nor its ownership type significantly influence the extent of active subsidiary engagement.
- Of those companies that extend their Global Compact commitment to subsidiaries, nearly half have created a corporate responsibility position in subsidiaries (44 percent) and evaluate subsidiary actions through reporting to the parent company (45 percent).

Supply Chain

- The majority of companies – 65 percent – consider adherence to sustainability principles in the supply chain, with 12 percent requiring suppliers to participate in the Global Compact to be selected as a partner. This number increases in relation to company size; 26 percent of companies with over 50,000 employees require suppliers to implement Global Compact principles.
- A substantial number of companies – 18 percent – report not taking sustainability issues into account at all with respect to suppliers. The top reason cited for not doing so is that supply chain sustainability is not a priority for the company, followed by lack of knowledge on how to integrate principles into procurement.
- Companies are pressed to help suppliers improve adherence to Global Compact principles – with a small minority taking actions such as assisting suppliers with setting goals, providing training, or rewarding suppliers that perform well on sustainability objectives.
- Remediation, in particular, is a very challenging area – with only 14 percent of companies reviewing remediation plans and 9 percent verifying subsequent actions by suppliers on necessary improvements. These figures rise only slightly when looking at large companies.

Actions to Advance Broader UN Goals and Issues

- Seventy-six percent of companies state that they are taking action to advance broader UN goals and issues, with environmental sustainability and education being the most common areas targeted.
- Of these companies taking action, a majority report utilizing core business, social investment and advocacy strategies.
- Of all respondents, 56 percent are implementing partnership projects – most often at the local level and in collaboration with NGOs, companies, academia and Government.
- Small and large companies alike are aligning their core business strategies and publicly advocating UN goals, a notable finding given the typical disparity in performance based on company size. Following a larger trend that seeks to build on the growing sustainability market, nearly 42 percent of all respondents said that they are developing products and services or designing business models that seek to contribute to UN priorities.