

Criteria for the GC Advanced Level

Introduction

Business participants that fulfill the requirements of the GC Active level can self-declare themselves as **GC Advanced** if they describe in their annual Communication on Progress (COP) how they meet or plan to meet the 24 GC Advanced Criteria, in the following areas:

- Strategy, governance and engagement
- UN goals and issues
- Implementation of Global Compact principles
- Value chain implementation
- Transparency and verification

A criterion is met when a company communicates its implementation or planned implementation of one or more of the commonly accepted best practices suggested under each criterion.

Over time, participants at the GC Advanced level are encouraged to implement all best practices that are relevant to their context of operation. (In cases where a company believes a criterion is not relevant, this should be explained in the COP.)

2012 Update

Best practices under some of the 24 GC Advanced criteria were updated to reflect a closer alignment with core United Nations and Global Compact resources, including the *Guiding Principles on Business and Human Rights* and the *Anti-corruption Reporting Guidance* and key performance indicators of the Global Reporting Initiative (GRI). Other best practices were improved based the results and feedback during the first year of the Differentiation Programme.

Summary of Criteria

Strategy, Governance and Engagement

Criterion 1: The COP describes key aspects of the company's *high-level sustainability strategy* in line with Global Compact principles

Criterion 2: The COP describes effective *decision-making processes and systems of governance* for corporate sustainability

Criterion 3: The COP describes engagement with all important *stakeholders*

UN Goals and Issues

Criterion 4: The COP describes actions taken in support of *broader UN goals and issues*

Human Rights Implementation

Criterion 5: The COP describes robust *commitments, strategies or policies* in the area of human rights

Criterion 6: The COP describes effective *management systems* to integrate the human rights principles

Criterion 7: The COP describes effective *monitoring and evaluation mechanisms* of human rights integration

Criterion 8: The COP describes key *outcomes* of human rights integration

Labour Principles Implementation

Criterion 9: The COP describes robust *commitments, strategies or policies* in the area of labour

Criterion 10: The COP describes effective *management systems* to integrate the labour principles

Criterion 11: The COP describes effective *monitoring and evaluation mechanisms* of labour principles integration

Criterion 12: The COP describes key *outcomes* of integration of the labour principles

Environmental Stewardship Implementation

Criterion 13: The COP describes robust *commitments, strategies or policies* in the area of environmental stewardship

Criterion 14: The COP describes effective *management systems* to integrate the environmental principles

Criterion 15: The COP describes effective *monitoring and evaluation mechanisms* for environmental stewardship

Criterion 16: The COP describes key *outcomes* of integration of the environmental principles

Anti-Corruption Implementation

Criterion 17: The COP describes robust *commitments, strategies or policies* in the area of anti-corruption

Criterion 18: The COP describes effective *management systems* to integrate the anti-corruption principle

Criterion 19: The COP describes effective *monitoring and evaluation mechanisms* for the integration of anti-corruption

Criterion 20: The COP describes key *outcomes* of integration of the anti-corruption principle

Value Chain Implementation

Criterion 21: The COP describes implementation of the Global Compact principles in the *value chain*

Transparency and Verification

Criterion 22: The COP provides information on the company's *profile and context of operation*

Criterion 23: The COP incorporates high standards of *transparency and disclosure*

Criterion 24: The COP is *independently verified* by a credible third-party

Criteria, Best Practices and Explanation

Strategy, Governance and Engagement

Criterion 1: The COP describes key aspects of the company's *high-level sustainability strategy* in line with Global Compact principles

Suggested topics (best practice):

- Impact of broader sustainability trends on the long-term prospects and financial performance of the organisation
- Major sustainability risks and opportunities in the near to medium term (3-5 years)
 - i** *How broader sustainability trends impact the organization, in terms of both risks and opportunities*
- Social and environmental impact of the organization's activities
 - i** *Major positive and negative impacts on the company's operating environment and stakeholders*
- Overall strategy to manage sustainability impacts, risks and opportunities in the near to medium term (3-5 years)
- Key performance indicators to measure progress
 - i** *"Key": material to the organisation's success in the area of sustainability*
- Major successes and failures during the reporting period

Criterion 2: The COP describes effective *decision-making processes and systems of governance* for corporate sustainability

Suggested best practices:

- Involvement and accountability of management (C-suite) in developing corporate sustainability strategy in line with Global Compact principles and overseeing its implementation
- Corporate governance structure (Board of Directors or equivalent) and its role in oversight of long-term corporate sustainability strategy and implementation in line with Global Compact principles
 - i** *Example: Board establishes, where permissible, a committee or assigns an individual board member with responsibility for corporate sustainability.*
- Goals and incentive schemes for management (C-suite) to promote sustainability strategy in line with Global Compact principles

Criterion 3: The COP describes engagement with all important *stakeholders*

Suggested best practices:

- Regular stakeholder consultations in the area of human rights, labour, environment and anti-corruption
 - i** *Examples:*
 - *Consultation of stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance;*
 - *Establishment channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect "whistle-blowers"*
- List of stakeholder groups engaged by the organisation
- Process for stakeholder identification and engagement
- Outcome of stakeholder involvement
- Process of incorporating stakeholder input into corporate strategy and business decision making
 - i** *Example: Definition of sustainability strategies, goals and policies in consultation with key stakeholders*

UN Goals and Issues

Criterion 4: The COP describes actions taken in support of *broader UN goals and issues*

Suggested best practices:

- Adoption or modification of business strategy and operating procedures to maximize contribution to UN goals and issues
- Development of products, services and business models that contribute to UN goals and issues
- Social investments and philanthropic contributions that tie in with the organization's core competencies, operating context and sustainability strategy
 - i** *"Core competencies": Know-how and capabilities central to an organization's main business.*
- Public advocacy on the importance of one or more UN goals and issues
 - i** *For example, participation of company leaders in key summits, conferences, and other important public policy interactions in relation to one or more UN goals and issues.*
- Partnership projects and collective actions in support of UN goals and issues
 - i** *Partnership projects: Projects with public or private organizations (UN entities, government, NGOs, or other groups) on core business contribution to UN goals / issues, Social investments and philanthropic contributions and/or advocacy.*
 - Collective actions: Initiatives with industry peers, UN entities and/or other stakeholders that contribute to solving common challenges and dilemmas at the global and/or local levels with an emphasis on initiatives that extend the company's positive impact on its value chain.*

Human Rights Implementation

i Criteria and best practices under human rights implementation have been modified to reflect the [Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework](#) (the Guiding Principles). Newly introduced concepts are labeled with **NEW** in this document.

Criterion 5: The COP describes robust *commitments, strategies or policies* in the area of human rights

Suggested best practices:

- Commitment to comply with all applicable laws and respect internationally recognized human rights, wherever the company operates (e.g. the Universal Declaration of Human Rights)
 - i** *The Guiding Principles suggest that this should include a commitment to treat the risk of causing or contributing to gross human rights abuses as a legal compliance issue wherever the company operates*
- Statement of policy expressing commitment to respect and support human rights approved at the most senior level of the company
- Statement of policy stipulating human rights expectations of personnel, business partners and other parties directly linked to operations, products or services
- Statement of policy publicly available and communicated internally and externally to all personnel, business partners and other relevant parties

Criterion 6: The COP describes effective *management systems* to integrate the human rights principles

Suggested best practices:

- On-going due diligence process that includes an assessment of actual and potential human rights impacts **NEW**
 - i** *The Guiding Principles suggest that the assessment:*
 - Include impacts the business enterprise may be involved in through its own activities and as a result of its business relationships
 - Involve meaningful consultation with potentially affected groups and other relevant stakeholders
 - Be ongoing and evolving, adapted to size and complexity
 - Be included in risk management systems
 - The Guiding Principles also suggest that risks should not be limited to the risks to the company itself (material) but should also include risks to right-holders. Lastly the Guiding Principles suggest that findings from impact assessments should be integrated across relevant internal functions and processes*
- Internal awareness-raising and training on human rights for management and employees
- Operational-level grievance mechanisms for those potentially impacted by the company’s activities
- Allocation of responsibilities and accountability for addressing human rights impacts
- Internal decision-making, budget and oversight for effective responses to human rights impacts **NEW**
- Processes to provide for or cooperate in the remediation of adverse human rights impacts that the company has caused or contributed to **NEW**

Human Rights Implementation (continued)

Criterion 7: The COP describes effective *monitoring and evaluation mechanisms* of human rights integration

Suggested best practices:

- System to monitor the effectiveness of human rights policies and implementation, including in the supply chain NEW
 - i** *The Guiding Principles also suggest that such monitoring should be based on qualitative and quantitative indicators*
- Monitoring drawing from internal and external feedback, including affected stakeholders
- Leadership review of monitoring and improvement results
- Process to deal with incidents

Criterion 8: The COP describes key *outcomes* of human rights integration

Suggested best practices:

- Outcomes of due diligence process
 - i** *Suggested GRI Indicators: **HR2** Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken; **HR10** Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.*
- External and formal reporting of operations or operating contexts that pose risks of severe human rights impacts
 - i** *The Guiding Principles suggest that communications should:*
 - (a) Be of a form and frequency that reflect an enterprise's human rights impacts and that are accessible to its intended audiences;*
 - (b) Provide information that is sufficient to evaluate the adequacy of an enterprise's response to the particular human rights impact involved;*
 - (c) In turn not pose risks to affected stakeholders, personnel or to legitimate requirements of commercial confidentiality.*
- Disclosure of main incidents involving the company
 - i** *The Global Compact Office acknowledges that providing such details may be counterproductive for various reasons related to the protection of human rights, and that confidentiality may, at times, be more effective in righting human rights abuses.*
- Outcomes of processes of remediation of adverse human rights impacts
 - i** *Suggested GRI Indicator: **HR11** Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.*

Labour Principles Implementation

Criterion 9: The COP describes robust *commitments, strategies or policies* in the area of labour

Suggested best practices:

- Reference to relevant international conventions and other international instruments (e.g. ILO Core Conventions)
 - i** *While the 10 Global Compact principles are based on international conventions, organisations are encouraged to reference these documents explicitly to show detailed understanding of the Global Compact principles' underlying meaning.*
- Reflection on the relevance of the labour principles for the company
 - i** *In making that determination, the company should reflect upon (1) if it has potentially significant labour-related social and economic impacts and 2) whether such impact could substantively influence the assessments and decisions of the organisation's stakeholders.*
- Written company policy (e.g., in code of conduct) on labour
- Inclusion of minimum labour standards in contracts with suppliers and other relevant business partners
- Specific commitments and goals for specified years

Criterion 10: The COP describes effective *management systems* to integrate the labour principles

Suggested best practices:

- Risk and impact assessments in the area of labour
- Allocation of responsibilities and accountability within the organisation
- Internal awareness-raising and training on the labour principles for management and employees
- Grievance mechanisms, communication channels and other procedures (e.g. whistleblower mechanisms) for reporting concerns or seeking advice

Criterion 11: The COP describes effective *monitoring and evaluation mechanisms* of labour principles integration

Suggested best practices:

- System to track and measure performance based on standardized performance metrics
- Audits or other steps to monitor and improve the labour performance of companies in the supply chain
- Leadership review of monitoring and improvement results
- Process to deal with incidents

Labour Principles Implementation (continued)

Criterion 12: The COP describes key *outcomes* of integration of the labour principles

Suggested best practices:

- Outcome of due diligence and follow-up efforts to uphold the freedom of association right to collective bargaining
 - i** *Suggested GRI Indicators: **LA4** Percentage of employees covered by collective bargaining agreement; **HR5** Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.*
- Outcome of due diligence and follow-up efforts to eliminate forced labour
 - i** *Suggested GRI Indicator: **HR7** Operations and significant 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*
- Outcome of due diligence and follow-up efforts to abolish child labor
 - i** *Suggested GRI Indicator: **HR6** Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor*
- Outcome of due diligence and follow-up efforts to eliminate discrimination
 - i** *Suggested GRI Indicator: **HR4** Total number of incidents of discrimination and corrective actions taken.*
- Disclosure of main incidents involving the company
 - i** *Note: Disclosure that your organization had no labour-related abuses in the past year satisfies this best practice. The Global Compact Office acknowledges that providing such details may be counterproductive for various reasons related to the protection of labour rights, and that confidentiality may, at times, be more effective in righting labour-related abuses.*

Environmental Stewardship Implementation

Criterion 13: The COP describes robust *commitments, strategies or policies* in the area of environmental stewardship

Suggested best practices:

- Reference to relevant international conventions and other international instruments (e.g. Rio Declaration on Environment and Development)
 - i** *While the 10 Global Compact principles are based on international conventions, organisations are encouraged to reference these documents explicitly to show detailed understanding of the Global Compact principles' underlying meaning.*
- Reflection on the relevance of environmental stewardship for the company
 - i** *In making that determination, the company should consider (1) if it has potentially significant environmental impacts and (2) whether such impact could substantively influence the assessments and decisions of the organisation's stakeholders.*
- Written company policy on environmental stewardship
- Inclusion of minimum environmental standards in contracts with suppliers and other relevant business partners
- Specific commitments and goals for specified years

Criterion 14: The COP describes effective *management systems* to integrate the environmental principles

Suggested best practices:

- Environmental risk and impact assessments
- Assessments of lifecycle impact of products, ensuring environmentally sound end-of-life management policies
- Allocation of responsibilities and accountability within the organisation
- Internal awareness-raising and training on environmental stewardship for management and employees
- Grievance mechanisms, communication channels and other procedures (e.g. whistleblower mechanisms) for reporting concerns or seeking advice regarding environmental impacts

Criterion 15: The COP describes effective *monitoring and evaluation mechanisms* for environmental stewardship

Suggested best practices:

- System to track and measure performance based on standardized performance metrics
- Leadership review of monitoring and improvement results
- Process to deal with incidents
- Audits or other steps to monitor and improve the environmental performance of companies in the supply chain

Environmental Stewardship Implementation (continued)

Criterion 16: The COP describes key *outcomes* of integration of the environmental principles

Suggested best practices:

- Indicators on uses of materials and energy
 - i** *Suggested GRI Indicators: EN1 Materials used by weight or volume; EN3 Direct energy consumption by primary energy source; EN8 Total water withdrawal by source.*
- Indicators on emissions, effluents, and waste
 - i** *Suggested GRI Indicators: EN16 Total direct and indirect greenhouse gas emissions by weight; EN19 Emissions of ozone-depleting substances by weight; EN20 NO, SO, and other significant air emissions by type and weight.*
- Indicators on the company's initiatives to promote greater environmental responsibility
 - i** *Suggested GRI Indicators: EN2 Percentage of materials used that are recycled input materials; EN5 Energy saved due to conservation and efficiency improvements; EN10 Percentage and total volume of water recycled and reused; EN13 Habitats protected or restored; EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved; EN27 Percentage of products sold and their packaging materials that are reclaimed by category.*
- Indicators on the development and diffusion of environmentally friendly technologies
 - i** *Suggested GRI Indicators: EN6 Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives; EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.*
- Disclosure of main incidents involving the company
 - i** *Note: Disclosure that your organization had no environmental incidents in the past year satisfies this best practice.*

Anti-Corruption Implementation

i Criteria and best practices under Anti-Corruption implementation have been modified to reflect the [Anti-Corruption Reporting Guidance](#). Best practices reflect specific reporting elements of the guidance, either Basic (numbers starting with B) or desired (numbers starting with D).

Criterion 17: The COP describes robust *commitments, strategies or policies* in the area of anti-corruption

Suggested best practices:

- Publicly stated formal policy of zero-tolerance of corruption (D1)
- Commitment to be in compliance with all relevant anti-corruption laws, including the implementation of procedures to know the law and monitor changes (B2)
- Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption (D2)
- Carrying out risk assessment of potential areas of corruption (D3)
- Detailed policies for high-risk areas of corruption (D4)
- Policy on anti-corruption regarding business partners (D5)

Criterion 18: The COP describes effective *management systems* to integrate the anti-corruption principle

Suggested best practices:

- Support by the organization's leadership for anti-corruption (B4)
- Human Resources procedures supporting the anti-corruption commitment or policy, including communication to and training for all employees (B5 + D8)
- Internal checks and balances to ensure consistency with the anti-corruption commitment (B6)
- Actions taken to encourage business partners to implement anti-corruption commitments (D6)
- Management responsibility and accountability for implementation of the anti-corruption commitment or policy (D7)
- Communications (whistleblowing) channels and follow-up mechanisms for reporting concerns or seeking advice (D9)
- Internal accounting and auditing procedures related to anticorruption (D10)

Criterion 19: The COP describes effective *monitoring and evaluation mechanisms* for the integration of anti-corruption

Suggested best practices:

- Leadership review of monitoring and improvement results (D12)
- Process to deal with incidents (D13)
- Public legal cases regarding corruption (D14)
- Use of independent external assurance of anti-corruption programmes (D15)

Anti-Corruption Implementation (continued)

Criterion 20: The COP describes key *outcomes* of integration of the anti-corruption principle

Suggested best practices:

- Outcomes of assessments of potential areas of corruption, where appropriate (Ref. D3)
 - i** *Suggested GRI Indicator: S02 Percentage and total number of business units analyzed for risks related to corruption.*
- Outcomes of mechanisms for reporting concerns or seeking advice (Ref. D9)
 - i** *Suggested GRI Indicator: S04 Actions taken in response to incidents of corruption.*
- Indicators Human Resources procedures supporting the anti-corruption commitment or policy
 - i** *Suggested GRI Indicator: S03 Percentage of employees trained in organization's anti-corruption policies and procedures.*
- Disclosure of main incidents involving the company
 - i** *The Global Compact Office acknowledges that providing such details may be counterproductive for various reasons related to the fight against corruption, and that confidentiality may, at times, be more effective.*

Value Chain Implementation

Criterion 21: The COP describes implementation of the Global Compact principles in the *value chain*

Suggested best practices:

- Analysis of sustainability risk, opportunity and impact in the value chain, both upstream and downstream
- Policy on value chain, including a policy for suppliers and subcontractors
- Communication of policies and expectations to suppliers and other business partners
- Monitoring and assurance mechanisms (e.g. audits/screenings) for compliance in the value chain
- Awareness-raising, training and other types of capacity building with suppliers and other business partners

Transparency and Verification

Criterion 22: The COP provides information on the company's *profile and context of operation*

Suggested best practices:

- Legal structure, including any group structure and ownership
- Countries where the organisation operates, with either major operations or operations that are specifically relevant to sustainability
- Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)
- Primary brands, products, and/or services
- Direct and indirect economic value generated for various stakeholders (employees, owners, government, lenders, etc.)

Criterion 23: The COP incorporates high standards of *transparency and disclosure*

Suggested best practices:

- COP uses the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines
- COP qualifies for Level B or higher of the GRI application levels
- COP includes comparison of key performance indicators for the previous 2-3 years
 - i** "Key": material to the organisation's success in the area of sustainability.
- Board, where permissible, approves COP and other formal reporting on corporate sustainability
- Relevant sustainability information from COP is included in annual financial report and filings

Criterion 24: The COP is *independently verified* by a credible third-party

Suggested best practices:

- Accuracy of information in COP is verified against assurance standard (e.g. AA1000, ISAE 3000)
- Accuracy of information in COP is verified by independent auditors (e.g. accounting firm)
- Content of COP is independently verified against content standards (e.g. GRI Check)
- COP is reviewed by a multi-stakeholder panel or by peers (e.g. Global Compact Local Network)