



Template for creating a *Communication on Progress Report*

Instructions for use of this template

Templates like this one can provide an excellent way to get started on the continual improvement path. This template is designed to provide, step by step guidance for companies in creating their communication on progress (COP). It is not meant to impede innovation, nor replace other means of communicating progress.

What is a COP?

One of the explicit commitments that a company makes when it participates in the Global Compact is to produce an annual COP. A COP is a 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, supporting UN goals through partnerships.

What are the benefits for a company creating a COP?

The value of sustainability reporting in general, but specifically the COP, lies in both the creation of the report (internal benefits) and in sharing it publicly (external benefits).

Internal benefits

- Motivates a company to define and live up to a sustainability vision and strategy.
- Enhances corporate governance and leadership commitment by the CEO, and promotes senior management involvement by reviewing and endorsing the report.
- Supports efforts to identify business risks and opportunities.
- Encourages internal information sharing and learning due to connecting different corporate departments (e.g., human resources, communications, environment, health and safety, operations, community relations).
- Stimulates internal progress and contributes to continuous improvement thanks to measuring actions by indicators.
- Clarifies the commitment of senior management for employees.

External benefits

- Demonstrates active participation in the Global Compact and prevents company participation being seen as a public relations exercise.

- Improves corporate reputation and brand value due to increased transparency and creation of trust.
- Enhances stakeholder relations by articulating a sustainability vision, strategy, and implementation plans.
- Provides significant learning to stakeholders through collaboration.
- Makes inclusion in socially responsible investment funds or indices possible.

Three steps to communicate your progress

There are three steps to Communicating progress: creating, sharing and submitting a COP. This guide explains what is required for each step, and concentrates on the creation of a COP.

Step One: Creating your COP

The creation of a COP is a process unique to each company and while there is no single structure for the creation of a COP, a COP must include 3 key elements:

Element 1: *CEO Statement*

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.

Element 2: *Actions*

A description of practical actions (commitments, policies, systems, activities), including, if appropriate, partnerships created, that participants have taken to implement the Global Compact principles during the previous year.

Element 3: *Outcomes*

A Measurement of outcomes or expected outcomes using, as much as possible, indicators or metrics such as those developed by the Global Reporting Initiative.

Step Two: Sharing the COP with the Company's Stakeholders

A COP only drives value if it is actively shared and used as a tool for dialogue and action in support of continual improvement. Towards this end it is important to note that the COP is **not** a communication with the United Nations Global Compact Office. Rather it is intended to provide a means for participants to communicate their progress on implementing the ten Global Compact principles directly with their stakeholders. Therefore, ideally, COPs should be integrated into a companies existing communication with stakeholders, such as an annual financial or sustainability report. A stand-alone COP should not be created, unless the company has no other vehicle to report on corporate citizenship issues.

Just as important as the medium chosen for communicating progress (CSR report, or stand-alone COP), is the method of distributing it to stakeholders. Submission to the Global Compact website is not sufficient and companies should use the established methods where stakeholders would expect to find sustainability information (e.g. websites, direct mailings, employee alerts, open houses) to share their COP.

Step Three: Uploading the COP to the Global Compact Website

Companies are also expected to post an electronic version (and web link if available) of their COP on the Global Compact website and describe how the COP is being made available to stakeholders.

Instructions for posting your COP are available at
http://www.unglobalcompact.org/docs/communication_on_progress/4.3/COP_posting_doc_eng.pdf

For More Information

The above guidance covers the three key steps and related elements of a COP. We have gathered answers to the most frequently asked questions at
<http://www.unglobalcompact.org/COP/FAQ.html>

Guidance for simplifying the COP process and creating the most value with your COP

The COPs only develop their value creating potential for a company and its stakeholders if the COP is based on key considerations. Based on our previous *Hints and Tips* and recommendations by the Global Reporting Initiative (GRI G3¹) and the AccountAbility (AA1000 Series²), the following aspects should be considered to ensure the effectiveness of the process, the quality of the content and credibility of disclosed information.

Process Effectiveness

Involve Stakeholders

- The organization should implement a system that ensures they respond coherently and consistently to stakeholders' concerns and interests.

Make the Connections

- Review the ten principles closely in order to understand the connections that exist between the principles and the companies' vision / strategy, policies, activities and measurement and reporting systems already in place for current internal, government, investor, or industry association reporting (i.e. your company's CSR report, GRI...).
- The headquarters of multinational corporations can report for their participating subsidiaries; however this reporting must cover the actions and indicators of the subsidiary and should be available in the local language of the subsidiary. If the subsidiary's actions and indicators are not sufficiently addressed in the COP from headquarters, the subsidiary should submit the headquarters COP and a supplement or their own COP.

Content Quality

Be Complete

- There is no expectation that all ten principles will be covered in every COP, nor all 10 principles addressed to the same extent, nor that small companies will be able to provide as

¹ www.globalreporting.org

² www.accountability21.net/aa1000

much depth and breadth in their COPs as multinational companies. However, the information contained within a COP should be complete and accurate enough to assess and understand the organization's performance in relationship to the 10 principles and related issues.

Provide Context

- Your COP should be a document that seeks to put into context the actions and indicators so that readers can make informed judgments as to the extent of the challenges and the depth of your commitment.

Ensure Relevance

- COPs should contain all information that is necessary for a stakeholder to judge the sustainability performance of the company. Assuring that this is the case is best determined via a stakeholder dialogue process e.g. AA 1000 or that described in the GRI G3 guidelines.

Define Boundaries

- Some companies specifically define the boundaries of their responsibility. This can be very useful in helping to manage stakeholder expectations and also to foster a dialogue about the boundaries.

Make Your COP accessible

- **Language:** A COP should be created in the language which is most appropriate for the companies' stakeholders.
- **Structure:** A COP needs to be structured so that the report clearly communicates the companies progress in implementing the 10 principles. Some companies achieve this through a index or table of contents that directs the reader to the page on which they can find information relevant to the 10 principles. However, emerging best practices indicate the most effective way to structure the report is to base the report on the principles themselves.
- **Chart progress:** Reported information should be presented in a manner that enables readers to analyze changes in the organization's performance over time and to follow-up on commitments a company has made in earlier COPs.

Use Standard Indicators

- Use Indicators, appropriate for your companies' size, sector and unique operating environment, which allow for benchmarking and comparability, such as those of GRI or Ethos.

Credibility of Communication

Present a Balanced View

- COPs should reflect positive and negative aspects of the organization's performance to enable a reasoned assessment of overall performance.

Be Specific

- **Avoid Generic Statements:** As companies implementation and communication on progress of the principles matures it is important that the COP not contain generic statements (e.g. "we have a training program for suppliers"), but rather include more specific descriptions (e.g., "we trained 50 suppliers on how to improve their spill response performance").

Provide Assurance

- Companies should develop systems and monitoring evaluation programs (such as peer review, third party assurance...) to assure that the information they are recording, collecting, analyzing, and disclosing is accurate and reliable.

Some examples on how to develop a COP report

This template focuses on the following aspects*:

- What **actions** did the company take to implement the 10 Principles of the Global Compact within its operations? e.g. commitments made, systems created (including policies, programmes and / or codes of conduct) and activities undertaken.
- What were the **results** of the actions described and what was the value created for your company? (It is advised to use standard indicators such as the GRI if possible and appropriate)

* The spaces which are available in this template shall not be treated as a restriction, since other types of describing actions or results can be appropriate as well. Companies are free to make the necessary changes which seem to be appropriate for their individual COP.

PRINCIPLE 4	BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR
Actions	<p>Actions taken</p> <p>Commitment: Our company supports and implements international labour standards from the ILO Convention 29 in its mission statement and corporate policy, eliminating all forms of forced and compulsory labour.</p> <p>System: We have implemented a system for checking and recording that all employees are paid minimum wage and to avoid excessive overtime hours. Therefore, timecard, payroll and production records are reviewed on a regular basis and are verified through worker interviews.</p> <p>Activities: We have implemented a system that tracks violations and installed a back-payment system of wages. Employment contracts stating the terms and conditions of service are made available to all employees. We have installed an independent monitoring programme regarding labour conditions and receive an annual reporting.</p>
	Outcomes

PRINCIPLE 8	BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY
Actions	<p>Actions taken</p> <p>Commitment: Our company is committed to foster and promote a clean environment and to implement appropriate measure within production. We rely on the guidelines of the UNEP International Declaration on Cleaner Production and use environmental indicators of the GRI to report.</p> <p>System: Our business strategy is a triple bottom line approach. We use ISO14000 and have installed a system to monitor general environmental performance data for waste, emission, energy and water use. We have worked actively to reduce power consumption in our facilities. The focus has been on enhancing the expertise of our own property management staff, making more efficient use of lighting and heating, turning down heating at night, heat recovery and installing heat pumps. For internal correspondence, our employees use recycled paper.</p> <p>Activities: We have implemented a system for pollution prevention and to increase recycling programmes for our products in cooperation with our main suppliers. In the next year we will focus on partnerships with our suppliers and customers to address environmental issues, such as packaging take back and chemical use reduction.</p>
	<p>Measurement of (expected) outcomes and value added for our company</p> <p>In the last year, we were able to significantly reduce energy consumption and the total amount of residual waste per employee, leading to an overall cost reduction in these areas. We have been recognized by an independent environmental audit as an environmentally friendly company which has increased overall awareness of our company in the region. (See also GRI-indicators EN1-30)</p>
Outcomes	



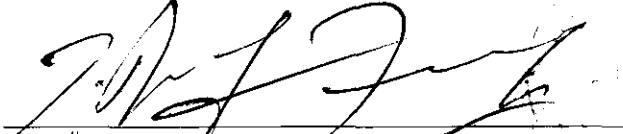
AL-KARAM TEXTILE MILLS (PVT.) LIMITED

Communication on Progress

Year: 2011

STATEMENT OF CONTINUED SUPPORT

We support this programme and we always support this type of initiatives.



13th July 2011, Mohammed Raof Farooqi /
Resident Director

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Brief description of nature of business

Vertical Unit – Home Textiles & Fashion Garments

PRINCIPLE 1	BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS
Actions	Actions taken
	<p>Commitment: Pakistan is a signatory of ILO convention. So, therefore, Al-Karam follows all of these requirements which are applicable on and relevant to the organization.</p> <p>System: International requirements for human rights are addressed in our national laws and Al-Karam abides all laws, rules, regulations, etc.</p> <p>Activities: While hiring, during employment and at the time of leaving organization all legal facilities are provided to the workers and their rights are taken care.</p>
Outcomes	Measurement of (expected) outcomes and value added for our company
	Our Image in "labour Directorate" is increased due to transparency and submitting legal contribution on time.

PRINCIPLE 2	BUSINESS SHOULD ENSURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES
Actions	<p>Actions taken</p> <p>Commitment: In business, we treat each employee with dignity and respect and will not use corporal punishment, threats of violence or any other forms of physical, sexual, psychological or verbal harassment or abuse. We take disciplinary actions as per law and "Code of Conduct".</p> <p>System: Any kind of harassment and abuse such as physical, sexual, verbal, etc. or other forms of intimidation are prohibited in the factory. Workers are allowed to speak or meet their head of department or GM HR in rest/breaks even during working hours if necessary.</p> <p>Activities: Workers may submit their grievances directly to their head of department or GM HR or they may put the same in "Compliant boxes". Management redressed their complaints after conducting an impartial inquiry.</p>
	<p>Outcomes</p> <p>Measurement of (expected) outcomes and value added for our company</p> <p>Workers keep us in esteem due honour and respect that they receive during employment.</p>

PRINCIPLE 3	BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING
Actions	<p>Actions taken</p> <p>Commitment: We recognize and respect the rights of workers to exercise lawful rights of free association, including joining or not joining any Association. We also respect the legal right of workers to bargain collectively.</p> <p>System: We allow free association by workers under the rules and they have complete freedom to choose their representative as per their desire. Where the right to freedom of association and collective bargaining is restricted under law, the management facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.</p> <p>Activities: Registered Unions and they conduct meetings regularly.</p>
	<p>Measurement of (expected) outcomes and value added for our company</p> <p>Workers are well aware of their rights.</p>
Outcomes	

PRINCIPLE 4	BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR
Actions	<p>Actions taken</p> <p>Commitment: Our organization supports and implements international labour standards and organization does use involuntary or forced labour, whether indentured, bonded, prison or otherwise during the manufacturing process or transportation of goods.</p> <p>System: We have taken following steps:</p> <ol style="list-style-type: none"> 1. No worker is required to submit the original documents. 2. No worker is required to submit any cash or security deposit. 3. Workers are free to leave their employment after giving reasonable notice. 4. Workers are allowed to leave the factory after completing their working hours. 5. 8 working hours are ensured in organization. 6. Worker can leave the factory after completing the working hours and in case of emergency worker is allowed to leave factory on short leave. 7. 7th day rest is given to them. <p>Activities: We have implemented a "Time-in and Time-out" recording system that help track the working hours of workers and through which legal limits are monitored and controlled.</p>
	Outcomes

PRINCIPLE 5	BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR
Actions	<p>Actions taken</p> <p>Commitment: We do not employ the below age workers / child as defined by law of land.</p> <p>System: We believe the children are gifts from God. So, we care a lot about children by ensuring their protection. A child is prohibited to enter into the factory even as a guest.</p> <p>The Gate office is strictly instructed not to allow any child to enter in the factory even as a guest. Notice board to this effect is prominently displayed at the Gate. Our contractors are also bound, not to hire any child.</p> <p>Activities:</p> <p>Our HR department is strictly advised to get assurance of the age of worker through legal documents such as National NIC, educational documents, birth certificate, etc.</p>
	Outcomes

PRINCIPLE 6	BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION
Actions	<p>Actions taken</p> <p>Commitment: We do not discriminate in hiring and employment practices, including salary, benefits, advancement, discipline, termination on the basis of race, religion, age, nationality, social or ethnic origin, sexual orientation, gender, political opinion or disability.</p> <p>System: There is no discrimination is practiced in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, ethnic, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation and everyone get equal opportunity. Also there is no quota recruitment system. Even the factory does not practice the pregnancy testing prior to employment.</p> <p>Activities: Al-Karam provides equal opportunity to the workers. The fare and transparent HR practices are in applications which are used for hiring or promoting the worker.</p>
	Outcomes

PRINCIPLE 7	BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES
Actions	Actions taken
	<p>Commitment: We are fully committed to cater the environmental challenges.</p> <p>System: We save natural resources such as water; natural gas; woods; land; etc. We put efforts to reuse them or get them recycled for reusing our waste material. Exhaust heat is utilized.</p> <p>Activities: We use exhaust air to produce electricity and exhaust heat is reuse in various processes.</p>
Outcomes	Measurement of (expected) outcomes and value added for our company
	By our environment saving efforts, we have saved a sufficient quantity of natural resources and as a result cost is reduced.

PRINCIPLE 8	BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY
Actions	<p>Actions taken</p> <p>Commitment: It is our prime responsibility to endeavour many precautionary steps to protect environment while manufacturing goods.</p> <p>System: We comply with all applicable environmental laws and regulations. In addition, to preserve, protect and restore the natural environment through reduce, reuse and recycle disposal of waste and energy conservation.</p> <p>Activities: We have certified to ISO-14001:2004 and have implemented system for protecting environment.</p>
	<p>Measurement of (expected) outcomes and value added for our company</p> <p>We have been reducing energy consumption leading to an overall cost reduction. We are environmentally friendly organisation and certified to ISO-14001:2004.</p>
Outcomes	

PRINCIPLE 9	BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES
Actions	<p>Actions taken</p> <p>Commitment: We strive to prevent the environment.</p> <p>System: We use environment friendly raw material while producing goods such as Oeko TAX certification. As well as where possible we use more efficient plants and machineries that give same amount of production with less energy requirement or give more production with same energy requirement.</p> <p>Activities: We dispose our waste water after some treatments. While treating waste water, the hazardous contents are collected and get its impact on environment at minimum level.</p>
	<p>Measurement of (expected) outcomes and value added for our company</p> <p>We have an onsite effluent waste water treatment plant which enables us to contribute in saving environment.</p>
Outcomes	

PRINCIPLE 10	BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY
Actions	<p>Actions taken</p> <p>Commitment: It is forbidden in our organization and we take every action to stop it.</p> <p>System:</p> <ul style="list-style-type: none"> • We follow the related laws of land. • We ensure that our management at any level do not involve in such activities related to with corruption. • During hiring no one is involved in such activities and stick action is taken if any one does it. <p>Activities:</p> <p>Workers are hired on merit basis. They are promoted through a transparent appraisal system.</p>
	Outcomes

How do you intend to make this COP available to your stakeholders?