WOMEN'S EMPOWERMENT PRINCIPLES REPORTING ON PROGRESS

Introduction

Since the launch of the UN Women/UN Global Compact Women's Empowerment Principles (WEPs) in 2010, many businesses have publicly declared their support for gender equality by signing the associated CEO Statement of Support. In doing so, businesses have demonstrated growing recognition of the business case for empowering and advancing women – as data increasingly confirms the link between gender equality and improved financial performance.

Principle 7 of the WEPs underscores that accountability and transparency go hand-in-hand: Committed businesses have explicitly stated their intention to measure and publicly report on their progress towards gender equality in their workplace, marketplace and community. Business leaders and stakeholders agree that while not everything of value can be counted, it is difficult to manage what you do not measure.

So what are the benefits of measuring and reporting on progress and how should businesses go about it? Responding to requests from businesses that have signed the CEO Statement of Support and others, the UN Women and UN Global Compact partnership has produced this gender-specific guidance called The Women's Empowerment Principles: Reporting on Progress. It offers practical advice on how to report on implementation of each of the seven Women's Empowerment Principles. It provides general reporting approaches and specific examples of disclosures and performance indicators for each Principle. Importantly, the guidance aligns with established reporting frameworks that businesses use such as the Global Reporting Initiative (GRI), and can be integrated into a business' UN Global Compact Communication on Progress (COP).

BENEFITS OF MEASURING & REPORTING ON PROGRESS

- Track progress against commitments
- Identify gaps in existing policies and procedures and develop a roadmap for action
- Identify high impact initiatives and practices for further replication
- Benchmark performance against competitors
- Demonstrate progress to keystakeholders – investors, NGOs,employees, labour unions, consumers and business partners among others– attract and maintain talent and gain public recognition

Why Measure and Publicly Report on Progress?

There are many internal and external benefits of measuring and publicly reporting on a business' efforts to implement the WEPs and the results. Businesses can build on existing management systems or tailor new ones to routinely gather

gender-specific (sex-disaggregated) data and analyze, track and benchmark their performance over time. By setting up such management systems, a business can identify and replicate positive measurable impacts and results to further drive gender equality. There is added value in using a standardized set of parameters and indicators to measure progress as it allows businesses to compare their performance with peers and effectively communicate progress to stakeholders.

External and internal stakeholders, such as investors, regulators, trade unions, NGOs, board members or directors and employees are increasingly asking companies to manage, measure and communicate their gender-related impacts. Publicly communicating your company's progress to its many diverse stakeholders builds trust and can enhance your brand by positioning it as women – and-family - friendly. This can attract, motivate and retain talented female and male employees who would prefer to work for a gender-sensitive employer, which is a useful differentiator as the competition for talent intensifies. Evidence shows that the implementation of equality and diversity initiatives can reduce staff turnover and absenteeism rates (Equality Authority Ireland 2007).

Studies indicate that increasing the number of women in management can increase organizational innovation, cause a fundamental positive change in the boardroom and enhance corporate governance (London Business School 2007, Kramer, Konrad & Erkut 2006). Further, research demonstrates that organizations with gender-diverse senior management tend to perform better financially (Catalyst 2007; McKinsey & Company 2007; Deszo, C.L. and Ross, D.G. 2008). Investors are increasingly demanding gender-specific information from businesses to inform their decision making, as research suggests that businesses that empower women and encourage gender diversity may outperform those that do not over the long term. They see that management diversity can be a strong indicator of future financial performance and hence is one of a range of non financial factors accounted for as they analyze investment risks and opportunities.

Reporting can also assist businesses to publicly demonstrate their accountability to women and fulfillment of compliance requirements to governments and others. For example, in the US, legal obligations apply for supplying to or from women-owned enterprises and there is a requirement to provide written plans for subcontractor diversity and meet a goal of five percent for federal contract spending with businesses owned and managed by women (Orser & Weeks 2009).

Stock exchange listing requirements are another area where reporting on gender performance can help; Stock exchange listing requirements are another area where reporting on gender performance can help. Since 28 February 2010, the US Securities Exchange Commission (SEC) has required listed companies to disclose diversity information. Companies are now required to state whether and how a nominating committee considers diversity characteristics in identifying nominees for director positions. If a policy exists the company must disclose how it is implemented and its effectiveness is assessed (SEC 2010). In addition, Australia requires companies to disclose information on the numbers of women in management (ASX 2010). In a recent move in India, the Securities and Exchange Board of India (SEBI) has mandated the top 100 listed entities on the Bombay Stock Exchange (BSE) to report on Environmental, Social and Governance performance as a part of their Annual Reports, in line with the principles set out in the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' by the Indian Ministry of Corporate Affairs (MCA) (SEBI 2011). While not specifically requiring gender disclosures, it represents a growing trend towards disclosure requirements on social performance extending to emerging economies. Increasingly, other countries are considering similar kinds of requirements to fast track women's economic

KEY CONSIDERATIONS

Gender Equality is the Context

What is the status of women in the country and regional contexts where your company is operating and what key challenges do women face?

Materiality

What are the most significant gender impacts of the business? How has the business identified these issues as the most material?

Stakeholder Inclusiveness

Have you consulted with Has the business consulted with stakeholder groups to identify which are its main impacts on women in the workplace, supply chain, as consumers, and in the community?

What do the business' stakeholders say are its gender equality impacts and issues the business should be focusing on?

To what extent do the material issues identified by the business and by stakeholders overlap?

Completeness

Does the report give a Does the report give a complete picture of the business' performance, detailing scope for improvement as well as the successes?

empowerment, so pre-emptive action towards disclosure can put a business in the lead. Furthermore, as consumer decisions are increasingly made by women, and the female economy said to represent a growth market more than twice as big as the opportunity of China and India combined, reporting on progress against the WEPs can be a comparative advantage with consumers too (Silverstein and Sayre 2009).

Communities are key stakeholder groups for businesses. Evidence is emerging to suggest that contributing to gender equality in the community in which a business operates can also have business benefits. Consequently, some businesses are taking action as they increasingly acknowledge that their business operations have the potential to negatively imbalance gender relations in a community, as well as positively contributing to gender equality (Rio Tinto 2009). By reporting on gender related community impacts and initiatives, a business can strengthen relations and trust with this important group.

Who is this Guidance for?

This guidance is for all businesses that recognize the value of applying a gender lens to their corporate sustainability agenda and are committed to the goals of the WEPs. For seasoned businesses that already report to their stakeholders through the Global Compact's Communication on Progress and/or other corporate sustainability reporting mechanisms, including in the form of a GRI's Sustainability Report, it is hoped that this guidance will inspire a deeper look into the business and value-chain to identify genderrelated risks and opportunities and to better understand the gender dimension and impact of current business policies and initiatives. For businesses that are new to corporate sustainability reporting or have yet to consider gender when collecting data and analyzing progress, the ideas embedded in this document will help make gender an integral component of new or existing corporate sustainability reporting efforts.

FOCUS ON PRINCIPLE 7: Transparency, Measuring and Reporting

Principle 7 of the WEPs calls on businesses to measure and publicly report on progress to gender equality using the framework provided by Principles 1 through 6. In brief, these are: [1]

1. Establish high-level corporate leadership for gender equality;
2. Treat all women and men fairly at work – respect and support human rights and nondiscrimination;
3. Ensure the health, safety and well-being of all women and men workers;
4. Promote education, training and professional development for women;
5. Implement enterprise development, supply chain and marketing practices that empower women; and
6. Promote equality through community initiatives and advocacy.

Where and How to Report

Many businesses worldwide use sustainability reporting to transparently communicate their social, environmental and ethical performance information and so it is practical to integrate reporting on gender equality into a business' existing non financial reporting mechanisms. Where information about a business' gender related policies, procedures and initiatives is available on its website, the business can include links to this material to avoid repeating the same material in the report.

For Global Compact participants, this guidance builds on the minimum requirements of the Communication on Progress (COP) by drawing out the opportunities to elaborate the gender dimension of the business' corporate sustainability policies, procedures and initiatives.

Businesses that participate in the Global Compact can integrate disclosure on implementation of the WEPs in the human rights and labour sections, as well as other relevant sections, of their annual COP. COPs are expected to be integrated in the participant's main medium of stakeholder communications (for instance an annual report or a sustainability report).

[1] For the full Women's Empowerment Principles, refer to the UN Women & UN Global Compact Women's Empowerment Principles Booklet, 2nd Edition (2011).

If the participant does not publish formal reports, a COP can be created as a stand-alone document. [2] Many businesses are also familiar with The Global Reporting Initiative (GRI) Guidelines.[3] The GRI is the world's most widely used framework for sustainability reporting and its most recent iteration, the GRI G3.1 Guidelines[4], specifically address many of the issues within the WEPs. Many businesses that support the WEPs publish GRI-based sustainability reports. If a business reports in line with GRI, this reporting guidance will provide additional gender-specific measures to supplement the GRI standard disclosures. If a business does not yet work with the GRI Guidelines, then this guidance will provide a practical approach to establishing gender indicators for tracking progress on implementing the WEPs.

Key Considerations: Gender Performance Information

A key starting point is to look at business performance in the **wider gender equality context** in which the business operates – to explain the connection between the **country context** and how that influences business performance. For example, when it comes to the numbers of women in management positions, different performance standards will be expected of businesses operating in a context where nearly all women complete compulsory education, as opposed to contexts where women's literacy rates are low. It is also useful to explain any quantitative information in terms of gender equality in the sector context, for example operating in sectors where women are traditionally underrepresented such as engineering or construction.

Connected to the context, is the **principle of materiality. While the gender dimension of all business operations and sustainability efforts should be considered,** it is leading practice for a report to cover the gender topics related to each Principle that reflect significant gender impacts and enable stakeholders to assess that performance in the reporting period. If, for example, most production is outsourced to suppliers, it would be material for the business to report on its gender-related practices and performance in the supply chain, as this is where the organization's sustainability impacts and specifically gender impacts would be significant.

In addition, leading reporting practice involves your company **identifying its stakeholders** – including employees, Governments, local communities, trade unions, and NGOs – and explaining in the report how it has responded to their reasonable expectations and interests regarding its gender-related performance. Undertaking stakeholder consultations to identify the gender-related challenges or risks facing your company can help establish these expectations as well as contribute to meaningful dialogues about how to address these issues.

In addition, leading reporting practice involves a business in identifying its stakeholders – including employees, Governments, local communities, trade unions, and NGOs – and explaining in the report how it has responded to their reasonable expectations and interests regarding its gender-related performance. Undertaking **stakeholder consultations** to identify the gender-related challenges or risks facing the business can help establish these expectations as well as contribute to meaningful dialogues about how to address these issues.

Finally, it is vitally important that a **complete picture of performance** is presented, and the report does not just focus on the good performance but also accounts for the disparities between commitments and results achieved. Additionally, when reporting qualitative and quantitative performance information on progress towards implementing the WEPs, it is essential to ensure that the information reported is reliable, balanced, accurate, comparable and reported clearly and accessibly in a timely way.[5]

An Ongoing Management and Reporting Process

It is important to remember that businesses that have signed the CEO Statement of Support are at all different stages of implementation of the WEPs, which promote a continuous improvement approach. The implementation and integration of these Principles into a business' DNA is an iterative and ongoing process. Businesses are encouraged to strive for higher levels of implementation and disclosure. Whatever the level of progress, a business is encouraged to use sex-disaggregated data as much as possible and disclose its existing policies, procedures and initiatives and share plans

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[2] For comprehensive information on the COP requirements, please refer to http://www.unglobalcompact.org/COP/communicating_progress/cop_policy.html

[3] The UN Global Compact has adopted the GRI Guidelines as the recommended reporting language for companies to communicate progress; the Global Compact thus recommends the use of the GRI Guidelines to help participants communicate their progress directly to stakeholders.

[4] The GRI G4 Guidelines development process is currently underway and is expected to be introduced as an update to the G3.1 Guidelines in 2013.

[5] Refer to the GRI Guidelines for more information about these quality-related performance principles: https://www.globalreporting.org/reporting/latest-guidelines/Pages/default.aspx

Management and Reporting Process

COMMIT	Leadership commitment to mainstream gender equality throughout corporate sustainability and other relevant strategies and operations	As a key and integral part of a business' commitment to corporate sustainability, corporate leadership publicly signals to its stakeholders its commitment to gender equality and women's empowerment. Specifically, leadership commits to supporting the WEPs and making the seven Principles part of corporate sustainability strategy, day-to-day operations and organizational culture.
ASSESS	Apply a gender lens when assessing risks, opportunities, and impacts	Equipped with a commitment to the WEPs, the business ensures that a gender lens is used on an ongoing basis when assessing its risks and opportunities as well as the impact of its operations and activities, in order to develop and refine its goals, strategies, and policies.
DEFINE	Apply a gender lens when defining goals, strategies, and policies, and metrics.	Based on its assessment of risks, opportunities, and impacts, the business takes into account gender-related considerations when creating a roadmap to carry out it programs and ensures that a gender lens is used when developing and refining goals and metrics specific to its operating context.
IMPLEMENT	Implement corporate sustainability strategies and policies through the business and across the value chain that respect women's rights and support gender equality and women's empowerment.	The business builds in flexibility to allow ongoing adjustments to core processes, engages and educates employees, builds capacity and resources, and works with supply chain partners to implement its sustainability strategy, of which gender equality and women's empowerment is an essential and integral part.
MEASURE	Measure and monitor impacts and progress towards goals	The organization adjusts its performance management systems to capture, analyze, and monitor the performance metrics established in the Assess and Define steps. Progress is monitored against goals and adjustments are made to improve performance.
COMMUNICATE	Communicate progress and strategies and engage with stakeholders for continuous improvement	During this step, the business communicates its progress and forward-looking strategies for implementing its commitment to corporate sustainability, including gender equality and women's empowerment (through its COP and/or GRI-based Sustainability Report or other means) and engages with stakeholders to identify ways to improve performance continuously.

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Drawing on the UN Global Compact Management Model, a process for managing and reporting on implementation of the WEPs is outlined below. It mirrors the processes that are followed to manage other sustainability-related commitments and performance.[6]

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Reporting Guidance: Women's Empowerment Principles 1–6

For each of the Women's Empowerment Principles, questions are posed as examples of how to apply a gender lens to elicit genderspecific information that can be integrated and included into existing management disclosures and performance metrics to monitor progress and report on gender performance. Where applicable relevant GRI Guidance is included as it is widely used by businesses to report on a broad range of performance indicators.[7][8] Whatever their level of implementation, businesses are encouraged to use as many of the good practices, as well as sex-disaggregated data, where possible and relevant.

Demystifying the Metrics

Performance metrics can be both qualitative and quantitative, and focus on both **outputs,** i.e. the immediate results that occur as a result of initiatives, and **outcomes**, i.e. the longer term changes and effects that result from the management approach. They result in the disclosure of information that is comparable and demonstrates change over time. *For instance*: What are the indicators used to track performance? What are the results achieved? How do these results compare? Have they increased or decreased since the last reporting period and if so, what is the reason for the change? What trends can be identified and how does performance compare to sector or country trends? If results show scope for improved performance, what are the plans for closing these gaps or improving outcomes?

For progress to be real and visible, it is essential that:

- Metrics show the extent to which policies and strategies have been implemented and the results that they have achieved (as opposed to simply stating 'yes, we have done something' or 'no, we have not').
- Data for a reporting period is presented alongside the data from, at minimum, the previous year's performance, and ideally alongside data from over a three-year period or more, to enable stakeholders to see trends rin performance. These trends will indicate whether performance has improved or deteriorated over time. However, a negative trend may not always indicate decreasing performance, and may be explained by other factors. As such, it is also important that a qualitative analysis accompanies the data to explain the trends and place the information into context.

[6] The UNGC Management Model provides a management framework that translates the UN Global Compact's principles into practice. It comprises of six steps and each step has one or more suggested activities and areas of focus: http://www.unglobalcompact.org/docs/news_events/9.1_news_archives/2010_06_17/UN_Global_Compact_Management_Model.pdf

[7] Please note for implementation of the GRI-related disclosures, refer to the GRI Guidelines and the detailed Disclosures on Management Approach and Performance Indicator Protocols, which provide a step-by-step breakdown on how to answer each of the GRI Indicators.

[8] The GRI G3.1 Guidelines are available to download at: https://www.globalreporting.org/reporting/latest-guidelines/g3-1- guidelines/Pages/default.aspx

WEPs Principle 1 – Leadership Promotes Gender Equality

Examples of company information on which to report:

- What is the business' overall strategy and goals related to women's empowerment?
- Has there been a public high level commitment and statement of support by the CEO towards gender equality?
- Who is the designated leadership individual and/or board-level individual who champions implementation of the business' gender equality policies and plans?
- How many women are on the highest governance body and on which committees do these women sit?
- Are there any regulatory requirements regarding the number of women on the board (or equivalent) in any of the countries in which the business operates or for listings on specific stock exchanges/indices?
- Is gender considered as a criterion when selecting members of the highest governance body? Are there numerous female candidates for each vacancy? Is an equal number of men and women candidates for each position? Are broad searches conducted?
- What are the names and gender of individuals sitting on the nominating committee for the highest governance body?
- What programmes exist to increase the number of women in leadership positions?
- Are there trainings, including for the business' leadership, on the importance of women's participation in management? What is the frequency of these trainings, the topics covered, and who attended?

Related GRI Guidance

For those companies that report in line with the GRI Guidelines or others that use this global sustainability reporting guidance as a reference point for public disclosures on non financial information, the following disclosures can be of use:

GRI STANDARD DISCLOSURES
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 *Describe the mandate and composition (including number of independent members and/or non executive members) of the highest governance body and its committees, and indicate each individual's position and any direct responsibility for economic, social, and environmental performance.* *Report the percentage of individuals by gender within the organization's highest governance body and its committees, broken down by age group and minority group membership and other indicators of diversity. Refer to definitions of age and minority group in the Indicator Protocol for LA13 and note that the information reported under 4.1 can be cross referenced against that reported for LA13.*
4.7 Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.