Article

Evaluating the UN Global Compact Communication on Progress as a CSR Benchmarking Tool

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Abstract: Corporate social responsibility (CSR) extends beyond mere profit-seeking to encompass the ethical behavior of a company toward society, mitigating negative and generating positive impacts on the environment, consumers, employees, communities, and all stakeholders. The UN Global Compact (UNGC) is the world’s largest voluntary CSR initiative, and its Communication on Progress (CoP) requirement is a key reporting mechanism that allows participating companies to transparently showcase their progress and efforts regarding CSR. As more and more companies are reporting CSR practices, it is crucial to establish a global, standardized, trusted, accessible, and useful database that can be used by different stakeholders, including the companies themselves in the benchmarking process. This paper examines whether the UNGC CoP can be used as a sustainability benchmarking tool, based on well-established criteria, and compares it with other existing reporting frameworks. Results indicate that the UNGC CoP can be considered a benchmarking tool, being applicable to nearly all phases of the benchmarking process. The study also shows that the CoP stands out regarding other frameworks due to ample coverage of the sustainable development goals (SDGs), number of reporting companies, accessibility to all stakeholders, and consolidation of the information into one platform.

Keywords: corporate social responsibility; sustainability reporting; communication on progress; united nations global compact; benchmarking

1. Introduction

We are facing the challenges of the “Decade of Action”, as it was coined by the United Nations (UN), towards the implementation of the 2030 Agenda and the Sustainable Development Goals (SDGs). Although progress has been made in many areas, there is still a lack of momentum and speed to attain the 17 goals and their 169 targets set in 2015 by the United Nations General Assembly [1]. The SDGs are based on their predecessors, the Millennium Development Goals (MDGs), which were adopted in 2000. Hummel and Szekely [2] highlight an important difference between these two global initiatives: while the SDGs were designed to be implemented by all countries, the MDGs mainly focused on the developing ones. This new aspect reflects a global effort to bring together the world to eradicate poverty and achieve progress in economic, social, and environmental levels in a balanced way.

Moreover, as emphasized by Szennay et al. [3], not only the governments but also businesses, civil society, and other stakeholders are called upon to pursue the Agenda and the SDGs. This was an important step to bring the private sector into the collective journey towards sustainable development and sharing accountability, since the SDGs and their respective targets will not be achieved without the contribution of the corporate stakeholders, especially regarding groundbreaking, innovative technologies, and the large
reach that multinational corporations have when deploying large-scale solutions. Domingo-
Posada et al. [4] offer a systematic review of the literature pertaining to SDGs adoption as
corporate strategy and conclude that “despite the importance of the 2023 Agenda for the
future of the world, even today there are few reference authors in this field of study” (p. 1).

The “Sustainable Development Goals Report 2023”, launched in July [5], highlights the
importance of ambitious and urgent action towards sustainability. Additionally, the private
sector plays a crucial role in this road map to successfully achieve the 2030 Agenda objectives.

The UN Global Compact (UNGC) is the world’s largest voluntary corporate social
responsibility (CSR)/corporate sustainability initiative [6–9]. Podrecca et al. [10] refer to
it as “one of the main catalysts of the sustainable transformation required by the SDGs”
(p. 997) and predict a quick and extensive diffusion of the UNGC in developing countries.

The UNGC calls on companies to align their strategies and operations with principles
on human rights, labor, environment, and anti-corruption, and take action to advance
the SDGs. One of its defining characteristics is not having the intention nor the means
to evaluate or enforce the actual behavior of its members. All that is required of them
is the publication of a report on their activities pertaining to the principles they have
committed to. In line with the UNGC mission, the UN Global Compact Communication on
Progress (UNGC CoP) is a business tool that supports the decision-making process and
helps businesses measure progress towards the implementation of the Ten Principles of the
UNGC and the SDGs. Moreover, the new and enhanced CoP enables companies to report
such progress in a standardized way, boosting recognition, stimulating transparency, and
enabling the comparability of corporate actions concerning sustainability [11,12]. While
some researchers criticize the UNGC for not monitoring its members nor enforcing
the application of its principles [13,14], others view it as a learning platform for its members to
improve their engagement with the proposed principles [15–18].

Berliner and Prakash [13] underline that, due to the relevance and prestige of the
UN, and the ambition of its mission, the UNGC is considered by its supporters to have
the potential to reshape how businesses practice CSR—the responsibility of companies
for their impacts on society, to put it concisely, aiming to integrate social, environmental,
ethical human rights, and consumer concerns into their core strategy [19]. Poles apart,
UNGC critics, such as Sethi and Schepers [14] (p. 207), consider it a flawed initiative
that does not impose verifiable obligations to its participants, is “long on promises and
short on performance”, and welcomes companies with weak performance in CSR. These
perspectives will be discussed more deeply further ahead in this study; however, it is
important to note at this early stage that imposing complex barriers could be misunderstood
as endorsing signatories, instead of functioning according to the UNGC’s purpose—a
catalyzing platform for companies with different levels of experience in CSR practices [20].

Not only the UNGC has achieved prominence among the initiatives to promote CSR,
but it also has become one of the most important topics of CSR-related research [9]. Be-
sides the plethora of conceptual studies on the UNGC [9,13–16], there are also studies
which examine motivations to engage with it and the benefits related to such engagement
through case studies or using small samples of its members [21–23], the determinants of
UNGC membership or implementation of its principles [6,24–26], its impact on firm perfor-
mance [27], and the integration by capital markets of UNGC members’ information [28–31].
While there are studies that use the UNGC CoP as a source of data (e.g., [32]), as far as we
are aware no study has examined this instrument as a CSR benchmarking tool. This is what
we propose to do in this study.

Abhayawansa [33] observes that identifying the connections among different corporate
sustainability indicators, their materiality, and finally conducting a thorough benchmarking
assessment are imperative to the decision-making process and to lay out the key next
steps for each company to address its respective sustainability-linked issues. Even with a
multitude of different reporting standards in place, if sustainability-related information
is not systematically and consistently centralized, the process of collecting and compiling
data from diffuse sources may be manual, subjective, and time-consuming.
According to the literature review, throughout the years, there have been several studies proposing new benchmarking models with different phases and steps [34–36]. As for CSR, the excess of standards and frameworks may hinder the prospect of convergence [37]. This study aims to examine whether the new and enhanced UNGC CoP can be considered a sustainability benchmarking tool and compare it with other existing reporting frameworks in terms of applicability in the benchmarking process. We do not envision proposing a new model or a new tool. Rather, the main contribution of this study is to assess whether an existing CSR framework is applicable to an existing and widely accepted benchmarking model, optimizing resources.

To do so, the literature about sustainability reporting standards is reviewed, and the information available regarding the pilot phase of the enhanced UNGC CoP, the Early Adopter Programme (EAP), is used. The aim is to answer the two following research questions:

- Research Question 1 (RQ1): Can the enhanced UNGC CoP be used as a sustainability benchmarking tool?
- Research Question 2 (RQ2): What differentiates the enhanced UNGC CoP from other existing frameworks?

Regarding the structure of this study, besides this introductory section, a review of the literature is presented in Section 2, where some relevant concepts and definitions regarding sustainability reporting and benchmarking are presented in addition to the description of the UNGC CoP and its new format. Section 3 covers the methodology implemented to address the two research questions. The results are presented and discussed in Section 4, compiling the answers to the assessments. The conclusions are revealed in Section 5 along with the study limitations and suggestions for future research on this topic.

2. Literature Review

2.1. Corporate Social Responsibility and Sustainability Reporting

Brockett and Rezaee [38] contend that CSR is a concept that extends beyond mere profit-seeking to encompass the ethical behavior of a company towards society. Embodying corporate conscience, citizenship, and social performance in its business model, CSR claims that an organization has a responsibility to contribute positively to society. At its core, it shapes the mission of an entity, outlining what the company stands for and will uphold for its stakeholders.

The essence of CSR rests on mitigating negative and generating positive impacts on the environment, consumers, employees, communities, and all stakeholders. It is undeniable that firms need to generate positive income. However, as Torrecchia [19] stresses, under the CSR lens, economic progress is not pursued at the expense of societal welfare. This equilibrium between environmental, social, and economic considerations entails a commitment to transparency and accountability, establishing improved practices that generate wealth while improving society.

The notions of sustainable development and CSR are deeply interconnected, with both concepts being comparable to “moving targets”, which can only be met through a strategic process of continuous improvement. Strong advocates of strategic CSR, such as Michael Porter and Mark Kramer, brand this creation of benefits for both the corporation and society as the creation of shared value, in which financial success converges with social responsibility [19,39].

CSR may be observed under two different perspectives, as presented by Matten and Moon [40]: explicit CSR and implicit CSR. They explain that the concept of “explicit CSR” encapsulates corporate policies that manifest through voluntary initiatives and strategies undertaken by corporations, merging social and business values to tackle issues identified as relevant to their social responsibilities. Explicit CSR is conditioned to corporate discretion and may emerge as a response to pressures from stakeholders or partnerships with governmental and nongovernmental organizations. In contrast, “implicit CSR” refers to corporations’ involvement with broader formal and informal institutions that advocate for
societal interests and concerns. These norms are shaped collectively rather than individually, which indicates that implicit CSR is a reaction to the institutional environment and the communal responsibility towards general societal interests.

Matten and Moon [40] conclude that explicit CSR and implicit CSR offer distinct perspectives on corporate responsibility. Explicit CSR highlights proactive efforts of corporations to address societal concerns through voluntary actions. Implicit CSR positions corporations within a structure that defines collective responsibilities, and, while representative business associations often participate directly in shaping these requirements, individuals typically do not set personalized versions of these responsibilities. Nevertheless, Brown et al. [41] propose that these two perspectives may co-exist, suggesting that the UNGC can and should be viewed as an example of both explicit and implicit CSR.

Sustainability reporting (SR) is a fundamental practice in the corporate world that involves measuring, disclosing, and being accountable for an organization’s efforts towards sustainable development. As outlined by Brockett and Rezaee [38], effective sustainability performance and a reporting model that properly reflects the CSR efforts, addressing the interests of all stakeholders, are two critical cornerstones for organizations. Reported sustainability information may have several purposes, including assessing the potential risks and returns associated with investments, evaluating the quality of CSR management, and informing the decision-making process. Ever since the 2007–2008 global financial crisis, investors have become more and more interested not only in accurate and reliable financial information but also in relevant non-financial information. This is even more accentuated in institutional investors who typically have a long-term investment horizon.

According to several studies, when it comes to Sustainability Reporting Standards (SRSs), the Global Reporting Initiative (GRI) takes center stage [42,43]. The GRI is an independent international organization that helps businesses take responsibility for their impacts, by providing a universal language for communicating those impacts. It collaborates with diverse stakeholders from all over the world, including businesses, policymakers, civil society, and experts, to develop GRI Standards for sustainable reporting. These standards are widely adopted by over 10,000 organizations and they empower entities to address economic, environmental, and social challenges, fostering sustainable development by aligning growth strategies with environmental and societal well-being. GRI standards enhance transparency and communication of sustainability contributions, enabling organizations to make informed decisions, reduce risks, realize business opportunities, and strengthen stakeholder relationships [44]. It is important to note that the GRI website does not have a repository of reports, instead each reporting organization may publish their reports on their own pages [45].

KPMG [46] reveals that 96% of the world’s leading 250 companies report on sustainability, with GRI being the most dominant standard in place. In line with these findings, Vigneau et al. [43] point out that reporting has become the main task of teams responsible for CSR in companies and that the GRI standards stand out “as the ultimate guideline on how to report”. The authors also reason that these standards are used as a key guidepost for improving the process of gathering data and reporting. GRI also seeks alignment with the SDGs and in its publication “Integrating SDGs into sustainability reporting” the linkages between SDGs and several GRI standards are thoroughly described, including general and sector-specific guidelines. All the 17 SDGs have connections with at least one GRI guideline [47].

Another actor in the SR arena, CDP, formerly known as the “Carbon Disclosure Project”, is a non-profit charity organization that operates a global disclosure system aimed at enabling investors, companies, cities, states, and regions to effectively manage their environmental impacts. Recognized as the primary standard in environmental reporting, CDP has the most extensive and comprehensive dataset regarding both corporate and city environmental actions. CDP has evolved since its inception in 2000 as the “Carbon Disclosure Project”, and the organization’s name transition to simply “CDP” in 2013 served two purposes: (1) it preserved the global brand recognition it had developed; (2) it under-
lines the imperative of comprehensively understanding and addressing a wider spectrum of environmental impacts. Initially focused on encouraging companies to disclose their carbon-related impacts, CDP’s scope has expanded and now encompasses broader environmental issues like deforestation and water security. Furthermore, CDP’s influence extends beyond the corporate realm, providing support to cities, states, and regions as well [48]. CDP corporate questionnaires are also aligned with some of the SDGs, particularly the ones related to environmental issues, such as SDGs 6, 7, 13, and 15, while its questionnaire designed for cities, states, and regions are also in line with SDGs 11 and 12 [49].

A third SRS focused on climate change issues is the Task Force on Climate Related Disclosures (TCFD). KMPG [46] observed a significant growth in the reporting of climate-related risks and emissions reduction targets aligned with the TCFD recommendations—50% of companies in the worldwide sample disclosed carbon-related targets in 2017, while 71% of companies did so in 2022; whereas the numbers are even higher in the sample with the world’s 250 largest companies, increasing from 67% in 2017 to 80% in 2022. The TCFD is an initiative established by the Financial Stability Board (FSB) to address the need for clear and comprehensive information on the financial impacts of climate change with the main goal of enhancing and encouraging the reporting of climate-related financial information by companies. Released in 2017, its disclosure recommendations are structured in four main aspects of an organization: governance, strategy, risk management, and metrics as well as targets [50].

Even with the existence of several standards, the SRS field was relatively settled, with the GRI standing out as the main global standard setter, until the International Sustainability Standards Board (ISSB) and the European Financial Reporting Advisory Group (EFRAG) both announced the release of new standards [51,52].

The ISSB, established by the International Financial Reporting Standards (IFRS) Foundation, is focused on creating high-quality global sustainability disclosure standards that cater to investor and financial market needs [53]. In June 2023, the ISSB released its first standards, IFRS S1 and IFRS S2. In summary, IFRS S1 outlines disclosure requirements for companies to communicate their short, medium, and long-term sustainability-related risks and opportunities to investors; while IFRS S2, complementary to IFRS S1, provides specific guidelines for climate-related disclosures. Both standards are aligned with the TCFD recommendations and aim to improve confidence in sustainability reporting to inform investment decisions [54].

The EFRAG is a private non-profit association created in 2001, initially focused on promoting IFRS standards adoption, under the support of the European Commission (EC)—which has been historically concerned with CSR matters. More recently, the EFRAG has been working on the European Sustainability Reporting Standards (ESRS) in collaboration with GRI and taking the GRI standards as a reference [52]. On 31 July 2023, the EC adopted the ESRS for use by all companies subject to the Corporate Sustainability Reporting Directive.

The announcement of these new standards reinforces the need for alignment, as the existence of competing standard-setting organizations together with an excess of standards may deter the possibility of convergence in sustainability reporting, as indicated by Stolowy and Paugam [37]. On a positive note, collaboration occurs and there are agreements between the standard-setters focused on alignment and mutual support, such as: the already stated cooperation between EFRAG and GRI; ongoing discussions about aligning the EFRAG’s concept of materiality with other existing concepts [55]; and the GRI-ISSB Memorandum of Understanding (MoU), aiming to ensure complementary and interoperable criteria [56,57]. After evaluating the MoU, Adams and Mueller [58] conclude that although both GRI and ISSB will maintain their current objectives, it indicates collaboration specifically on the double materiality approach, which GRI has been calling for. The authors make a further positive comment regarding the MoU: it addresses a key frustration for academics, who consider that they were not properly heard during the ISSB consultation process.
Materiality, mentioned above, is a concept inherent and fundamental to SRSs, that involves determining what information is significant enough to be included in reports as identified by Abhayawansa [33]. Furthermore, it assists organizations in disclosing relevant information to stakeholders and helps auditors decide what information requires verification. Materiality acts as a filter to separate essential information from less relevant details, reducing clutter and enhancing the credibility and usefulness of reports. It is possible to detail three different approaches to materiality: financial materiality, impact materiality (or social and environmental materiality), and double materiality.

Financial materiality centers on economic value creation for the reporting entity’s capital providers. It involves selecting information that impacts the financial performance, position, and development of the organization. Financial materiality is often associated with a so-called “outside-in” perspective, considering how sustainability issues affect the organization’s performance or financial output. The criteria for determining financial materiality often revolve around the information needs of investors [33,37,52].

Impact materiality relates to the entity’s impact on the economy, environment, and society, considering the interests of multiple stakeholders. Also known as social and environmental materiality, it is aligned with the “inside-out” perspective, which considers the positive and negative impacts of the organization on people and the environment. It involves selecting information that reflects the organization’s contributions or harm to societal and environmental issues [33,37,52].

Double materiality combines both financial and impact approaches to materiality, recognizing the interchange between sustainability issues financially impacting the entity and the impacts of the organization on society and the environment [33,37,52]. However, Abhayawansa [33] draws attention to the challenges in defining clear parameters for this approach. While financial materiality often has a well-defined reference group (specifically, investors), impact materiality lacks such a sharply outlined audience, meaning that an inadequate approach towards the audience may favor financial issues over social and environmental ones. Abhayawansa [33] concludes the argument by suggesting a “single materiality” definition for sustainability reporting:

“Sustainability-related information is material if it relates to the organization’s discharge of its accountability in relation to financial, social, relational, natural, intellectual, human and manufactured capitals that have been bestowed to it by or obtained from investors and creditors, other stakeholders, society and the environment, and communicating its enterprise value in the short, medium and long-term, appreciating the dependencies between the environment, society and organizations.” (p. 20)

Lastly, Adams and Mueller [58] and Ali et al. [51] warn about reporting and reporting standards becoming ends in themselves rather than being a means to an end. Companies may become so absorbed in following SRS and the process of reporting that the original purpose for which the reporting was intended gets lost or overshadowed. They emphasize that reporting should serve to achieve the original end, which is to advance CSR practices and to have a strong, positive contribution towards the SDGs.

2.2. The UN Global Compact

Established on 26 July 2000, the United Nations Global Compact (UNGC) is the world’s largest voluntary corporate sustainability initiative with over 24,000 participants from more than 160 countries, and more than 60 Global Compact Local Networks. It is a CSR initiative that calls upon companies to align their strategies and operations with a set of universal principles related to human rights, labor, environment, and anti-corruption. The UNGC serves as a voluntary framework for businesses to integrate responsible business practices into their core strategies, with the ultimate goal of contributing to broader societal aims and sustainable development [59]. It functions under a blended global-local system, where the overarching strategy and initiatives are designed globally, while a large number of participating companies are supported by their respective Local Networks, which are
clusters of participants who collaborate to advance the UNGC agenda in that country or particular geographic region. Besides contextualizing and realizing the UNGC vision within different national backgrounds, Local Networks also implement their own activities, deepening the learning experiences of their participating companies [60].

2.2.1. The UN Global Compact and Its Relation to the SDGs

The UNGC’s ambition is to accelerate and scale the global collective impact of business with the help of its principle-based approach and to deliver on the SDGs through accountable companies and ecosystems that enable change. It encourages companies not only to uphold its Ten Principles (see Figure 1), but also to take proactive actions that advance these principles and contribute to achieving the SDGs [38,59].

These principles establish a universal definition of responsible business, requiring companies to uphold fundamental responsibilities across human and labor rights, environmental protection, and anti-corruption. In line with the concept of CSR, this so-called principle-based approach involves identifying, preventing, mitigating, and addressing negative societal and environmental impacts, while fostering a culture of integrity [61].

The UNGC Ten Principles are essential for companies aiming to advance the SDGs (the primary linkages between the SDGs and the Ten Principles can be seen in Figure 1). Companies should carefully reflect on their business models in relation to each SDG, adjusting practices to avoid harm that could undermine the goals: “Companies must not make the world’s problems worse before they try to make them better” [61] (p. 5). By adhering to actions suggested by the Ten Principles, such as respecting employee rights, preventing pollution, and rejecting corruption, companies can significantly contribute to the progress of different SDGs.
2.2.2. Different Perspectives Regarding the UN Global Compact

Brown et al. [41] examine the UNGC under the implicit/explicit CSR framework and suggest that it manages to defy this dichotomous categorization. Blending aspects of both, it constitutes a unique and paradoxical framework for CSR. For instance, the UNGC’s initiation through a CEO’s letter of intent to uphold its Ten Principles presents a first impression of explicit CSR, driven by a discretionary corporate commitment. Similarly, companies demonstrate their commitments to sustainability by reporting progress yearly. At the same time, the UNGC community logic and principle-based approach clearly personify a reflective characteristic of implicit CSR. The authors conclude that these contrasting logics, while seemingly conflicting, are in fact interconnected. They accentuate the importance of the implicit nature of the UNGC in terms of embedding norms and values of behaviors within corporations, while also acknowledging the importance of fostering behavioral change through explicit CSR practices of member companies.

Other authors suggest that implementing the UNGC Ten Principles and making progress towards the SDGs require considerable efforts and may incur significant costs; however, the motivations and gains for joining this initiative outweigh the downsides. Ayuso et al. [6] note that genuine participation in the UNGC requires a substantial amount of effort and, more specifically, aligning business processes with the Ten Principles demands thorough internal evaluation and adjustment. In summary, the authors indicate that complying with the UNGC principles is not a trivial task for participating firms. In line with that, Arevalo et al. [24] comment that, although expectations are high when joining UNGC, participants often find it difficult to implement the principles or communicate their implementation efforts. Still, participating in the UNGC offers several gains to companies [6,24,29,41], such as:

- Learning and networking—such a CSR initiative provides companies with access to guidelines, implementation tools, and examples of best practices, as well as opportunities to collaborate with experienced participants;
- Image and legitimacy—being associated with a world-renowned initiative focused on responsible business practices can positively influence public perception and trust;
- Experience—time-based experience helps firms deploy their resources to advance CSR strategies;
- Efficiency and impact—implementing the Ten Principles can lead to improved efficiency and cost reduction;
- Credibility for investors—UNGC affiliation signals to investors that the firm is making conscious efforts to align its decision-making processes with responsible practices.

When answering the question “Does voluntary corporate citizenship pay?”, Kimbro and Cao [28] argue that it only happens when companies can provide such evidence. Their findings indicate that firms that choose to comply with the Communication on Progress (CoP)—UNGC’s main disclosure requirement—show higher market valuation and better investment opportunities compared to firms that do not report; demonstrate superior profitability; and have lower systematic risk. The study also points out that non-communicating firms, that initially associate with the UNGC but do not report progress, might experience short-term benefits, but these benefits disappear two years after joining.

Berliner and Prakash [13] mention that while UNGC supporters consider it to have the potential to reshape how businesses practice CSR, its critics indicate design flaws regarding the lack of monitoring and enforcement mechanisms to prevent non-compliance. Sethi and Schepers [14], for example, argue that public pressure alone is not enough to drive changes in business behavior and compel companies to act towards CSR, and criticize the UNGC CoP for lacking standardized CSR indicators, which hinders the effectiveness of stakeholder monitoring. Another quoted flaw points out that UNGC welcomes companies with weak performance in CSR, focusing purely on increasing numbers, and does not concentrate on strict accountability. While this may benefit participating companies’ public image, it relies on voluntary commitments without legal consequences for non-compliance [14,62].
While agreeing with some of the criticisms, Berliner and Prakash [13] emphasize that all rule structures have imperfections and limitations, and they commend the UNGC for promoting CSR and bringing it to the spotlight of global corporate policy agenda. Regarding the importance of maintaining low entry barriers for participation, Rasche and Waddock [20] emphasize that selecting participants could be misinterpreted as endorsing specific companies, which contradicts the UNGC mission of being a catalyzing platform for companies with different levels of experience in CSR practices. Additionally, selecting eligible companies would likely favor those with strong CSR backgrounds, instead of functioning as an inclusive learning platform for businesses with different levels of experience and resources. Also on this point, Berliner and Prakash [13] suggest that the success of CSR initiatives lies not in recognizing top performers but in inducing the progress of companies with average and weak performance.

There are also counterarguments in relation to only focusing on the number of companies and not engaging in monitoring non-compliance. While participant numbers alone are insufficient to measure impact, Rasche and Waddock [20] explain that transformational change requires both qualitative and quantitative growth, meaning that more participants need to engage, learn, and enhance their performance for the Compact to achieve its goals. Although there is no formal monitoring process to avoid non-compliance, Amer [63] shows that investors keep track of and penalize companies that join the UNGC and fail to report progress through the submission of a CoP, which can be seen as a way to ensure implementation.

2.2.3. The Enhanced UN Global Compact Communication on Progress

The Communication on Progress (CoP) is a key reporting mechanism introduced by the UNGC, that allows participating companies to transparently showcase their progress and efforts in aligning their business models with the Ten Principles and the SDGs [11]. Reporting CSR progress in a transparent and public manner is fundamental for companies, as mainstream investors are incorporating such information into their strategies, while non-financial information is also influencing the decisions of consumers, local communities, and civil society organizations [64]. The CoP enables companies to consistently measure and express their progress regarding the Ten Principles and the SDGs; enhances credibility and brand value by showing their commitment to the UNGC agenda; functions as a learning platform for participants to gain insights, identify gaps, access guidance, and continuously improve CSR performance; and facilitates benchmarking against peers being one of the largest sources of free, public, and comparable corporate sustainability data [12].

Rogmans and El-Jisr [65] view the existing reporting standards as having different scopes regarding topics, ranging from narrow (focusing on greenhouse gas emissions, for example) to broad (covering several or all SDGs, for instance), and serving different ranges of audiences, ranging from a narrow group of stakeholders (e.g., investors) to broader groups (such as the general society). Based on this view, these researchers consider the UNGC CoP and the GRI Standards as serving multiple stakeholders and having a broad scope of reporting, while, for example, the CDP as having a narrow scope of reporting but also serving a broad audience. The other standardization initiatives are viewed as serving a narrow audience. Taking into account that GRI is considered the main standard for sustainability reporting [43] and that the UNGC CoP, GRI Standards, and CDP serve a broader group of stakeholders [65], in this paper, the UNGC CoP will be mainly compared with GRI and CDP.

An update process took place in 2022 and the enhanced CoP has been developed through collaboration with various stakeholders, including UN entities, businesses, governments, investors, and civil society organizations. In the updated format of the CoP, questions are strongly aligned with major global reporting frameworks such as the GRI and CDP, aiming to streamline sustainability reporting rather than adding more criteria to the already crowded sustainability reporting landscape [11]. In this pilot stage of the new UNGC CoP approximately 900 companies participated in the EAP, submitting their
enhanced CoPs. The list of companies that participated in this pilot initiative and their respective submissions are available on the UNGC “Early Adopters” webpage.

The CoP involves the submission of a statement by the CEO expressing the company’s commitment to continue supporting the UNGC mission, and the submission of an online questionnaire that addresses various aspects of their advancement related to the Ten Principles and the SDGs. Regarding its structure, the CoP questions can be organized through two perspectives: sections and categories (see Table 1).

Table 1. UNGC CoP sections and categories.

<table>
<thead>
<tr>
<th>Section</th>
<th>Materiality</th>
<th>Commitment</th>
<th>Prevention</th>
<th>Performance</th>
<th>Remediation and Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>N/A</td>
<td>G1–G5</td>
<td>G6–G8</td>
<td>G10, G11</td>
<td>G9, G12, G13</td>
</tr>
<tr>
<td>Human Rights</td>
<td>HR1</td>
<td>HR1</td>
<td>HR3–HR6</td>
<td>N/A</td>
<td>HR7, HR8</td>
</tr>
<tr>
<td>Labour</td>
<td>HR2</td>
<td>L1–L1.2</td>
<td>L2–L5</td>
<td>L6–L10</td>
<td>L11, L12</td>
</tr>
<tr>
<td>Anti-Corruption</td>
<td>N/A</td>
<td>AC1–AC2</td>
<td>AC3–AC4</td>
<td>AC5</td>
<td>AC6–AC8</td>
</tr>
</tbody>
</table>


The first section, Governance, provides an overview of a company’s sustainability governance structure across all themes. The subsequent sections focus on the performance with respect to Human Rights, Labour, Environment, and Anti-Corruption, as seen in the Ten Principles. Within each section, there are questions covering five categories. Materiality is only covered in the Human Rights and Environment sections, where companies can select their material topics for disclosure, and a justification is required when considering certain questions immaterial. Regarding commitments, processes, and policies that demonstrate commitment to progress towards sustainability are addressed. For prevention, information about efforts to prevent negative impacts is required. In relation to performance, companies may disclose the performance indicators to measure progress. Regarding Remediation and Reporting, there are questions about mechanisms to address incidents and learn from experiences, as well as reporting processes [66].

Besides the alignment with major reporting standards mentioned previously, the CoP is deeply aligned with the SDGs: except for Goal 17, all the other Goals are covered by at least one question and some SDGs are covered by multiple CoP questions. It is important to note that SDG 17 is usually seen as a cross-cutting Goal focused on strengthening partnership to achieve all the SDGs [1,11,66]. Table 2 illustrates how each SDG is related to the CoP questions.

Table 2. The SDGs and the UNGC CoP questions.

<table>
<thead>
<tr>
<th>SDG</th>
<th>CoP Questions</th>
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<tbody>
<tr>
<td>Goal 1</td>
<td>HR1–8, L1–5, L7–12, E1–10, E20</td>
</tr>
<tr>
<td>Goal 2</td>
<td>HR1–8, E1–15, E20</td>
</tr>
<tr>
<td>Goal 3</td>
<td>L1–12, E1–5, E9, E10, E16–20</td>
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<tr>
<td>Goal 4</td>
<td>HR1–8, L1–5, L8, L9, L11, L12</td>
</tr>
<tr>
<td>Goal 5</td>
<td>G3–9, G11, HR1–8, L1–9, L11, L12</td>
</tr>
<tr>
<td>Goal 6</td>
<td>HR1–8, E1–5, E10–22</td>
</tr>
<tr>
<td>Goal 7</td>
<td>E1–5, E9, E10, E20–22</td>
</tr>
<tr>
<td>Goal 8</td>
<td>G1–9, G11–13, HR1–8, L1–5, L11, L12, E1–5, E9, E10, E20</td>
</tr>
<tr>
<td>Goal 9</td>
<td>HR1–8, L1–5, L11, L12, E1–5, E9–12, E20</td>
</tr>
<tr>
<td>Goal 10</td>
<td>HR1–8, L1–5, L11, L12</td>
</tr>
<tr>
<td>Goal 11</td>
<td>HR1–8, E1–12, E20</td>
</tr>
<tr>
<td>Goal 12</td>
<td>E1–22</td>
</tr>
<tr>
<td>Goal 13</td>
<td>E1–8, E22</td>
</tr>
<tr>
<td>Goal 14</td>
<td>E1–8, E10, E13–16, E18–22</td>
</tr>
<tr>
<td>Goal 15</td>
<td>E1–5, E10, E13–15, E17–22</td>
</tr>
<tr>
<td>Goal 16</td>
<td>G1–13, HR1–8, L1–3, L5–8, E1–3, AC1–8</td>
</tr>
<tr>
<td>Goal 17</td>
<td>-</td>
</tr>
</tbody>
</table>

When concluding their study, Berliner and Prakash [13] expressed hope that changes to the UNGC design could boost the motivation for participants to engage in more meaningful CSR practices. With tens of thousands of companies reporting consistently and transparently on an annual basis, besides the overall alignment with major reporting standards, the enhanced CoP is deemed to have a great potential to increase corporate accountability and ambition on sustainability [11].

2.3. CSR Benchmarking

Within the context of corporate management, Parast and Adams [36] draw a connection between CSR and benchmarking, arguing that such practices are mechanisms through which organizations imitate the practices and norms of other institutions and could be regarded as facilitators of organizational isomorphism. The concept of organizational isomorphism indicates that “organizational characteristics are modified in the direction of increasing compatibility with environmental characteristics” [67] (p. 4). This process requires firms to closely monitor changes in the environment, evaluate new technologies and best practices, and when they have common norms or standards, they may become similar over time.

The term benchmarking has several definitions that often include, for example, measurement, comparison, identification of best practices, implementation, and improvement. The process can assist a company in setting goals for improving performance and is considered both resource and time intensive, and therefore should be performed meticulously [34,68]. It can be described as the search for the best practices in the industry which will lead to exceptional performance; as the evaluation and improvement of an organization’s performance, technology, process, competence, and/or strategy, within a delimited scope, by learning from or/and with another organization that is identified as having best practices in its respective field; or, in summary, as the process of looking outward to find best practices, looking inward to measure the current internal situation, and adapting to improve performance [34,35].

For the process that consisted in “benchmarking the benchmarking models”, Anand and Kodali [34] implemented the “Xerox” benchmarking methodology. This model has four phases: Planning, Analysis, Integration, and Action.

The first phase, Planning, has three steps: (1) identifying benchmarking subject, (2) identifying benchmarking partners, and (3) defining data collection process and collecting data. There are two steps in the second phase, Analysis: (4) determining current competitive gap and (5) projecting future performance. In the third phase, Integration, the following two steps are: (6) communicating findings and gaining acceptance and (7) establishing functional goals. The last phase, Action, has the following steps: (8) developing action plans, (9) implementing plans and monitoring progress, and (10) recalibrating the benchmark. This model was selected because it has been cited, quoted, and positively rated consistently across several studies; most of the benchmarking models found in the literature are fundamentally based on the “Xerox” process; it is the most used benchmarking model in practice; and it is one of the oldest models and with very little modification through the years [34].

By comparing the steps of several models with the steps of the “Xerox” model itself, Anand and Kodali [34] benchmarked the benchmarking processes found in the literature and suggested a new methodology. A total of 71 different steps were identified across the 35 models assessed, and based on the occurrence and frequency of each step they were classified and incorporated in the new model. The new proposed benchmarking process has 54 steps, grouped in 12 phases.

The first phase, “Team formation”, is strictly internal and includes steps regarding staff selection for the benchmarking study and possible capacity building necessities. Phase 2, “Subject identification”, regards the topic or area of business that will be benchmarked. Next, phase 3, “Customer validation”, details the steps for identifying customer expectations and alignment with the company’s mission and values. Phase 4, “Management
validation”, covers the outline of benchmarking process and its approval by the management team. Phase 5, “Self analysis”, is the internal assessment to characterize and to document the current situation, performance, and information available regarding the selected topic. Phase 6, “Partner selection”, consists of identifying the peers against which the company will be benchmarked. In phase 7, “Pre-benchmarking activities”, the company will collect preliminary information about the benchmarking partners (e.g., location, size, sector, etc.), and establish contact with them to discuss their participation in the study, explaining the expected outcomes and how the benchmarking process will be carried out. Phase 8, “Benchmarking”, consists of collecting and organizing information about the benchmarking partners. In phase 9, “Gap analysis”, based on the information collected, the competitive gap will be determined, identifying the best practices and their potential applicability to the company’s context. Phase 10, “Action plans”, is the summarization of findings, establishment of goals, and development of an action plan to implement the applicable recommendations. Next, phase 11, “Implementation”, as the name suggests, is the implementation of the action plan proposed earlier aiming to close the performance gap identified. Finally, phase 12, “Continuous improvement”, includes monitoring the implementation and checking if targets are met, besides recalibrating and recycling the benchmarking process to ensure that the best practices identified are up to date.

The phases of the “Xerox” model and the model proposed by Anand and Kodali [34] were compiled and associated in Figure 2.

Figure 2. The benchmarking model proposed by Anand and Kodali and the “Xerox” model. Source: Adapted from Anand and Kodali [34].
Low and Ang [69] list some benefits of benchmarking in CSR: challenging the status quo and providing direction for improvement; identifying performance gaps and promoting competitive awareness; and identifying the best CSR practices and the stepping stones to advance. Furthermore, as indicated by Branco [39], seeing CSR as a strategic issue, CSR benchmarking should be viewed as a long-term investment in the company’s future competitiveness. That is, although an immediate pay-off is not expected, this may bring long term benefits to the company and its stakeholders.

Parast and Adams [36] highlight that to obtain benefits from benchmarking, companies need to effectively understand their peers’ sustainability competencies, demonstrating that benchmarking depends on the availability and reliability of CSR data. This circles back to what has already been mentioned in this section: the value of sustainability reporting, materiality assessment and meaningful reporting standards.

As more and more companies are reporting CSR practices, it is crucial to establish a global, standardized, trusted, accessible and useful database, that can be used not only by financial stakeholders, such as investors, to assess the performance of companies, but also by the companies themselves in the benchmarking process with peers that are reporting similar information [38].

3. Methodology

As mentioned, the underlying goal of this study is to investigate whether the enhanced UNGC CoP can be used as a sustainability benchmarking tool and compare its applicability in this process with other world-renowned frameworks. The methodology is divided into two parts, one for each research question.

3.1. RQ1: Can the Enhanced UNGC CoP be Used as a Sustainability Benchmarking Tool?

Although the answer to this question is simply “yes” or “no”, the process to confirm it requires a few steps. First and foremost, the UNGC CoP is a reporting tool, and its main purpose is to communicate progress—as the name “Communication on Progress” suggests. In this study, the goal is to assess its applicability as a benchmarking tool, without making any changes to its structure or operating mode.

Based on the literature review, it was possible to identify aspects that are paramount for both the sustainability reporting and benchmarking processes and, consequently, are key for an efficient CSR benchmarking tool. Table 3 summarizes these aspects, that will be used in the first assessment (RQ1-A1): whether the CoP meets these criteria for a benchmarking tool.

<table>
<thead>
<tr>
<th>Key Aspects</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comparable indicators and alignment with reporting standards</td>
<td>[33,36,37,41,43,51]</td>
</tr>
<tr>
<td>Ample coverage of sustainability topics</td>
<td>[34–36,38,41]</td>
</tr>
<tr>
<td>Global reach</td>
<td>[34–36,38,41]</td>
</tr>
<tr>
<td>Data publicly accessible to all stakeholders</td>
<td>[33,34,36,38,41]</td>
</tr>
</tbody>
</table>

In the second assessment (RQ1-A2), based on the model proposed by Anand and Kodali [34], the CoP applicability and usefulness in the phases of the benchmarking model will be assessed. This model was selected because it is a thorough and detailed model, and it was built based on the “Xerox” model, the most widely used process and the foundation for several other models conceptualized over time. The benchmarking models have phases, and each phase has its own steps. In this analysis, the assessment will be made only at the level of phases, because steps are excessively specific and granular. Based on the model proposed by Anand and Kodali [34], this study analyzes whether the UNGC CoP is applicable, not applicable, or partially applicable to at least one step within the respective phase.
3.2. RQ2: What Differentiates the UNGC CoP from Other Existing Frameworks?

If the UNGC CoP can be considered a benchmarking tool, the next key question is what differentiates it from other well-known frameworks. To answer that, two assessments will be made. First: Based on selected key aspects, what are the differences between the UNGC CoP and other existing frameworks? Second: For each SDG, does the CoP provide qualitative information, quantitative, both or none?

For the first assessment (RQ2-A1), the UNGC CoP will be compared to GRI and CDP regarding the following aspects: alignment with the SDGs, data accessibility, data systematization, and topic coverage [33–38,41,43,51]. This selection of frameworks does not imply competition or opposition among the frameworks, it was based on the literature review that positions GRI as the main reporting standard in the world [42,43,46], and CDP, GRI, and UNGC CoP as frameworks designed toward broader audiences [65]. For the second assessment (RQ2-A2), each SDG will be evaluated.

4. Findings and Discussion

To start this section, the UNGC CoP will be examined regarding RQ1: Can the enhanced UNGC CoP be used as a sustainability benchmarking tool? In this regard, the first assessment (RQ1-A1) is based on the aspects proposed in Table 3.

The updated and enhanced UNGC CoP was launched in 2022 after a review process that involved various stakeholders, including UN entities, businesses, governments, investors, and civil society organizations. The current version of the UNGC CoP is deeply aligned with existing reporting standards, notably the GRI standards, besides other well-known methodologies such as CDP and TCFD. According to the UN Global Compact [11], this was by design, aiming to streamline the reporting process, instead of adding more criteria to the already crowded sustainability reporting landscape. This alignment also ensures that the information reported through the UNGC CoP is comparable both among different CoP submissions, and across the CDP questionnaires and corporate reports following the GRI guidelines produced by organizations.

In terms of coverage of sustainability topics, the UNGC CoP has a very broad scope. As seen in Table 2, SDGs 1 to 16 are covered by multiple CoP questions each. In addition to that and in line with the SDGs, the UNGC Ten Principles are also structured to cover a wide range of sustainability issues [61,70].

The UNGC has its global reach as one of its main strengths. As presented by Rasche and Waddock [20], transformational change requires quantity and quality: more participants engaging, learning, and improving their CSR performance. With thousands of companies reporting consistently yearly, CoP is expected to have a great potential to increase corporate accountability and ambition on sustainability [11]. Besides these participation numbers, the UNGC operating model, with a number of Local Networks around the world [60], is also noteworthy and enables the framework to contextualize the global discourse to the local level.

Finally, a crucial aspect: data accessibility. All UNGC CoP submissions, including data from previous years, are accessible to all stakeholders for free on the UNGC Participants page, in the respective company’s participant profile. As mentioned by Brockett and Rezaee [38], with more and more companies reporting CSR practices, there is an urgent need for a global, standardized, trusted, accessible, and useful database. The authors also highlight that such databases should be used not only by investors, who usually have access to private reports prepared on demand, but also by the companies themselves in the benchmarking process with peers that are reporting similar information. The UNGC CoP data openness also resonates with the reciprocity aspect of the benchmarking process, for instance, if the peers want to benchmark against the benchmarking company, as noted by Anand and Kodali [34].

As explained above and summarized in Table 4, the UNGC CoP meets all the aspects that are crucial for a benchmarking tool (RQ1-A1).
Table 4. Key aspects for a sustainability benchmarking tool (UNGC CoP results).

<table>
<thead>
<tr>
<th>Key Aspects</th>
<th>Does the UNGC CoP Meet the Criterion?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comparable indicators and alignment with reporting standards</td>
<td>Yes</td>
</tr>
<tr>
<td>Ample coverage of sustainability topics</td>
<td>Yes</td>
</tr>
<tr>
<td>Global reach</td>
<td>Yes</td>
</tr>
<tr>
<td>Data publicly accessible by all stakeholders</td>
<td>Yes</td>
</tr>
</tbody>
</table>

The second assessment (RQ1-A2) refers to the UNGC CoP applicability and usefulness in the phases of the benchmarking model proposed by Anand and Kodali [34]. Each phase of the benchmarking models has its own steps; however, for the sake of concision, this study only refers to the phases.

At the very beginning of the benchmarking process, the UNGC CoP is not applicable in phase 1, “Team formation”, or “Planning” in the “Xerox” model, which consists of selecting the staff who will work on the benchmarking project. Nonetheless, it is important to mention that the UNGC has other features that might be useful at this stage, especially focusing on capacity building. In phases 2 and 4, “Subject identification” and “Management validation”, still “Planning” in the “Xerox” model, the UNGC CoP might be used to identify the indicators that are reported and connected to each SDG, assuming that a sustainability benchmarking will be based on or at least related to the SDGs. This initial mapping may highlight which areas should be included or consulted in the process, which processes and resources will be required, and who in the management team should sign off the project. Regarding phase 3, “Customer validation”, it is possible to interpret that all stakeholders are potential customers for the CSR practices; however, the UNGC CoP is not applicable in this phase.

Parallel to “Xerox” model’s “Analysis”, phases 5 to 8, “Self analysis”, “Partner selection”, “Pre-benchmarking activities”, and “Benchmarking”, can all be conducted using the UNGC CoP. Preparing one’s CoP submission is a self-assessment itself, also serving as documentation of the current situation at the point when the benchmarking process took place. On the UNGC Participants page, it is possible to search and filter companies by their sector or country, which is useful when selecting benchmarking partners. Since all UNGC participants are required to submit a CoP, the pre-benchmarking steps of aligning the questions and information requested to peers are covered by it. The benchmarking phase is completed by collecting information relevant to the topics being benchmarked, this process is both time and resource intensive [6,34]. The centralized information provided by the UNGC CoP simplifies this stage by consolidating the data in one place, rather than requiring several webpages and reports in different formats and lengths.

The upcoming UNGC CoP data visualization tool [12] may streamline phase 9, “Gap analysis”, equivalent to phase “Integration” in the “Xerox” model, by enabling companies to visualize and understand where they stand regarding other peers. Important note: in June 2023, the UNGC paused the CoP submissions due to an internal decision, so the data visualization tool is not available for reporting companies as of the date of this publication. In this context, it is important to draw the UNGC’s attention to the relevance of this feature, in the sense that it should not be seen just as an optional accessory to the CoP, but rather as a central part of the framework boosting its usefulness and corporate applicability, while promoting sustainability ambition and continuous improvement.

For phases 10 to 12, “Action plans”, “Implementation”, and “Continuous improvement”, corresponding to phase “Action” in the “Xerox” model, the UNGC CoP can be seen as a lighthouse for navigating through different sustainability issues and goals. Being the initial self-assessment, the current year’s CoP answers can be the foundations for the action plans and monitoring process, while next year’s CoP should be always seen as the progress report, making it possible to map the indicators and results that must be disclosed, and predetermine some of the next steps for continuous improvement. The UNGC CoP’s questionnaire is focused on the SDGs and based on world-renowned frameworks; therefore,
it can be seen as steppingstones for CSR best practice, helping companies to deploy their resources more efficiently as indicated by Ayuso et al. [6].

The applicability of CoP in each of the phases previously mentioned, is summarized in Table 5, where we present the phases in the model proposed by Anand and Kodali [34], with the “Xerox” model’s corresponding phases in parentheses, and the assessment for each case whether the UNGC CoP is applicable, is not applicable or is partially applicable to at least one step within the respective phase. Regarding the benchmarking process proposed by Anand and Kodali [34], the UNGC CoP is applicable or partially applicable to at least one step in the majority of the phases; and considering the “Xerox” model, the CoP is applicable or partially applicable to at least one step in all its phases (RQ1–A2). It is important to highlight that the phases in which the framework is not applicable, “Team formation” and “Customer validation”, are mostly focused on the assessment of stakeholders, internal or external, rather than on corporate practices.

Table 5. Applicability evaluation based on benchmarking models (UNGC CoP results).

<table>
<thead>
<tr>
<th>Phases of the Benchmarking Model</th>
<th>Applicable?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Team formation (Planning)</td>
<td>No</td>
</tr>
<tr>
<td>2. Subject identification (Planning)</td>
<td>Yes</td>
</tr>
<tr>
<td>3. Customer validation (Planning)</td>
<td>No</td>
</tr>
<tr>
<td>4. Management validation (Planning)</td>
<td>Partially</td>
</tr>
<tr>
<td>5. Self analysis (Analysis)</td>
<td>Yes</td>
</tr>
<tr>
<td>6. Partner selection (Analysis)</td>
<td>Yes</td>
</tr>
<tr>
<td>7. Pre-benchmarking activities (Analysis)</td>
<td>Yes</td>
</tr>
<tr>
<td>8. Benchmarking (Analysis)</td>
<td>Yes</td>
</tr>
<tr>
<td>9. Gap analysis (Integration)</td>
<td>Yes</td>
</tr>
<tr>
<td>10. Action plans (Action)</td>
<td>Partially</td>
</tr>
<tr>
<td>11. Implementation (Action)</td>
<td>Partially</td>
</tr>
<tr>
<td>12. Continuous improvement (Action)</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Based on the results of these two assessments and answering RQ1, it is reasonable to affirm that the UNGC CoP can be used as a sustainability benchmarking tool.

The aim of RQ2 is to observe what differentiates the UNGC CoP from other existing frameworks. In the first assessment (RQ2-A1), the CoP will be compared to GRI and CDP regarding the following aspects: alignment with the SDGs, data accessibility, data systematization, and topic coverage.

Regarding alignment with the SDGs, starting with GRI, “Integrating SDGs into sustainability reporting” exhaustively details the connections between all the 17 SDGs and several types of GRI guidelines [47], general or sector specific. This is an important signal to standards setters and to other frameworks that pursue alignment with GRI guidelines. As mentioned before, the UNGC CoP is directly aligned with SDGs 1 to 16, with most SDGs being covered by multiple questions. The only Goal that does not have a specific question connected to it is SDG 17, which is often seen as a cross-cutting Goal focused on strengthening partnership to achieve all the other SDGs and the 2030 Agenda [1,11,66]. Therefore, it is possible to argue that questions covering the other SDGs are indirectly connected to its Goal, and lacking its own specific question is not necessarily a flaw. With a narrower focus and targeting environmental issues, CDP is strongly connected to SDGs 6, 7, 13, and 15 in its corporate questionnaires, and to SDGs 11 and 12 in the work with governmental stakeholders—cities, states, and regions [49].

As discussed before, data accessibility is an inherent aspect for the benchmarking process [34,38]. All UNGC CoP submissions, including historical data, are accessible to all stakeholders for free. Reports produced under GRI guidelines are also publicly accessible and are usually available on the respective reporting company webpage [45], for example in the sustainability, transparency, investor relations, or similar sections. CDP makes their information available in two formats—the CDP score and the reported information. Companies scores are available to all stakeholders and are exclusively the final rating
according CDP’s scoring methodologies, that is, they do not present details regarding the information that was reported by the company. In terms of the detailed information reported, it is only available if the company opts to disclose it publicly and regular users can only access 20 responses per year\(^4\). CDP sells different data packages\(^5\) for different users—corporate responses dataset, curated dataset, and academic license. These datasets are also included in different CDP memberships\(^6\), which also have associated costs. In summary, CDP data are only fully accessible to specific stakeholders.

Although standardization has been profoundly and successfully campaigned by GRI \([33,36,37,41–43,51]\), there is still an urgent need to establish a uniform, standardized, and globally useful sustainability database, as argued by Brockett and Rezaee \([38]\). In summary, data systematization refers to compiling and centralizing sustainability information into one place, instead of having diffuse sources of sustainability information.

As previously mentioned, reports produced under the GRI guidelines are usually available on the respective reporting company website. This means that, while the reports are standardized and publicly accessible, GRI does not have a central repository in which reports are made available to stakeholders \([45]\).

CDP responses are compiled and centralized on its own webpage, but as mentioned before there are limitations to regular users in terms of availability. Launched in 2023, the “CDP Corporate Environmental Action Tracker” is an important step forward. The new platform enables users to visualize corporate data aggregated and organized in the following categories: disclosure, governance, target setting, strategy and transition plan, target attainment, and target impact \([71]\). This new tracker does not have limitations for users and even allows downloading the underlying data in the visualization dashboard. However, so far, the tracker only presents a fraction of the information collected by CDP.

In relation to UNGC CoP, as already discussed, all submissions are centralized and made available to all users on the participant’s profile webpage. This enables users to search for sustainability information from different organizations, while being able to filter results by country and sector, in only one platform. In addition to that, the upcoming UNGC CoP data visualization tool may be a further upgrade in terms of systematization, allowing users to better visualize, compare, and track CoP information in the digital platform. As noted earlier, the UNGC paused the CoP process, so the data visualization tool is not available as of the date of this publication. The potential of this tool in relation to systematization is unique, particularly due to its immense range both in terms of number of reporting companies and coverage of sustainability topics.

Topic coverage is a recurring matter in this discussion. The balance between the information relevance, its accessibility and scope, is crucial to the framework’s usefulness and efficiency \([38]\). CDP targets environmental issues very deeply, with its corporate questionnaires focused on climate change, water security, and deforestation. GRI and the UNGC CoP have broader scopes, covering diverse sustainability topics in line with the SDGs and the 2030 Agenda.

Table 6 summarizes the comparison results (RQ2-A1). While GRI’s weakness is the lack of data systematization, CDP has limited accessibility and a narrow scope. UNGC CoP balances standardization, accessibility, centralization of information, and topic coverage. In addition, the upcoming visualization tool \([12]\) has the potential to improve UNGC CoP’s usefulness in terms of CSR benchmarking.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>UNGC CoP</th>
<th>GRI</th>
<th>CDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alignment with the SDGs</td>
<td>Yes</td>
<td>Yes</td>
<td>Partial</td>
</tr>
<tr>
<td>Data accessible to stakeholders</td>
<td>Yes, to all</td>
<td>Yes, to all</td>
<td>Yes, to some</td>
</tr>
<tr>
<td>Data systematization</td>
<td>Yes</td>
<td>No</td>
<td>Partial</td>
</tr>
<tr>
<td>Topic coverage</td>
<td>Broad</td>
<td>Broad</td>
<td>Narrow</td>
</tr>
</tbody>
</table>
The second assessment (RQ2-A2) regards the type of information provided by the UNGC CoP for each SDG: quantitative, qualitative, both or none.

Resorting to Table 2 [11], SDG 1 is covered by questions HR1–8, L1–5, L7–12, E1–10, E20, which only include qualitative information, such as details about corporate human rights policies related to non-discrimination practices, working conditions and rights of refugees and migrants. Questions HR1–8, E1–15, E20 are connected to SDG 2 and contain qualitative information, such as examples of corporate practices towards ensuring access to water and sanitation and commitments regarding land use. Questions L1–12, E1–5, E9, E10, E16–20 are related to SDG 3 and present both qualitative and quantitative information, including examples of corporate policies regarding safe and healthy working environment as well as frequency of injuries and incident rate.

SDG 4 is linked to questions HR1–8, L1–5, L8, L9, L11, L12, which include qualitative information, such as details of corporate practices to avoid child labor and to promote equal rights for women and girls. Questions G3–9, G11, HR1–8, L1–9, L11, L12 cover SDG 5 and present both qualitative and quantitative information, including examples of corporate policies to ensure equal rights, the percentage of women in managerial positions and the average ratio of remuneration of women to men. SDG 6 relates to questions HR1–8, E1–5, E10–22, which present both qualitative and quantitative information, including details of water-related corporate environmental policies and volume of water withdrawn in regions with high or extremely high water stress.

Questions E1–5, E9, E10, E20–22 link with SDG 7 and include both qualitative and quantitative information, such as examples of corporate policies focused on energy and resource use and the percentage of renewable energy consumption. SDG 8 encloses questions G1–9, G11–13, HR1–8, L1–5, L11, L12, E1–5, E9, E10, E20, which present qualitative information, including details of corporate policies to promote freedom of expression and adequate working conditions (e.g., wages). Questions HR1–8, L1–5, L11, L12, E1–5, E9–12, E20 are related to SDG 9 and contain qualitative information, such as internal and external capacity-building initiatives.

SDG 10 comprises questions HR1–8, L1–5, L11, and L12, which present qualitative information, including details of policies to promote and ensure the rights of refugees and migrants. Questions HR1–8, E1–12, E20 are linked to SDG 11 and contain qualitative information, such as examples of collaboration with governmental or regulatory environmental bodies. SDG 12 is related to questions E1–22, which present both qualitative and quantitative information, including examples of engagement with suppliers and customers and the percentage of revenue coming from and R&D investments in low-carbon products.

Questions E1–8, E22 are linked to SDG 13 and contain both qualitative and quantitative information, such as climate-related corporate policies and metrics as well as targets for GHG emissions. SDG 14 comprehends questions E1–8, E10, E13–16, E18–22, which include both qualitative and quantitative information, such as corporate policies focused on oceans and metrics for generated hazardous waste and single-use plastics. SDG 15 is related to questions E1–5, E10, E13–15, E17–22, which present both qualitative and quantitative information, including examples of engagement activities regarding biodiversity conservation and the area (hectares) impacted by restoration or protection activities. SDG 16 has connections with questions G1–13, HR1–8, L1–3, L5–8, E1–3, AC1–8, which contain both qualitative and quantitative information, such as examples of anti-corruption trainings and processes as well as details and percentages of the board composition in terms of diversity.

The assessment results (RQ2-A2) are summarized in Table 7. The UNGC CoP provides both qualitative and quantitative information to 9 out of 17 SDGs and provides only qualitative information to 7 SDGs. As noted earlier, SDG 17 is not related to any specific question.
Table 7. Information provided regarding each SDG.

<table>
<thead>
<tr>
<th>SDG</th>
<th>Information Provided by the Framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal 1</td>
<td>Qualitative</td>
</tr>
<tr>
<td>Goal 2</td>
<td>Qualitative</td>
</tr>
<tr>
<td>Goal 3</td>
<td>Both</td>
</tr>
<tr>
<td>Goal 4</td>
<td>Qualitative</td>
</tr>
<tr>
<td>Goal 5</td>
<td>Both</td>
</tr>
<tr>
<td>Goal 6</td>
<td>Both</td>
</tr>
<tr>
<td>Goal 7</td>
<td>Both</td>
</tr>
<tr>
<td>Goal 8</td>
<td>Qualitative</td>
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<td>Goal 9</td>
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<td>Goal 17</td>
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The assessments addressing RQ2 indicate the aspects that make the UNGC CoP stand out in comparison with other frameworks. The CoP covers a wide range of sustainability topics, encompassing nearly all SDGs and, in more detail, providing qualitative and quantitative information regarding more than half of the Goals in the 2030 Agenda. In addition to the broad scope, the information available is widely accessible, centralized, and structured in line with key reporting standards.

5. Conclusions

More and more companies are reporting their CSR efforts in a landscape with a multitude of sustainability standards and frameworks [37]. In addition to that, there are several benchmarking models with different methods for companies to identify gaps and improve performance [34–36]. In this crowded scenario, this study aims to optimize resources and streamline the benchmarking process.

Results point out that the UNGC CoP can be used as a sustainability benchmarking tool and that its key advantages are the alignment with the SDGs, data accessibility and centralization, and broad scope. These aspects are directly related to Brockett and Rezaee’s [38] suggestion of an urgent need for a global, standardized, trusted, accessible, and useful database.

The aspects that validate the UNGC CoP applicability as a benchmarking tool are also its main advantages in comparison with other frameworks: data availability and accessibility, range (both in terms of number of reporting companies and coverage of sustainability topics), and data centralization.

As discussed, data availability and accessibility are essential for the benchmarking process. Companies need to properly understand the existing CSR practices in different topics to truly obtain benefits from the benchmarking process. And, although the number of participating companies alone is not a metric of success, transforming whole economies requires both quality and quantity [20]. With thousands of companies actively engaged and using the CoP, the UNGC has immense potential to drive change and promote CSR practices. Besides these numbers, as identified in this study, the ample coverage of the SDGs underlines the UNGC CoP status.

Furthermore, while standardization has come a long way, there is still an urgent need to establish a uniform, globally useful sustainability database [38]. Both CSR benchmarking and the implementation of good practices are time and resource intensive processes. By centralizing CSR practices into one platform, the UNGC CoP can simplify and mainstream these activities.
In fact, our recommendation is not that the CoP should replace all the other CSR initiatives. It can and should be used in conjunction with other frameworks, for instance, identifying overarching sustainability strategies or policies, while frameworks with narrower scopes (e.g., CDP or TCFD) can provide deeper and more specific insights.

There is also a particular potential for CSR if companies combine reporting and benchmarking. Perceiving reporting as part of the overall benchmarking process may help companies to focus and deploy resources more efficiently. Preparing the CoP submission should be seen as an opportunity for communicating progress, while identifying gaps and seeking insights on how to move forward when stalled. Also, as seen in the results, the UNGC CoP can be used both in the early and late stages of the benchmarking process. As the initial self-assessment, the current year’s CoP may identify gaps and define action plans for improvement, while next year’s CoP should always be seen as a progress report, in which indicators and results are monitored. Integrating reporting and benchmarking might optimize resources and avoid duplication of efforts.

Moreover, beyond the CoP, the UNGC has aspects and mechanisms that are simultaneously, and paradoxically, examples of implicit and explicit CSR. The Ten Principles and being part of a group of businesses aiming to improve CSR practices are implicit CSR features; focusing on reputational gains and the CoP itself, centered on reporting firm-level performance, are explicit CSR attributes. These blended implicit–explicit aspects may also complement and improve the benchmarking process. Phases such as “Team Formation”, “Implementation”, and “Continuous improvement” may not be fully addressed by the CoP (explicit CSR), but might be covered by other initiatives, such as community-based, peer-learning opportunities available to UNGC participants (implicit CSR), such as the ones listed in their webpage.

This paper contributes to both research and practice. Regarding the former contribution, by presenting in an academic journal for the first time the enhanced UNGC CoP and comparing it with relevant sustainability reporting initiatives, we hope to be the first of a series of studies on this new instrument and stimulate the development of a stream of research on it. Concerning practical contributions, the information presented regarding the instrument and the comparison with other reporting standards and frameworks developed can be of use to corporate managers in developing their sustainability reports using the UNGC CoP. Given that many sustainability reports are developed on the basis of several standards and frameworks, the comparison between some of them we offered is likely to be of interest to firms that prepare such reports. Since the enhanced UNGC CoP is a very recent tool, our paper and the studies that can be developed in its wake can be a guiding force in the further improvement of this reporting instrument to meet the information needs of firms and their stakeholders, thus also being likely to be useful to the UNGC and its stakeholders.

While this study examines and highlights several aspects, strengths, and applications of the UNGC CoP, here is a noteworthy reflection: preparing the CoP must not be the main goal of UNGC participants. Adams and Mueller [58] indicate that CSR reporting should focus on driving change and promoting continuous improvement. And Ali et al. [51] warn that, although important, reporting is not the end in itself, but rather the means to an end.

Although this study answered its main questions, others were raised, for instance, regarding the UNGC CoP materiality assessment, performance monitoring, and CSR practices and trends.

The main limitation was the unavailability of the UNGC CoP data visualization tool. As mentioned before, the CoP submissions were paused and the platform for visualizing the data were not available until the publication of this study. This tool would have made it possible to assess trends among the EAP data and to better understand how stakeholders may visualize the CoP information.

Other limitations and questions are noteworthy to mention: the CoP Questionnaire and Guidebook do not present details regarding materiality (financial, impact, single, double materiality) and, consequently, this study did not focus on the CoP definitions
of materiality. Specifically, the CoP does not detail its materiality approach and not all questions are mandatory. What are the most adequate definitions regarding materiality in this situation? Do these aspects undermine the data quality and reliability? Can it be too flexible and too permissive, allowing companies to ignore or omit key information?

Also, the lack of verifiable obligations and monitoring might undermine the UNGC’s purpose. Can the new CoP and the increased visibility over corporate CSR performance address this issue? What are other possibilities that the UNGC may explore to promote accountability, verify progress, or allow third parties to track participants’ commitments and efforts? Furthermore, the assessments and comparisons in this study are mostly focused on sustainability reporting frameworks and not so much on sustainability ratings, can this additional assessment contribute to the discussion?

Finally, with more companies reporting in the next years, trends might emerge among reporting companies. This might be a good opportunity for new studies to discuss UNGC participant’s practices and the outcomes of the initiative and propose improvements to the framework.

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Notes
1. According to information provided by the organization on its webpage: https://unglobalcompact.org (accessed on 17 April 2024).
2. UNGC Participants page: https://unglobalcompact.org/what-is-gc/participants (accessed on 17 April 2024).

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70. UN Global Compact. The Ten Principles: UN Global Compact; UN Global Compact: New York, NY, USA, 2015; Available online: https://unglobalcompact.org/what-is-gc/mission/principles (accessed on 10 August 2023).

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