HUMAN RIGHTS
LABOUR
ENVIRONMENT
ANTI CORRUPTION
PARTNERSHIPS FOR DEVELOPMENT

An inspirational guide
to implementing the Global Compact

THE GLOBAL COMPACT

United Nations Global Compact

The UN Global Compact

The UN Global Compact is the world's largest voluntary corporate citizenship initiative with thousands of participants located in over 100 countries. As a multi-stakeholder initiative, the UN Global Compact brings together all relevant actors – government, business, labour and civil society – to advance universal principles in the areas of human rights, labour standards, the environment and anti-corruption.

For more information, please visit: www.unglobalcompact.org.

Editor's note

Neither the United Nations nor the Global Compact Office researched or verified any of the company examples contained in this document and as such cannot make any representations concerning the accuracy of any of the information herein. The inclusion of company examples is solely to facilitate learning and does not constitute an endorsement by the United Nations or the Global Compact Office of any of the individual companies described herein or of any of their policies or practices. The material in this publication may be quoted and used provided there is proper attribution.

Putting Principles into Practice

The Global Compact was launched seven years ago as a call to action to the business community to join forces with the United Nations and other stakeholders to create a more sustainable and inclusive global marketplace. From its inception, the Global Compact has consistently asked its participants to embrace two complementary objectives which together define responsible corporate citizenship. First, internalize the ten principles by integrating them in strategy and operations. Second, undertake partnerships with other stakeholders to advance UN goals.

Over the years, the idea and practice of responsible business has evolved significantly. Many lessons have been learned. Overall, participants have made good progress. A commitment to the Global Compact is no longer seen as a defensive approach to avoid damage to brand and reputation. Increasingly it is understood as a strategic framework to manage risks and to create value for business and society at large.

Aspiring responsible corporate citizenship requires sustainable efforts, leadership commitment and a willingness to embark on a process of continuous organizational change. However, there is no one-size-fits-all approach to its implementation. Instead, companies are encouraged to develop policies and practices that are best suited to their specific operating environment.

All around the world, companies undertake hundreds, if not thousands, of activities in support of the Global Compact. Not all of them can be given the recognition they deserve. For this Inspirational Guide to Implementing the Global Compact, twenty-one companies from all continents, representing a wide range of industry sectors, have been invited to share their experiences and the concrete activities they have developed to address key challenges in the areas of human rights and labour rights, the environment, anti-corruption and partnerships for development. The cases that are presented in this guide illustrate the richness and diversity of practices that companies are engaged in. Together, they truly define corporate citizenship in the spirit of the Global Compact's universal values.

It is my hope that these experiences will inspire further action and ultimately help bringing us closer to achieving our common vision.

– Georg Kell
Executive Director
UN Global Compact
July 2007

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An obligation and an opportunity

The discussion of the role of businesses in society understandably continues. Upholding human rights and labour standards, protecting the environment, combating corruption and promoting broad societal development is primarily the responsibility of governments. But an increasing number of enterprises are integrating the practice – and even advocacy – of these issues into their business. Not as a charitable add-on, but as an integrated core business activity.

Many factors have brought us this far.

Globalization has increased the reach and influence of business. Globalization has also made business more vulnerable to events happening far outside their traditional sphere of influence. Privatizations and deregulation have meant that private companies have taken over activities that used to be public, and we expect these companies to act in the public interest to a far greater extent than previously.

Several companies have with foresight led the drive to become responsible corporate citizens. Not in response to criticism and not because financial forecasts and analysis had convinced them that it was a good way of doing business, but because they found that it was the right way of doing business.

This booklet describes a series of company initiatives which hopefully will inspire and encourage you. Common to all companies is that they have chosen to commit to the ten universal principles of the United Nations Global Compact. They demonstrate how different companies in different industries have chosen to meet the obligations of the Global Compact in a way that suits and enhances their particular business situation. It is a unique strength of the Compact that companies do not have to follow a prescribed formula, but can choose the approach that suits their business the best – as long as they are committed to transparency and accountability.

These initiatives are also examples of bold leadership. Leadership which champions innovation and creativity to find solutions that benefit both business and society. Leadership that gives employees the space and mandate to take action, because employees who work close to the problems often have the best solutions.

Companies are increasingly developing solutions in partnership with local colleagues, local civil society, local champions and agencies. To be successful, these partnerships must of course be based on trust. Trust can be hard to come by as businesses often are perceived to act in their own interest only. Thus, trust must be built upon an open dialogue about the issues and about the interests and concerns of all the parties involved. When this occurs, we can really achieve change.

In my experience, The Global Compact is a great foundation for effective partnerships, and for business-to-business collaborations. By agreeing to build a business relationship on pragmatism, on the universal and apolitical content of the principles and their global recognition as signs of business stewardship, companies send a strong signal of determination to fight the root causes of global unrest: the uneven distribution of resources and rights.

Is it an obligation we have as business people. I personally think so, but I have over the years come to realize that it is something much more than that. It is really a great opportunity to be part of a business enterprise which not only contributes to the benefit of society through its financial performance, but also allows and expects you to work to improve the well-being of humankind.

Let the stories presented in this guide inspire you to take action and contribute to positive change.

Mads Oevlisen
Chairman of the Board, Lego Group, Member of the Global Compact Board

Human Rights

Principle 1
Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2
make sure that they are not complicit in human rights abuses.

The first two principles of the Global Compact are based on the Universal Declaration of Human Rights (UHDR) that was signed by the member states of the United Nations in 1948. States have a duty to respect, protect and fulfill the human rights of their citizens and of people living in their territories. However, it was understood by the Member States of the United Nations when adopting the UDHR that achieving universal enjoyment of the rights would require immense efforts by all, including business. States therefore included in the UDHR a call on "every individual and organ of society" to strive to promote respect for the rights included in the UDHR and "to secure their universal and effective recognition and observance."

Over the past decade, there has been increasing focus on the role of business in relation to human rights. Although many companies routinely apply human rights in their day-to-day operations, there is substantial debate over which human rights can and should apply to business, in what way, and what should happen in cases where companies face allegations of complicity in human rights abuse. The exact boundaries of companies' human rights responsibilities still remain to be clarified. However, the private sector can also benefit from respecting and promoting human rights. Business increasingly needs a stable international environment in which to operate. Many companies have realized the benefits of operating in countries governed by the rule of law and respect for human rights. In addition, companies that promote and respect human rights may enjoy a number of commercial and other benefits. They include: improved stakeholder relations; improved employee recruitment, retention, and motivation; a more secure license to operate; increased security of investments in countries governed by the rule of law and respect for human rights; reduced risk of consumer action; reduced risk from human rights related legal action; and reduced reputational risk.

However, human rights remains one of the most challenging areas of corporate citizenship and companies are confronted with numerous challenges as they translate Principles 1 and 2 into action. Some of these challenges include:

- Determining why human rights are relevant for a particular business, including the business case for the company to respect and even promote human rights. This involves identifying the human rights that are most relevant for the company.

- Determining whose human rights the business should be concerned about.

- Ensuring that the company is not involved or complicit in any human rights abuses. This is particularly challenging for companies with far-reaching supply chains.

- Identifying what can be done within the business' sphere of influence to respect and possibly even promote human rights. This implies determining the sphere of influence for a particular business.

- Identifying opportunities to work with other businesses to advance human rights.

Embedding values in business operations

Company Name
Newmont

Website
www.newmont.com

Headquarters
USA

Countries of Operation
8

Employees
15,000

Sector
Metals & Mining

Global Compact Signatory Since:
2004

NEWMONT
The Gold Company

Founded in 1921, Newmont is one of the world's largest gold producers with operations on five continents. Headquartered in Denver, Colorado, Newmont employs approximately 15,000 people, with mines in the United States, Australia, Peru, Indonesia, Bolivia, Ghana, New Zealand and Mexico.

The Challenge
In 2002, Normandy Mining, an Australian company, and Franco Nevada, a Canadian company, were merged into Newmont. Now the world's largest gold producer, Newmont was confronted with the challenge of creating alignment across facilities that spanned the globe, as well as designing a vehicle that could drive continuous improvement in health and safety, environment protection and community relations.

The merger occurred at a time when the debate about the role of the private sector in helping to promote and protect human rights gained significant momentum. Newmont had already been a sponsor of the Mining, Minerals and Sustainable Development (MMSD) project, a two year independent process to examine the role of the mining sector in sustainable development. Newmont also became a participant in the Voluntary Principles on Security and Human Rights. What the company needed was a way to drive the new company's values and commitments out to its operations and embed them in daily activities.

The Actions
During the second half of 2002, Newmont worked to transform the standards and assessment process developed by its legacy companies so that it could serve as a basis to drive change and improve performance across the company's global operations. In 2003, Newmont commenced its first round of baseline assessments against the new management systems and standards. It became known as Newmont's Five Star Management System.

The foundation of Newmont's Five Star approach includes company policies on environmental protection and social responsibility. The Five Star approach features two types of standards: management systems standards and discipline-specific standards. The management systems standards are similar to ISO 14001. The discipline-specific standards address issues or risks that are found in each functional area. Each standard is supported by a set of guidance and often tools that help operations achieve the requirements of the standard. For example, the Human Rights Awareness standard has a set of guidance, a human rights primer, and conflict and human rights assessment tools.

Newmont uses external auditors to conduct annual Five Star assessments. Consistent with Newmont's provision of tools to operations groups, the assessments are designed to drive continuous improvement. Newmont would like to include stakeholders as observers in the assessment process, but lack of recognition of the Five Star program by external observers has hindered such efforts.

The Benefits
Management systems cannot be said to have direct impacts on the well-being of society and the environment. However, the Five Star Program ensures that Newmont takes an integrated approach to managing all social and environmental issues. Better management of these issues means that negative impacts on people and communities are less likely and positive impacts are maximized.

The Five Star Program has increased understanding across Newmont of the impacts and opportunities that the company can have on, or provide to, individuals, communities and the environment. It has also driven the development of processes to manage these risks, which have the potential to interrupt production at the operations level, while damaging crucial business relationships and the company's reputation.

Patrimonio hoy: better lives through better homes

Company Name
CEMEX

Website
www.cemex.com

Headquarters
Mexico

Countries of Operation
50

Employees
Over 50,000

Sector
Construction materials

Global Compact Signatory Since
2004

CEMEX is a growing global building-solutions company that provides high quality products and services to customers and communities across the world. Founded in Mexico in 1906, CEMEX now operates in more than 50 countries and maintains trade relationships with more than 100 nations.

The Challenge
Adequate housing is a basic human right enshrined in the Universal Declaration of Human Rights. Yet, like many other human rights, not everyone has experienced it.

Mexico faces a severe housing shortage that affects the daily lives of more than 20 million people. Many low-income families are forced to devote their free time to building their homes. These homes are typically very basic, and construction is slow and inefficient. The majority of self-builders have no formal skills to develop reliable construction plans. With no formal background in construction, self-builders are often deceived by building materials retailers. They are treated poorly, receive the wrong or lower quality materials, and do not receive materials on time. Moreover, low-income families' limited purchasing capacity translates into a lack of access to services, such as financing, warehousing or transportation, which would allow them to build more efficiently and to reduce waste.

CEMEX seeks to enhance community life through a diversity of actions, including helping low-income families to build or improve their homes. The approach aims to align the values and commercial objectives with the needs of communities.

The Actions
In 1998, CEMEX sent employees and consultants to Mesa Colorada, a low income community of 90,000 residents on the outskirts of Guadalajara, México. The team lived in this community for more than 18 months to discover the principal barriers to adequate housing.

Since that time, CEMEX's Patrimonio Hoy (PH) program has served low-income clients through a comprehensive building-solutions approach. Among its core components, PH has given low-income families access to building materials through a simple and innovative credit system. Families group together into a self-financing cell and commit to save for ten weeks, paying for the materials they need for the program. CEMEX provides the necessary materials in the second week, extending credit for the remaining weeks. The program has a 70-week cycle, time enough to complete the building.

PH's lending model considers the community's social capital as valid collateral. If a member fails to make their contribution, all group participants temporarily lose access to PH services. Additionally, PH offers warehousing facilities, access to CEMEX's network of certified distributors, and technical assistance including architectural advice, tailoring its customer service to suit the needs of these customers.

The Benefits
CEMEX believes that people can live better through better homes.

Through Patrimonio Hoy, CEMEX has helped more than 165,000 low-income families to construct safe and durable homes. This has been achieved at 70 percent of the former cost and less than one-third of the usual time, while maintaining credit repayment rates above 99 percent.

PH has profound social impacts. It develops competencies within community families, and contributes to economic development and social welfare. About 15 percent of PH families who have built an additional room are using it to run a small business. The program promotes family unity as well as a sense of independence and achievement, helping low-income clients realize that they can build their own future.

PH shows that a company can grow its business and encourage community development at the same time. The program reaches out to new customers and has an excellent repayment rate. The risks are low and the benefits are high. CEMEX plans to expand the program to two million Mexican families by 2010. Following the program's success in Mexico, it has been replicated in Colombia, Venezuela, Nicaragua, and Costa Rica.

- Bhaskar Bhat,
Managing Director-
Titan Industries-Bangalore,
India (A Tata Enterprise)

“Corporate Social Responsibility is synonymous with Corporate Sustainability and should be embedded in the business planning process. Bringing a smile to the community creates customer affection which, in turn, ensures long-term sustainability”

Enabling the differently-abled

Company Name
Titan Industries Ltd.

Website
www.titanworld.com

Headquarters
Bangalore – India

Countries of Operation
30

Employees
3,000

Sector
Textile, Apparel and Luxury Goods

Global Compact Signatory Since
2002

TITAN

Titan Industries Ltd., a member of the Tata Group of companies, is India's leading producer of watches and jewelry. Headquartered in Tamil Nadu, Titan Industries manufactures over 8 million watches annually, operates 616 service centres, and exports its products to more than 30 countries around the world.

The Challenge
Despite considerable economic growth over the past decade, a large percentage of India's population remains poor, with limited access to employment and other income-generating activities. Access to employment is a particular challenge for persons with disabilities, which rank among the least affluent in Indian society. It is estimated that fewer than 1% of the approximately 70 million disabled persons in India are employed, which leads to economic disadvantage, denies rights and limits opportunities for the disabled to play constructive roles in their communities.

In general, Indian business' record of providing job opportunities to persons with disabilities has not been excellent. Titan Industries, however, has taken steps to reverse this job-market bias through numerous initiatives that target persons with disabilities.

The Actions
Titan Industries recognizes the important role that the private sector can play in empowering vulnerable population groups. One of the objectives of Titan's Community Development Policy initiatives is to improve the opportunities for "differently-abled" people. In implementing this policy, the company identifies persons with disabilities from the surrounding communities in Tamil Nadu and provides them with suitable employment opportunities. Typically, these jobs involve tasks with low levels of bodily risk, a minimum of required physical movement and/or little need for verbal communication. For example, the physically impaired are given positions polishing watch cases and assembling components, the hearing impaired assembling watches, and the vision impaired working in Titan Industries' packaging and despatch division.

In addition to Titan Industries' strategy of recruiting persons with disabilities, the company also addresses the special needs of its employees once they are on the job. Titan offers special training to enhance their technical competence and computer literacy; it has established non-discrimination policies; and it seeks to create a conducive work environment by creating an ergonomic working area. The company is also offering grievance handling and counseling to tackle problems such as exploitation, marital problems and emotional problems that its disabled employees may face.

The Benefits
At Titan Industries, persons with disabilities are accepted as equal members of the workforce and given commensurate opportunities to contribute and earn a decent living. In its approach, employing persons with disabilities is not philanthropy but a realization that persons with disabilities are an integral part of society and deserve understanding, support and opportunities rather than charity or misplaced compassion.

Currently, Titan employs 117 persons with disabilities (representing 6.42% of its workforce), including those with auditory, physical and visual disabilities. As a result of the opportunities it makes available, Titan believes that the quality of life of these employees has improved to a great extent. The program is also changing the mindset in India regarding the employability of persons with disabilities.

Finally, this policy has been a success not only in terms of the positive effects on persons with disabilities but also on Titan's bottom line. Persons with disabilities are often more loyal and focused on their jobs and the productivity and quality of Titan's disabled employees has never been an issue.

Stepping stones to a system

Company Name
Sasol

Website
www.sasol.com

Headquarters
South Africa

Countries of Operation
30

Employees
30,000

Sector
Chemical

Global Compact Signatory Since
2001

Sasol is a South African-based integrated oil and gas company, focusing on coal extraction and the production of chemicals and synthetic transportation fuels. Formed in 1950, Sasol employs more than 30,000 people. The company has embarked on an ambitious programme of international growth, with plants being established in Qatar, Nigeria as well as Algeria, China, Australia, the US and India.

The Challenge
Several of the countries that Sasol has identified for possible investments have been singled out as having state institutions that breach human rights obligations. Because many of its proposed investments are in the form of joint venture partnerships with host country governments, Sasol runs the risk of being deemed complicit in any potential state abuses directly or indirectly associated with its projects.

As a natural resource company, Sasol has to go where the resources are located. This has brought additional concerns beyond complicity in human rights abuse. Sasol is challenged to fulfill its stated commitments to employee share-ownership in countries where it is not permitted, and to recognise collective bargaining where union activity is restricted. Operating in countries where the state violates privacy rights and screens personnel on the basis of their religious belief, gender or HIV/AIDS status brings another challenge. Finally, the company also experiences challenges in ensuring that government resettlement programmes related to their joint venture projects are carried out in accordance with internationally accepted norms.

The Actions
As Sasol expands into countries that have been criticized for their human rights records, and in light of the blurring responsibilities between companies and host governments, there is a need for more systematic management of human rights risks.

Sasol is convinced that the only effective route to long-term protection of human rights is to implement a company-wide management system. To date, Sasol has focused on five elements of the system:

- Providing human rights awareness and training programs. Initially, the emphasis is on human resources and project-related employees. Over time, the programs will reach all employees.
- Integrating human rights issues more formally in project and country risk assessments. Assessments are used for all projects, no matter how small or where they are planned.
- Further integrating human rights concerns in company policies and procedures. Because more than 80 percent of Sasol's employees are based in South Africa, the initial focus is on black economic empowerment (BEE), a government requirement. BEE issues are included in supplier reviews.
- Consulting and communicating on human rights issues. This is achieved through focus groups, case studies, and publications such as the Annual Review, Sustainable Development Report, and an employee newspaper.
- Developing monitoring and assurance mechanisms.

The Benefits
In addition to the moral case for respecting human rights, there are various ways in which the company's structured approach is beneficial.

By proactively identifying possible human rights concerns, Sasol is able to more effectively address potential risks. A poor reputation can affect government relations and impede Sasol's ability to operate. On the opportunity side of the equation, initiatives such as the Equator Principles and the Dow Jones Sustainability Index have made it increasingly apparent that socially responsible practices can improve access to financial markets and reduce the cost of capital.

sasol
reaching new frontiers

Labour standards

Principle 3
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4
the elimination of all forms of forced and compulsory labour;

Principle 5
the effective abolition of child labour; and

Principle 6
the elimination of discrimination in respect of employment and occupation.

The four labour principles are drawn from ILO Declaration on Fundamental Principles and Rights at Work, adopted in 1998 by governments, employers and workers from 178 countries. The Declaration represents a universal consensus that all countries, regardless of level of economic development, cultural values, or ratifications of the relevant ILO conventions have an obligation to respect, promote, and realize these fundamental principles and rights.

The ILO Declaration aims to ensure that social progress goes hand in hand with economic progress and development. These fundamental principles and rights provide benchmarks for responsible business conduct, and were incorporated into the ILO´s own Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. Businesses' adoption of policies that promote respect for universally acknowledged labour rights and principles does not eliminate governments' responsibilities and duties. Rather, respecting and promoting the four labour principles can provide a tool to help define and manage risk and create a more competitive business model.

The promotion of the four labour principles of the Global Compact can have a positive impact on a company's shareholder value in many ways, including higher productivity, increased retention of employees, improved reputation among consumers, lower training costs, fewer fines, a safer workplace and improved relations with government, other businesses and civil society.

The Global Compact does not suggest that employers change their industrial relations frameworks. But, as the International Organization for Employers has indicated, some 'high performance' companies have recognized the value of using dialogue and negotiation to achieve competitive outcomes. Studies indicate that the results from freedom of association can set in motion a "decent work cycle" that increases productivity, incomes and profits for all concerned.

Although some industry sectors are especially exposed to labour issues such as child labour or discriminatory practices, there are certain challenges and dilemmas that are relevant to a broad range of companies implementing the labour principles. These include:

- Developing procedures for how a company should react if it discovers child labour or forced labour in its operations or broader supply chain. Including strategies to prevent child labour and forced labour to from occurring in the company's supply-chain and distribution channels.

- Identifying the steps a company can take to avoid discrimination and promote diversity and equality in the workplace, especially in environments where there has been a history of systematic discrimination.

- Determining how a company can uphold freedom of association and the right to collective bargaining in countries in which free trade unions are illegal.

- Identifying the opportunities for business to cooperate with other businesses in tackling child and forced labour.

Empowering women to go beyond

Company Name
MAS Holdings

Website
www.masholdings.com

Headquarters
Sri Lanka

Countries of Operation
8

Employees
40,600

Sector
Textile & Apparel

Global Compact Signatory Since
2003

Established in 1987 and headquartered in Sri Lanka, MAS commenced with a team of just 60 people. Today the group has 28 manufacturing facilities with a combined workforce of 40,600 dedicated employees. MAS is the region's largest supplier of intimate apparel, partnering renowned brands of intimates, sportswear and leisure wear.

The Challenge
MAS plants are by and large located in rural areas, and women form the core 80% of MAS' total work force, while over 90% of the employees at MAS' apparel manufacturing plants are female. Realizing the need to be supportive of their large female workforce, MAS has developed a program for women in these communities to become empowered by recognizing their contributions to society and rewarding excellence. MAS' goal is to eliminate the perceived image that all apparel is manufactured under sweatshop conditions worldwide with rampant child labour and non- compliance with human rights and acceptable labour conditions.

Women who join the workforce need to balance multiple roles as mother, spouse, caregiver, and employee. In some families, the woman is the primary source of income. But in some societies women's rights are not enshrined or upheld. When women have limited access to education, or are considered valuable only for child bearing and rearing, they face tremendous challenges in career development and in receiving equal treatment.

The Actions
In 2003, MAS launched the "Women Go Beyond" program to empower their female employees. The program concentrates on promoting knowledge, awareness, leadership skills, attitudinal changes, and the ability to balance work and personal life. The program concentrates on advancing their careers, ensuring work-life balance and rewarding excellence by providing the right work environment for employees. In essence, Women Go Beyond helps women tap into their innate capabilities.

To encourage female employees to strive for higher positions, the program seeks to provide them with the necessary skills set through training in information technology, personal and professional financial management, English language, time management, and leadership skills.

The program supports work-life balance by providing crèche facilities and special programs for pregnant employees, learning programs on reproductive health, nutrition and domestic violence, and by promoting active lifestyles and team sports at MAS.

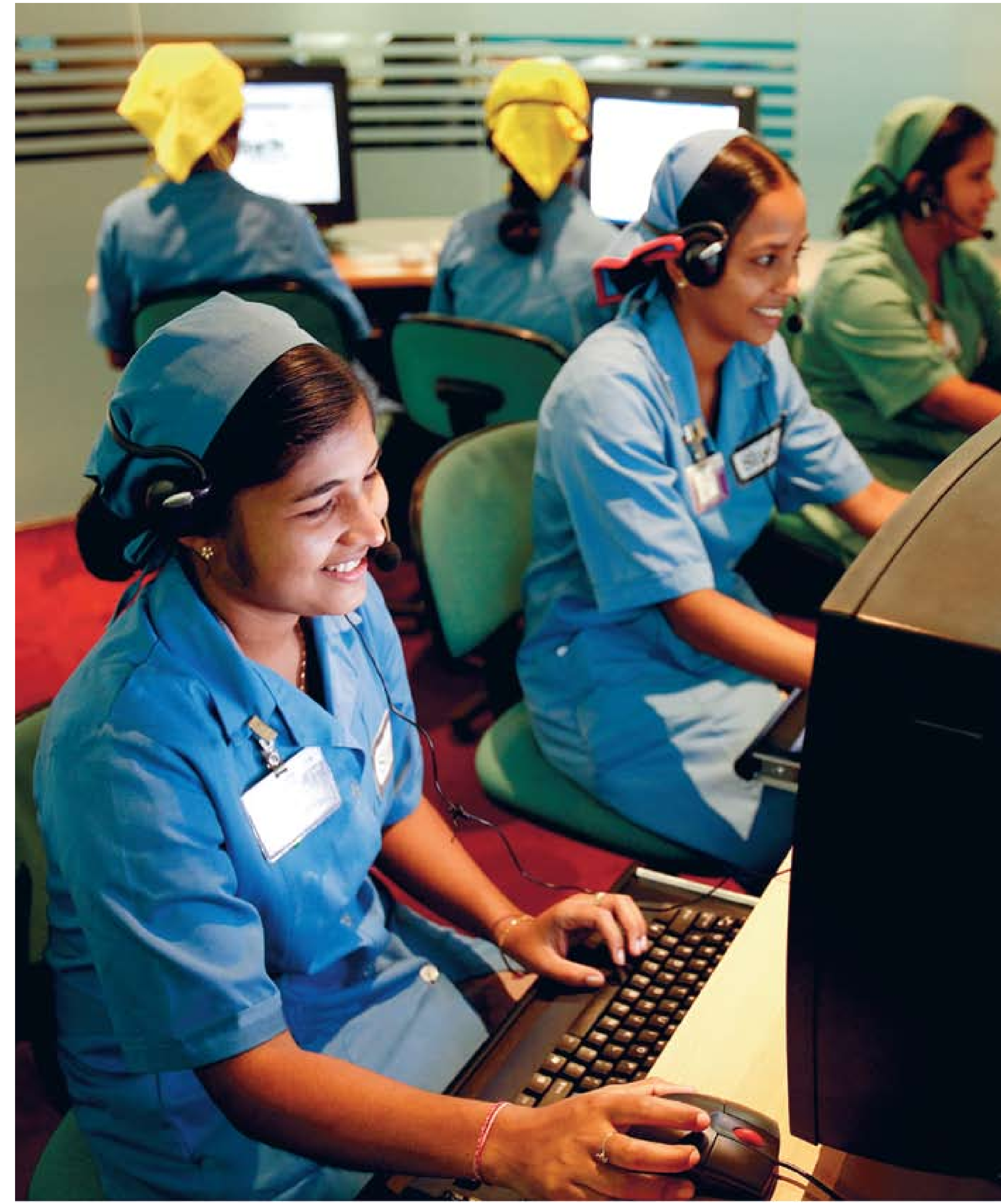
Women at MAS factories are rewarded for their contributions and excellence in academics, sports, commerce and arts at the plant, regional, national, or international level. Annually, each plant also chooses and rewards a woman who reflects the Go Beyond definition of an "Empowered Woman"– creating role models for others to emulate.

The Benefits
Today MAS has GO BEYOND teams in every apparel manufacturing plant which is led by a Go Beyond Champion impacting on average a total of 4500 women through 36 programs each month. Market research conducted in May 2006 determined that the Go Beyond program directly resulted in a positive change in the personal lives of more than 60 percent of women at the supervisory grade and 70 percent at the worker grade. On average the program affected each empowered woman employee six times in 2006.

GO BEYOND has received increasing international recognition. In 2005, the program was awarded the AAFA Award for Excellence in CSR for women's issues and in March 2006 the INSEAD Business School in France developed a case study on best practice of the company, among others. This has contributed to MAS international reputation as a socially responsible company.

The program has had impacts beyond MAS´ employees. In 2006 the Sri Lankan apparel industry launched a global branding campaign titled "Garments Without Guilt" using the Go Beyond program as its platform. In general, the program has helped to alter the impression that all apparel is manufactured in sweatshops with no respect for human rights. Through this program MAS has provided a means for women throughout Asia to become empowered financially and mentally.

MAS realizes that an empowered workforce is a motivated, innovative, and productive workforce.



Creating opportunities and transforming practices

Company Name
Deloitte Touche South Africa

Website
www.deloitte.com/za

Headquarters
South Africa

Countries of Operation
6

Employees
3,600

Sector
Professional Services

Global Compact Signatory Since
2007

Deloitte Southern Africa is a professional services company, headquartered in South Africa, providing audit, tax, consulting and financial advisory services through over 3600 personnel, including 250 partners and directors, in 17 offices.

The Challenge
The legacy of apartheid in South Africa is still evident. Inequality in education and employment, although it has diminished, nonetheless exists. The South African economy and society are undergoing a "transformation" that aims to create equal opportunities for all in the workplace. Every South African employer has a role to play in this transformation.

Deloitte Southern Africa endeavour to maintain their reputation through the recruitment and retention of the best people, while meeting the company's transformation objective. To this end, Deloitte provide world-class learning and career development for all their employees, thereby ensuring that they, their clients and the market benefit as a result.

The Actions
Deloitte has a comprehensive, long-term transformation strategy based on the philosophy of organic growth – developing talent from within. The company invests significantly in increasing the pool of black candidates through comprehensive bursary and scholarship programs, graduate development, and work readiness programs.

The company invests $4 million per year in education and training and awards bursaries to 550 students every year. In addition to the financial investment, all the students are offered an opportunity to attend workshops on a range of life and study skills while at university. Deloitte also contributes yearly to The Nelson Mandela/Unilever Post-Graduate Scholarship Fund for students going to international business schools.

Deloitte trainee accountants are running an initiative called Project Siyakhula on a voluntary basis. The project aims to enhance the level of accounting in previously disadvantaged schools through tutoring on Saturday mornings.

In addition to educational and development programs, Deloitte also focuses efforts on internal management processes. Each Business Unit within Deloitte must set annual diversity targets. The targets are closely monitored by the company's Transformation Advisory Board and senior leadership.

A number of diversity interventions, cultural events and discussion forums are held throughout the firm to support the transformation process. These events include visits to historically significant sites. Internally, discussion groups are held to facilitate meaningful conversations between staff at different levels, different races and genders.

The Benefits
Deloitte is creating opportunities for all South Africans to excel, irrespective of colour. Through the measures described above, Deloitte has increased the black staff proportion from 30 percent in 2000 to almost 50 percent in 2007, and blacks in the partnership from 6 percent in 2000 to 25 percent in 2007.

One of Deloitte's "Shared Values" is strength from cultural diversity, meaning that creativity and energy are unleashed in a diverse team. Deloitte's client base is becoming increasingly diverse and the company's ability to play a role as trusted business advisors is dependent on its ability to build relationships across a dynamic spectrum. With a more demographically representative employee population, Deloitte is able to draw on a much broader pool of talent and is able to service the needs of a range of clients.

Deloitte.

– Daniel Vasella
Chairman and CEO of Novartis

“Corporate Citizenship implies many things that add up to responsible behavior of a company within society. In the end, doing the right thing also makes business sense.”

Implementing a living wage globally – The Novartis approach

Company Name
Novartis AG

Website
www.novartis.com

Headquarters
Switzerland

Countries of Operating In
140

Employees
100,000

Sector
Pharmaceutical & Biotechnology

Global Compact Signatory Since
2000

NOVARTIS

Novartis AG, headquartered in Basel, Switzerland, discovers, develops and markets innovative products to treat patients, ease suffering and enhance the quality of life. The Group's medicine-based portfolio is focused on strategic growth platforms in innovation-driven pharmaceuticals as well as on high-quality and low-cost generics, human vaccines and leading self-medication OTC brands.

The Challenge
Especially in developing countries, legal minimum wage levels do not always fulfill the basic needs of a worker's family. Novartis is determined to ensure that salaries paid to all employees worldwide are on the safe side of a "living wage".

Despite the simplicity of the phrase, defining and determining a "decent living wage" is anything but simple. How far can labour standards be stretched without creating a privileged labour aristocracy, while leaving the poor majority in a country no better off? Apart from such fundamental challenges, the path to a generally accepted methodology for calculating a decent living wage is paved with questions like: What are normal needs and what is luxury? What should be used as reference prices? How are culturally required customs (e.g., religious celebrations) to be dealt with? What part of the monthly salary should be allocated for savings?

The Actions
In 2005, Novartis joined forces with the non-profit business association Business for Social Responsibility (BSR) to develop a replicable and credible methodology to calculate living wage levels for the over 60 countries where Novartis had a sufficient number of employees to make the calculations relevant. The methodology had to accommodate variations between a spate of local factors, as well as regional economic differences within countries.

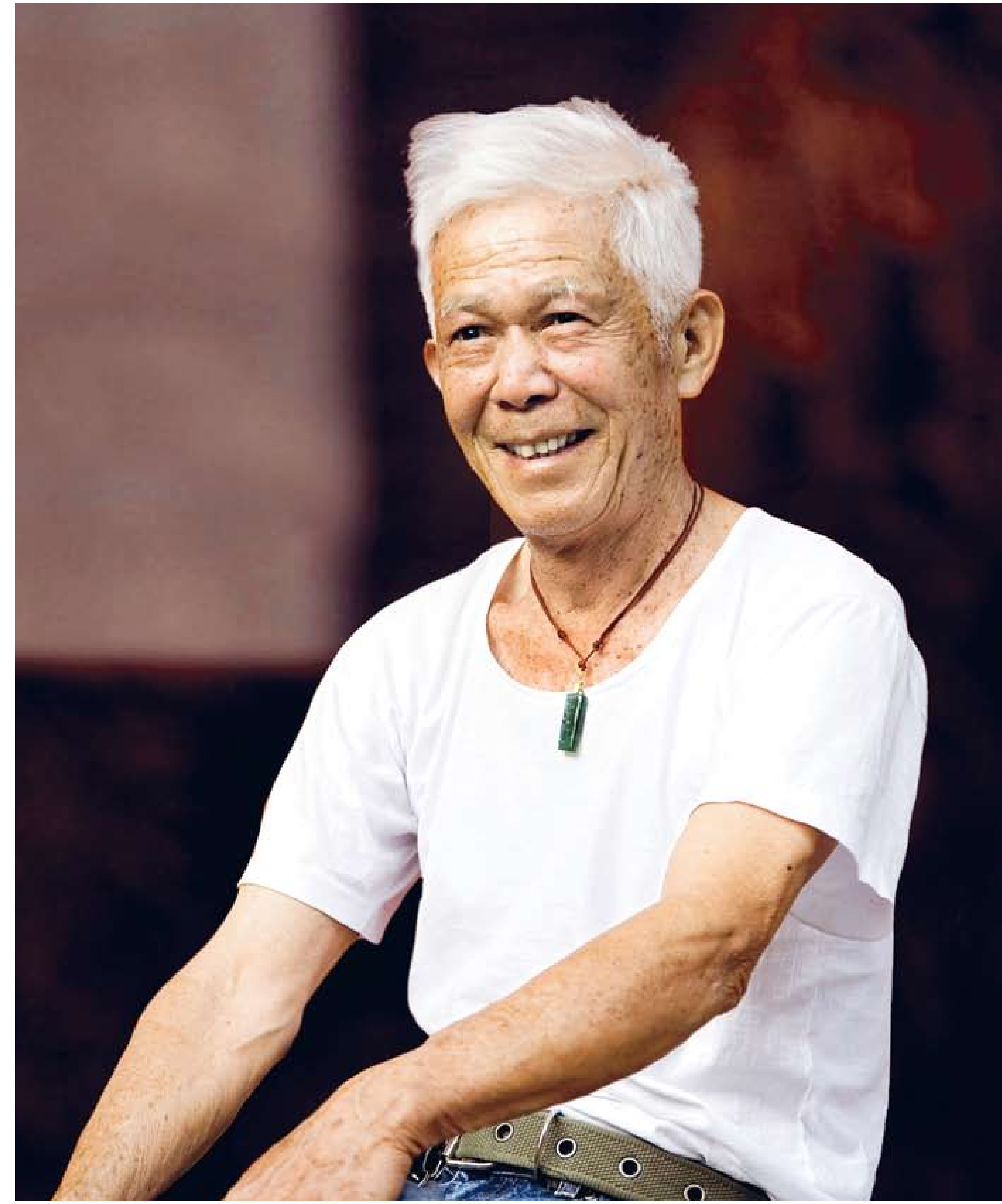
BSR used a "market-basket" model that entailed detailed surveys of the cost of items that a typical family (which in itself is difficult to determine) would need, including housing, food, education, healthcare, etc. With one of the major problems being non-existent or unreliable economic data, BSR divided the Novartis organization into OECD countries and developing countries. For the latter, the calculations were based on a study done in Mexico. Some countries commissioned local studies to review the Novartis/BSR calculations of a living wage. A study on behalf of Novartis India documented significant variations in living wage between cities.

Finally, the calculation was checked against a country's minimum wage and average wage, as well as existing calculations of a living wage, where available. In addition, Novartis management in each country was consulted, and in a few instances, a living wage level higher than the initial calculation was proposed, based on local market-basket research. As a result, wages were raised for 93 employees (out of more than 90,000) in early 2006, bringing the entire global workforce in line with living wage levels.

As the first company in its industry to set a living wage for its employees worldwide, Novartis believes a pragmatic approach is the best way forward. Novartis and BSR are working on procedures to update the 2005 calculations periodically, including adjustments for key factors such as inflation. With the expansion of the program, new challenges arise – particularly with regard to how the living wage initiative can be applied to third party suppliers. Novartis is currently studying this issue together with on-site suppliers in Switzerland. In the absence of examples, the only way to move forward is to learn by doing.

The Benefits
Living wages contribute to community stability and help to break the cycle of poverty. In developing countries, households where parents have higher average wages are less likely to send their children to work, increasing school attendance and chances to obtain better jobs. At the same time, living wages help to attract more skilled, productive, and loyal employees.

In general, Novartis' living wage initiative spurred internal and external acknowledgement for serious efforts to be a good corporate citizen. It is simply an essential element of the commitment to fair working conditions Novartis has made as one of the earliest signatories of the UN Global Compact.



Building a supply chain approach for improved labour conditions

Company Name
LEGO Group

Website
www.lego.com

Headquarters
Denmark

Countries of Operation
30

Employees
4,900

Sector
Leisure Equipment and Products

Global Compact Signatory Since
2003

The LEGO Group is one of the world's largest toy manufacturers, primarily focusing on construction toys, the famous LEGO© bricks. It was established in 1932 and has since then been dedicated to bring joy into children's lives through creative play material.

The Challenge
As globalization has increased, the LEGO Group has, as most other companies, begun sourcing their products and manufacturing from all over the world, often from developing countries. This has increased the necessity for the LEGO Group to look at more aspects than usual when finding suppliers to the production.

Unfortunately, labour standards are not commonly known and practiced in every part of the world, and suppliers in some countries fail to ensure compliance with key International Labour Organization (ILO) conventions that specify labour standards. For responsible companies it is not an option to sit back in complacency and risk being accused of complicity in mistreating employees. In addition to cost, quality, and service, companies now have to consider labour practices when identifying suppliers.

The Actions
In 1997, the LEGO Group developed a set of guidelines expressing the minimum requirements suppliers are expected to meet with regard to labour standards, human rights, the environment and anti-corruption. These guidelines are formulated in the LEGO Group's Code of Conduct, which is regularly revised – most recently in 2006.

Having a code is one thing, ensuring that suppliers are living up to it is another. An audit plan was therefore implemented to regularly check up on supplier implementation and adherence to the rules in the Code of Conduct. Over the years this command and control approach showed limitations. Results did not always live up to expectations.

Clearly there may be structural or cultural conditions that hinder immediate compliance with the requirements. Most importantly, suppliers must be prepared to actively work to eventually comply with the requirements.

New approaches were considered. For some regions, the LEGO Group conducts a pre- contract assessment of the supplier's willingness and ability to comply with the Code of Conduct. If the assessment shows that the supplier is not ready to work on relevant issues another supplier is sought. Some assessments show that the LEGO Group can enter into a contract with the supplier, but there are areas where the supplier should improve their performance (e.g. working hours, overtime pay). In these cases, a LEGO Group employee will visit the supplier and conduct a training session focusing on ways to ensure compliance with the Code of Conduct.

The Benefits
Challenges regarding labour standards are common throughout the toy industry. Accordingly, the International Council of Toy Industries (ICTI) has taken aggressive steps to ensure that labour standards are taken seriously. ICTI launched the CARE (Caring, Awareness, Responsible, Ethical) Process in 2005, aimed at ensuring safe and humane workplace environments for toy factory workers. Today more than 1,100 factories representing more than 1 million workers are registered in the CARE Process. The process uses certification and audits to help factories focus on labour standards. The LEGO Group has been an active participant in ICTI and the CARE Process. Through the efforts of CARE participants and the LEGO Group, workers the world over are destined for improved working conditions.

The LEGO Group has found that collaborating with suppliers, involving training and dialogue, is an effective means to improving labour conditions. Joining efforts within the industry can help multiply that impact. Improved labour practices in the LEGO Group's suppliers' operations can translate into improved productivity and reduced reputation risks. Improved conditions industry-wide can translate into an easier process when the LEGO Group needs to find new suppliers.

Raising standards through transparency

Company Name
Gap Inc.

Website
www.gapinc.com

Headquarters
USA

Countries of Operation
50

Employees
150,000

Sector
Specialty Retail

Global Compact Signatory Since
2003

Gap Inc.

Gap Inc. is one of the world's largest specialty retailers, with more than 3,100 stores around the world. Gap Inc. operates four of the most recognized apparel brands in the world – Gap, Banana Republic, Old Navy and Piperlime. Gap Inc. sources its apparel in approximately 50 countries worldwide.

The Challenge
Gap Inc. first began investigating conditions in third-party garment manufacturers in 1996 on the assumption that improving conditions in the supply chain is a win-win endeavour – for the world's garment workers and for the company.

The root causes of poor working conditions in garment factories are varied, complex, and difficult to isolate and address. For a company that sources its products from many different countries, the goal of achieving improved working conditions is even more demanding. To address these challenges, Gap Inc. realizes that it must take a multi-pronged approach that incorporates innovation and a willingness to learn and adapt.

The Actions
Gap Inc.'s strategy for improving labour standards in its supply chain focuses on four key priorities: factory inspections, business integration, communication and transparency, and collaboration and partnerships.

Gap Inc. employs a team of more than 90 people around the world, most of whom are Vendor Compliance Officers (VCOs), who visit factories and evaluate compliance with Gap Inc.'s Code of Vendor Conduct, which includes the four labour principles from the Global Compact. In 2006, Gap Inc. VCOs conducted 4,316 inspections in 2,053 garment factories around the world. In addition, Gap Inc. VCOs held approximately 1,500 formal and informal meetings with factory managers to help factories address the root causes of compliance issues, develop effective corrective action plans, and provide worker or management training sessions where needed. Factory performance data – including comparisons over time – are published on the Gap Inc. website.

To better integrate labour issues into business, Gap Inc. is assessing how its purchasing practices (e.g., last-minute design or quantity changes to product orders) can affect working conditions.
In addition, Gap Inc. believes that talking about challenges is an important step toward resolving them. For labour standards to improve over the long-term, companies and stakeholders need to communicate openly and honestly about their activities, successes, and challenges. In 2004, Gap Inc. took the unprecedented step of disclosing in its Social Responsibility Report the level of labour violations it has found around the world.

The company also partners with a number of external stakeholders on initiatives to help factory workers better understand their rights, to encourage governments to strengthen the enforcement of their own labour and environmental laws, and to foster dialogue and collaboration among government, industry, trade unions, and other workers' rights organizations.

The Benefits
Bringing about long-term, positive change in global working conditions is an immense task that will require the collaborative efforts of many actors.

Gap Inc.'s factory inspections have led to further discussions and sharing of best practices to help factories comply with its requirements. The inspections have also led Gap Inc. to cut ties with scores of factories that proved unwilling to make necessary changes.

Knowledge of Gap Inc.'s inspections and transparency helps to increase contract factory adherence to international labour standards throughout the supply chain. When more apparel companies join Gap Inc.'s efforts, the entire industry will move toward better working conditions more quickly.
In such a competitive sector as retail, a solid reputation is a key competitive advantage. The negative press heaped on Gap Inc. in the 1990s regarding labour standards in its contract factories did not help the company's reputation. Although Gap Inc.'s Social Responsibility Report generated headlines such as "Gap admits factory abuses," the company also received an outpouring of positive response from the media, employees and other stakeholders who appreciated its candor. Once the situation was understood, Gap Inc.'s genuine commitment to improved labour practices has helped to improve its reputation.

Better working conditions improve the efficiency of Gap Inc.'s supply chain. Workers who work where their rights are respected tend to be more productive and deliver higher quality work than those who are routinely mistreated. Although hard to measure, Gap Inc. believes its efforts have had a positive impact on the recruitment, retention and performance of its own employees. Gap Inc. employees are proud to work for a company that is committed to improving the lives of garment workers.

"For labour standards to improve over the long-term, companies and stakeholders need to communicate openly and honestly about their activities, successes, and challenges."

Environment

Principle 7
Businesses should support a precautionary approach to environmental challenges;

Principle 8
undertake initiatives to promote greater environmental responsibility;

Principle 9
encourage the development and diffusion of environmentally friendly technologies.

The environmental principles of the Global Compact are based on the Rio Declaration on Environment and Development (also known as Agenda 21) that was adopted in 1992. The Rio Declaration maintains that sustainable development requires a precautionary approach to environmental protection. The precautionary approach means: "Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation." The Rio Declaration defines environmentally friendly technologies as those that: "Protect the environment, are less polluting, use all resources in a more sustainable manner, recycle more of their wastes and products and handle residual wastes in a more acceptable manner than the technologies for which they were substitutes".

During the past few decades many businesses have started recognizing their role in reducing negative environmental impacts and contributing positively to improve the environment. No doubt, complying with regulations is a strong driver of industry action. However, improving the environmental performance of a company also brings with it a number of benefits. Energy efficiency and waste reduction decrease operating costs. Pollution control and spill prevention reduce liabilities. Financial markets are leery of businesses exposure to environmental risks. Environmental management systems can unlock productivity gains. Consumers are becoming increasingly interested in environmentally friendly products ands services. Taken together, the positive outcomes for business of assuming a dedicated environmental responsibility, help companies retain their social license to operate and often gain competitive advantages.

While some industry sectors are especially exposed to specific environmental issues such as climate change or water use, there are some challenges that most companies are confronted with when translating Principles 7 to 9 into action:

- The extent to which companies internalizes environmental externalities, considering existing applicable laws, the enforcement of these laws, the impact of relevant market mechanisms, and the performance standards of its competitors.

- The uncertainty regarding the financial payback period for some investments that reduce environmental impacts. As intangible benefits might outweigh tangible ones, managers must supplement the typical business case argument for action with additional rationale.

- The difficulty for businesses to access relevant information to guide the choice of environmentally sound technologies. The problem is not the availability of such technologies (there are numerous innovative technologies available), but rather the determining which ones are best suited for the company.
- Avoiding guilt by association, and ensuring that the company's suppliers and distributors are achieving similar levels of environmental performance.

- Determining appropriate action to environmental challenges where regulatory uncertainty exists or where the consequences of inaction have not yet been scientifically proven. Precaution involves the systematic application of risk assessment, risk management and risk communication. Deciding on the "acceptable" level of risk involves not only scientific evaluation and economic cost-benefit analysis, but also political considerations, such as public acceptability.

Moving ahead of regulation

Company Name
Telefónica SA

Website
www.telefonica.es

Headquarters
Spain

Countries of Operation
24

Employees
220,000

Sector
Telecommunications

Global Compact Signatory Since
2002

Telefónica is a world leader in the telecommunication sector, with presence in Europe, Africa and Latin America. As of March 2007, Telefónica had 206.6 million customers. Telefónica is an integrated carrier with one of the largest market shares outside of its original market and is the leading carrier in the Spanish-Portuguese-speaking market.

The Challenge
Widely varying regulatory frameworks within national contexts pose significant challenges for multinational corporations when it comes to ensuring compliance with environmental regulations. For Telefónica, compliance is just a start. In addition to this essential task, Telefónica strives to move their operating units along a continuous improvement path toward greater environmental responsibility and performance. A common approach is needed to ensure consistently good results.

The Actions
To apply a common environmental management methodology throughout the company, Telefónica approved “Minimum Environmental Requirements” in 2004. The requirements enable standardized practices throughout the different units in the company, regardless of their activity, the geographical area where they operate, and the applicable legal requirements. With these internal requirements, Telefónica moved ahead of the growing regulatory requirements that affect their widely dispersed operations.

The Minimum Environmental Requirements have a twofold objective: i) setting the minimum criteria to be met by all Telefónica units worldwide to ensure responsible behaviour, and; ii) to establish common denominators amongst Telefónica units.

The requirements are mandatory for all operating units; however, each unit has the flexibility to implement the requirements based on their specific environmental impacts. To help the operating units correctly implement the requirements, five broad steps for action were developed: make an environmental commitment; identify legal requirements; follow up and measure; improve behaviour; and pursue ISO certification.

An Environmental Unit was established at the corporate level to help ensure the Minimum Requirements are implemented. The Environmental Unit works with local internal environmental committees, who address daily environmental management issues. These committees are encouraged to suggest policies or actions to protect the environment and to advance implementation of the Minimum Requirements.

Telefónica’s internal audit group reviews progress on and compliance with the Minimum Requirements. The operating units are then expected to develop an action plan to address areas where the Minimum Requirements were not fully met.

In 2003, Telefónica joined GeSI (Global e-Sustainability Initiative), a think-tank endorsed by UNEP to promote sustainability in the telecommunications and electronic industry sectors. Voluntary commitments like GeSI are seen as an opportunity by Telefónica, as they set the way to scale up environmental management, help anticipate upcoming legislation in some countries while at the same time facilitate meeting the requirements.

The Benefits
Since adoption of the Minimum Requirements, Telefónica has improved its data tracking and reporting, leading to better information for its stakeholders to make decisions, (especially the increasingly demanding criteria from socially responsible investors). Telefónica realizes that establishing a consistent approach to environmental management is a crucial first step in the continuous improvement journey. Although society does not immediately benefit from the adoption of the Minimum Requirements, the longer-term outlook for enhanced environmental conditions is vastly improved.

The Minimum Requirements allow Telefónica to track the progress of its different units, taking into account the diverse local starting points. It has enabled better performance measurement. And of course, what gets measured gets managed. Finally, Telefónica feels that the Minimum Requirements are keeping them ahead of government regulations.

Greening the finance sector

Company Name
Westpac

Website
www.westpac.com.au

Headquarters
Australia

Countries of Operation
Australia, New Zealand and the Pacific region

Employees
27,000

Sector
Finance & Insurance

Global Compact Signatory Since
2002

Founded in 1817, Westpac was the first company and the first bank to be established in Australia. Today Westpac is one of the largest banking organizations throughout Australia, New Zealand and the Pacific region, with offices in key financial centers around the world.

The Challenge
Westpac's Environmental Policy Statement was first published in 1992, and revised in 2001. Initially, Westpac focused on minimizing its own footprint by increasing energy efficiency and reducing resource consumption. However, it quickly became apparent that the bank's real opportunity to influence significant environmental outcomes lay in its mainstream lending and investment activities. In particular, Westpac has the ability to reach deep into the community through its millions of customers and more than 1,000 branches. The main challenge is to help customers understand the often imperceptible connections between everyday financial products and services and tangible environmental outcomes.

Westpac's approach is to expand their positive impact exponentially through its customers, supply chain, and business partners after the company has improved its own environmental performance.

The Actions
Westpac's approach is not to position these products and services outside the mainstream banking experience. Embedding environmental considerations into standard products and services was deemed to be more effective than establishing a separate stream of products that could easily be overlooked by the average consumer.

For example, the Westpac EcoNomical Living Program was made available to all mortgage customers to reduce their environmental footprint and save money on utility bills. The program features discounts and rebates on a range of environmentally friendly initiatives such as home insulation, green electricity, solar hot water systems, and rain water tanks.

Westpac has partnered with private sector organization Easy Being Green to assist credit card customers help the environment, by using standard rewards points to purchase energy and water-saving devices or offset greenhouse emissions and go carbon-neutral.

Westpac is also enabling farming customers to take advantage of emerging emission offset opportunities and obtain income for re-vegetating their land through the Landcare CarbonSmart program.

"E-statements" provide customers with the option to receive electronic banking statements. One of the most successful programs implemented to date, almost 200,000 customers have now opted out of paper statements.

Westpac is also active in publicly communicating and advocating around environmental issues. The company is one of the founding organizations of the Australian Business Leaders Roundtable on Climate Change. In 2007, Westpac implemented a comprehensive campaign promoting sustainability performance and broader responsible business practices. Customers are engaged through an innovative website www.everygeneration.com.au and strongly encouraged to seek environmentally sound outcomes from their financial institutions.

The Benefits
Since 1996 Westpac has succeeded in reducing direct greenhouse gas emissions by over 45%. By providing its customers with tools to reduce their environmental impacts, Westpac has taken the next step in encouraging environmental responsibility. By embedding environmental components into existing products and services, Westpac is integrating environmental considerations into its customers' lives. Although Westpac does not have statistics on how its numerous customer programs have reduced environmental impacts, it is easy to see how they will multiply the positive results of Westpac's internal initiatives.

There are obvious financial benefits to environmental programs. Westpac's E-statement program has reduced operating costs by $800,000, saved 41 tonnes of paper, and prevented more than 103 tonnes of greenhouse gas emissions. Customers are increasingly choosing to do business with companies they see as making a difference. In the competitive global banking industry, Westpac sees the integration of environmental principles into its mainstream investment and lending activities as a key opportunity to provide better services than its competitors to achieve long-term success.

Westpac

- José Sérgio Gabrielli de Azevedo
President and CEO of Petrobras

“Petrobras has played its social and environmental role on the basis of the ten principles of the UN Global Compact. We believe that sustainable development needs the contribution of different segments of society including communities”

Improving living conditions to reduce risks

Company Name
Petrobras

Website
www.petrobras.com.br

Headquarters
Rio de Janeiro, Brazil

Countries of Operation
23

Employees
62,266

Sector
Oil & Gas

Global Compact Signatory Since
2003

Petrobras is a Brazilian energy company operating in several areas ranging from oil and gas exploration, refining, and supply through to distribution. Petrobras produces an output of more than 2 million barrels of oil equivalent per day, is a major distributor of oil products and also owns oil refineries and oil tankers.

The Challenges
Many of Petrobras´ products are, due to their very nature and usage, potentially capable of causing air, soil and water pollution. Among risks associated with the oil transporting pipelines are for example leaks caused by damage from a third party. Environmental risks resulting from oil production and transport can cause major impact on the quality of human life in the corresponding region.

Some communities surrounding the long stretches of pipelines are categorized as low-income communities, with many inhabitants living below the poverty line. Poor communities are more sensitive to changes and are generally more severely affected by negative impacts due to their limited financial, institutional and human resources.

The Actions
Petrobras is involved in a range of programmes to reduce the possibility of negative impact of its operations. All undertakings that have potential environmental impacts undergo precautionary studies, preceded by viability studies that consider the technical, environmental and social and economic aspects of the project. Using technology, the company obtains information referring to relief, vegetation, protected areas, type of soil, hydrology, slope, population groups and river courses to accurately identify environmentally sensitive areas.

Petrobras seeks to mitigate the potential negative impact and enhance its positive impact on the communities surrounding the pipelines. In 2005, the company launched the 'The Agro ecological Family Farming Project along Pipelines Right Of Way (Stretches)' as a part of the broader Petrobras Zero Hunger Program, designed to improve the living conditions of the low income communities.

Implemented by PETROBRAS TRANSPORTE in partnership with Instituto Terra de Preservação Ambiental (ONG) and Onda Verde (ONG), the project has two main objectives: preserve the environmental sustainability of the pipelines stretches and provide income and job generation for low income communities in Nova Iguaçu and Duque de Caxias, municipalities of the state of Rio de Janeiro.

The program consists of a five-module agro-ecological production unit, covering a production area of 96,000 m² attending directly 100 farming households.

The Benefits
Petrobras recognizes that communities with better living conditions are better equipped to deal with potential consequences of environmental risks. *The Agro Ecological Family Farming Project Along Pipelines* aims at preserving and improving the quality of human life along pipeline stretches while maintaining the quality of pipeline operations so as to prevent possible damage to the environment, in compliance with the safety and environmental standards. The project also assists low-income households by providing technical support and financing, to promote social mobilization and participative planning and to create alternative means of job and income generation.

As recognition, the project has won the Social and Environmental Responsibility Award and the Global Award at the International Pipeline Conference & Exhibition 2006 Calgary, Canada as the most outstanding innovation in the Pipeline Industry.

Controlling emissions from waste

Company Name
Veolia Environnement

Website
www.veoliaenvironnement.com

Headquarters
France

Countries of Operation
66

Employees
270,000

Sector
Environmental services

Global Compact Signatory Since
2002

Veolia Environnement provides environmental services in the areas of water management, waste management, energy management and passenger transportation. With more than 270,000 employees the company has operations all around the world and provides tailored solutions to meet the needs of municipal and industrial customers.

The Challenge
Most of the attention for reducing greenhouse gases (GHGs) has been directed at the burning of fossil fuels for industry and transportation. But practically every sector in society can do something to reduce GHGs. There is considerable potential to reduce or avoid GHG emissions in the processes required to deliver environmental services such as the production of heat, the management of water and wastewater sludge treatment, the management of incineration plants and landfills, and the transportation of people and freight. In today's regulatory environment, it's important not just to make GHG reductions but also to be able to document and get credit for them.

The Actions
As an environmental specialist, Veolia Environnement can play an active role in combating GHGs through the reduction of both its own direct emissions and those of its clients who have delegated the management of their water, waste, transportation and energy services to Veolia.

Regarding the direct GHG emissions from Veolia, converting fossil energy (gas, coal, oil) into thermal energy is the activity with the greater impact. The company is also committed to giving priority to renewable or byproduct energies.

Relatively speaking, Veolia Environnement does not generate significant GHG emissions from its own operations. However, when providing environmental management services for clients, the company often identifies opportunities to make GHG emissions reductions. One such example is Veolia's contract to provide waste management services for the Governorate of Alexandria in Egypt.

Veolia Environnement provides integrated management for one million tonnes of waste generated yearly in Alexandria, from collection and cleaning to treatment, final recycling and agronomic amendment, and rehabilitation of old dump sites.

Veolia Environnement determined that there was a tremendous opportunity to reduce emissions from waste incineration and landfilling. The company is installing systems for capturing and managing biogas at two landfills to reduce methane emissions. Methane is 21 times more potent than carbon dioxide as a global warming gas.

To ensure that the GHG reductions qualify under the Clean Development Mechanism (CDM) of the Kyoto Protocol, Veolia Environnement registered the project and is measuring reductions closely. Qualifying projects generate emissions credits for the company, which can be used to meet regulations or sold to others.

The Benefits
In addition to the obvious health benefits from improved waste management, the project should enable a GHG emission reduction equivalent to approximately 3.7 million tonnes of carbon dioxide over a 10-year period (2005-2015). This project has allowed Veolia Environnement to gain solid expertise in the development and certification of CDM projects. Veolia Environnement can now implement similar projects more broadly, to meet this unprecedented global challenge.

> "There is considerable potential to reduce or avoid GHG emissions in the processes required to deliver environmental services."

Anti – Corruption

Principle 10
Businesses should work against corruption in all its forms, including extortion and bribery.

With the adoption of the United Nations Convention against Corruption in 2003, an important global tool to fight corruption was introduced. The Convention is the underlying legal instrument for the 10th principle against corruption. The 10th principle was added to the Global Compact in June 2004 and commits Global Compact participants not only to avoid bribery, extortion and other forms of corruption, but also to develop policies and concrete programs to address corruption. Companies are challenged to join governments, UN agencies and civil society to create a more transparent and corruption-free global economy.

Corruption is a major hindrance to sustainable development, with a disproportionate impact on poor communities. It is corrosive to the very fabric of society. Through corruption, resources are diverted to improper use, and the quality of services and materials used for development are seriously compromised. The impact on poorer communities struggling to improve has been devastating. Corruption has led to environmental mismanagement, undermined labour standards and restricted access to basic human rights.

The impact of corruption on the private sector is considerable, and there are many reasons for why it is in a company's business interest to ensure that it does not engage in corrupt practices. Corruption impedes economic growth, distorts competition and entails serious legal and reputation risks. It is a misuse of corporate assets. Corruption is also very costly for business, with the extra financial burden estimated to add 10 percent or more to the costs of doing business in many parts of the world. Business depends on free and fair competition. The private sector also has a vested interest in sustainable social, economic and environmental development

In short, the business community has a major stake in developing winning strategies to combat corruption, and voluntary initiatives such as the UN Global Compact can help to augment positive forces of change while complementing what Governments do or do not do.

While some companies, especially those operating in countries known to have high rates of corruption, are especially exposed to the issue, there are considerations that challenge all companies striving to translate Principle 10 into action:

• In places where it is routine business practice to offer bribes, and all of the competition is doing it, what should a company committed to the Global Compact principles do?

• Should companies disclose incidents of corruption in their public reports? What impact might this action have on reputation?

• In which cases would political contributions be considered unethical?

• How can a company be sure that it's not indirectly involved, through suppliers or agents for examples, in corrupt practices?

• How can companies ensure that facilitation payments – if allowed – don't lead to company to develop a corporate culture that also tolerates bribe paying?

Translating global values into local practice

Company Name
Novozymes

Website
www.novozymes.com

Headquarters
Denmark

Countries of Operation
130 countries

Employees
4,500

Sector
Pharmaceutical and Biotechnology

Global Compact Signatory Since
2001

Novozymes is the biotech-based world leader in enzymes and micro-organisms. With more than 100 types of enzymes and microorganisms and more than 700 different products Novozymes has the largest product portfolio in the world.

The Challenge
When implementing the Global Compact principle on anti-corruption, a key challenge to companies operating in many parts of the world is striking the delicate balance between two conflicting objectives: upholding international consistency on the one hand and adapting to and appreciating local cultural traditions on the other.

Novozymes has handled this challenge in a systematic and values-based way that enables the company to document compliance with the Global Compact principle on anti-corruption, while at the same time addressing both risks and opportunities related to anti-corruption.

The Actions
Novozymes' corporate anti-corruption measures go well beyond ensuring law compliance only. The measures are defined in a corporate quality management standard, outlining anti-corruption principles as well as a management system comprised of three pillars. Employees have to comply with this management standard as part of their employment terms.

Six corporate anti-corruption principles outline Novozymes' values of responsibility, accountability, openness and honesty. The principles take the following form:

- Bribes: We do not give or accept bribes.
- Facilitation payments: We pay only reluctantly to expedite public services.
- Money laundering: We do not assist in laundering money from criminal activities.
- Protection money: We do not pay criminals for protection.
- Gifts: We do not give or receive big gifts.
- Political and charitable contributions: We do not give money to political parties but sometimes we contribute to charities.

The principles can be clarified by the means of local adaptation rules that allow Novozymes' local operations to adapt to and appreciate local cultural tradition. Local operations cannot change the corporate principles, but they can outline what the principles mean in their specific context (e.g. clarify what constitutes an unacceptable gift).

Novozymes' corporate quality management standard also defines three pillars of a corporate anti-corruption management system. The management system provides employees with the possibility of seeking guidance and anonymously raising concerns about potential breaches of Novozymes' principles. It also requires employees to report facilitation payments as well as big gifts given and received.

To avoid creating new bureaucracy, the roles, responsibilities and procedures of the anti-corruption management system have been integrated into existing management systems. The only new entity is a corporate committee on business integrity, consisting of vice presidents from sales and marketing, finance and legal affairs. This committee is responsible for ensuring the effectiveness of Novozymes' corporate anti-corruption measures.

The Benefits
Taking a systematic and values based approach to anti-corruption enables Novozymes to document compliance with the Global Compact principle on anti-corruption while at the same time addressing both risks and opportunities related to anti-corruption:

Competitive advantages
Risk management
- Ensuring alignment with customer expectations
- Safeguarding reputation and risk management
- Meeting demands of ethical investment funds
- Providing documentation to auditors
- Preparing for future legislation
- Ensuring compliance with laws and regulations

For further information, see Novozymes' case study in Global Compact's recent publication titled "Business Against Corruption – Case Stories and Examples", available on the Global Compact website.

novozymes

Bribery – no thanks!

Novozymes' business integrity principles

novozymes®
Unlocking the magic of nature

Start with a code

Company Name
Total

Website
www.total.com

Headquarters
France

Countries of Operation
130

Employees
95,000

Sector
Oil and Gas

Global Compact Signatory Since
2002

TOTAL

Total is a global oil and gas company, with activities in more than 130 countries in the world, and a total of 95.000 employees, on all five continents. Total engages in all aspects of the petroleum industry (oil and gas exploration, development and production; refining, marketing and the trading and shipping of crude oil and petroleum products). Total also produces base and specialty chemicals for the industrial and consumer markets.

The Challenge
For an international company dealing with large sums of money, in an environment characterised by tough international competition, dealing with numerous cultures and legal frameworks and with long-term operations hosted in weak governance zones, the potential for corruption is real. Particular attention is therefore required at all stages of business and commercial development to ensure that Total operates ethically wherever it goes.

The Actions
Creating an anti-corruption policy is one thing – actually implementing it is the real thing. An effective anti-corruption program involves establishing a central Code of Conduct and being committed to its application in different local contexts. In a pragmatic fashion, Total follows an "awareness-monitoring-support-verification" approach to anti-corruption. Emphasis is placed on integrating anti-corruption processes based on their Code of Conduct overseen by an Ethics Committee, and supported by awareness raising and audits.

Total's Code of Conduct articulates the fundamental values that underpin all of its activities, and specifies related operating principles and commitments. Since the Code's inception, 429,000 copies have been issued, in 16 languages. Total's business segments and subsidiaries have adapted the overarching corporate principles to create their own codes of behaviour, which contain more specific provisions required by the local or operational context.

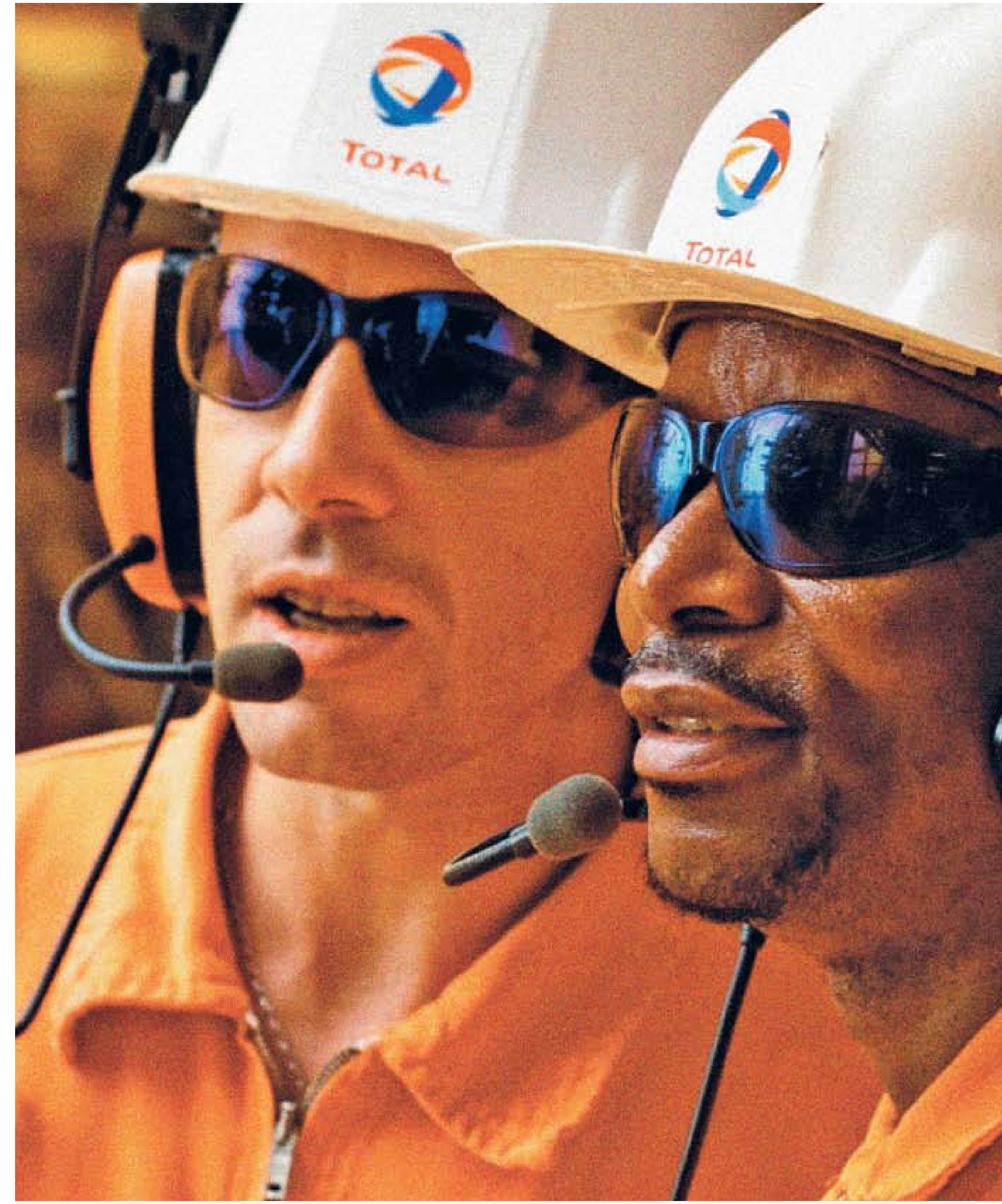
The Ethics Committee is independent of Total's other organizations and reports directly to the CEO. It promotes the values and principles enshrined in the Code of Conduct; raises employee awareness through ethics seminars (38 seminars in 20 countries involving more than 2,200 managers); provides advice and support to any employee facing an ethical dilemma; and makes recommendations to management regarding ethical matters.

Employees who face a corruption dilemma or who are unsure of how to handle a particular situation are encouraged by the Code of Conduct to seek help from their supervisor. Ethics seminars provide supervisors with advice on how to support employees in resolving their dilemmas. In addition, employees can refer issues directly to the Ethics Committee, to seek advice or present a problem, with a guarantee of complete confidentiality and without fear of reprisal.

Total has launched a program of ethical audits of its operations across the world, to assess implementation of the Code and to identify best practices and potential non-compliance. Independent auditors are evaluating more than 40 subsidiaries by examining 84 key processes, of which about 20 are directly related to corruption. Any irregularities are reported to the Ethics Committee and the unit concerned. The process includes a follow-up and monitoring of the corrective measures taken. Relevant best practices are collected and shared with other units using a dedicated Web database.

The Benefits
At a global scale, having a strong anticorruption programme initiated by senior management gives a sound in-house message on the reality of the company's commitment to fight and prevent corruption. When the internal framework is visible and credible, based on relevant processes and systems, it is a leverage effect for individuals. They gain confidence, empowerment, and adopt good reflex on dilemmas. To be effective, an anticorruption programme starts with employee endorsement. From training to whistle blowing, from risk analysis to field operations due diligence, each step of an anticorruption programme plays a key role in the success of this programme.

Total has found that a forceful and structured approach to ethics in general is invaluable in helping to frame, consolidate and extend anti-corruption measures while also providing employees with a clear reference code on which to model behaviour. Bringing declarations of principle down to the personal level translates words into action and gives Total's policy the flexibility it needs to succeed.



– Helge Lund
Chief Executive Officer
Statoil

“Statoil would like to see that a commitment to the Principles is incorporated in other future agreements as a means for collective action to set the anti-corruption focus into a wider universe of businesses.”

Incorporating the Principles into Agreements

Company Name
Statoil ASA

Website
www.statoil.com

Headquarters
Norway

Countries of Operation
15

Employees
25,500

Sector
Oil & Gas

Global Compact Signatory Since
2000

Statoil is the largest energy company in Scandinavia, headquartered in Norway. Statoil is one of the major net sellers of crude oil in the world, and a major supplier of natural gas to the European continent. Statoil also operates around 2000 service stations in 9 countries.

The Challenge
For companies doing business in some of the more unstable societies around the world, often characterized by inadequate governance systems, it is a major challenge to achieve high levels of adherence to internationally accepted ethical standards. Moreover, countries that derive their income mostly from natural resources tend to be characterized by higher levels of corruption. For Statoil it is imperative that the company employs the same values and principles when it comes to human rights, labour rights, environment and anti-corruption in all countries in which it operates. However, in some countries these principles have not been codified to the same degree, or legal enforcement is lacking.

The Actions
In 1992 Statoil entered Nigeria and has since gained operatorship and participation in several licences in the country. Statoil was awarded 45% equity in the 2005 round in the block of choice together with Petrobras as operator, and ASK as local content vehicle company. The production sharing contract was signed with the government February 2006. The three companies subsequently negotiated a Joint Operating Agreement (JOA). A JOA is standard in the oil and gas industry, regulating the rights and duties of the license owners and also sets standards for the conduct of business partners and towards governmental bodies.

During the JOA negotiations, Statoil proposed to include a clause that required all JOA parties to adhere to the ten Global Compact principles as it believed it would be a good tool to help regulate and set a standard of conduct and governance. The proposal would also apply to contractors and business partners doing or seeking to do business with the block owners. The proposal was supported by Petrobras and ASK and the agreement between the parties was signed in August 2006. This was the first time the Global Compact principles were incorporated in a JOA or in any other oil and gas agreement between international companies.

The Benefits
Corruption is one of the most important factors behind the so-called resource curse and maybe the single most important factor stopping resources turning into societal development. Extending ethical business practices beyond the non-resident international companies to local enterprises can bring about widespread change. An agreement committing to the principles makes the likelihood of success higher than a one-off special program. The agreement approach is a tool that can be used to set an anti-corruption focus into an operating practice for a wider universe of businesses. It may also be a useful tool where international business practices are shared more widely with the indigenous business community.

Incorporating the principles in the JOA ensures that companies share a common understanding of how to work together in accordance with international business standards. Committing to the Principles in addition to the usual oilfield business practices and standards used in JOAs ensures that the operations are carried out within a framework that will benefit both the partners and the society impacted by the operations. The society will know what to expect from the companies, and in return the company sets a benchmark on what they expect by the suppliers. Statoil recognizes the importance of creating lasting values for our host societies in order to build sustainable business conditions for the long term.

Joining forces to fight corruption

Name
Business Pact for Integrity and Against Corruption

Website
www.empresalimpa.org.br

Headquarters
Brazil

The Business Pact for Integrity and Against Corruption was initiated to reduce corruption in Brazil by increasing transparency in relations between the public and the private sectors. The pact was formally launched on June 22, 2006 as a result of a partnership between the Ethos Institute of Business and Social Responsibility, the UNODC, UNDP, WEF and the Global Compact Brazilian Committee with the support of the Ford Foundation.

The Challenge
In the past few decades, the population of Brazil has enjoyed great economic and social progress, but at the same time has also lamented the destructive effects of corruption. Many cases of corruption have occurred in different states and municipalities since the early 1990s. Legislators and leaders of the executive branch have had their mandates revoked and have suffered penal sanctions. Public agency and judiciary officials have also been investigated. The press continues to publish accusations involving executive, legislative and judiciary officials, as well as public and state companies. Within such a context, trust evaporates. Business activities can become inefficient and uncertain.

To jointly address these challenges, a group of Brazilian businessmen proposed to establish the pact at the Stock Exchange in Sao Paulo in December 2005. The pact was subsequently developed by the Ethos Institute of Business and Social Responsibility together with its partners.

The Actions
The Pact promises to be one of the strongest mechanisms for integrating anti-corruption practices into business through self-regulation.

The Pact is based on the Ethos Institute Letter of Principles of Social Responsibility, the UN Convention against Corruption, the Global Compact 10th principle, the OECD (Organisation for Economic Co-operation and Development) Guidelines for Multinational Enterprises, and input from related seminars in Sao Paulo and Rio de Janeiro in 2005.

Specifically, companies make six commitments when signing the Pact:
1. Make corruption laws and regulations become known internally.
2. Publicize and provide guidance on legal principles applicable to the organization's activities.
3. Prohibit any form of bribery.
4. Regulate contributions to political campaigns.
5. Publicize its adherence to the Pact.
6. Investigate possible cases of corruption.

The commitments are designed to bring transparency to the companies' transactions, particularly as they relate to contributions to electoral campaigns.

A regional mobilization strategy is used to ensure that the Pact is truly a national initiative. The Pact has been launched in partnership with local business organizations in numerous Brazilian states.

To bring the Pact to life, the organizers have developed an associated website (www.empresalimpa.org.br) called Clean Company. The idea is to show, through news and data, how corruption damages the development of a country. Pact signatories are encouraged to contribute case studies for the website that demonstrate concrete actions taken to fight corruption.

The Benefits
Corruption destroys the possibility of reducing inequalities and sabotages the prospect of growth and sustainable development. Indeed, the successful Pact publicity campaign uses the tagline "Either Brazil destroys corruption or corruption destroys Brazil".

To function efficiently, the economy needs transparency and the assurance that companies and government officials conduct affairs ethically. Companies that proactively tackle corruption will strengthen their competitive position.

By the end of April 2007, almost 350 companies and 75 organizations had joined the Pact. There is a strong sentiment within Brazil that business commitment to the Pact will bring about transformation.

EMPRESA LIMPA

"Corruption destroys the possibility of reducing inequalities and sabotages the prospect of growth and development"

Partnerships for development

In addition to asking companies to implement the ten principles, the Global Compact encourages participants to engage in partnership projects in support of broader UN goals, in particular the Millennium Development Goals. Together, these two complementary objectives of the Global Compact – encouraging internal implementation of principles and participation in partnerships – constitute the comprehensive concept of good corporate citizenship promoted by the Global Compact.

For decades, the international community has developed strategies and implemented programs to improve the lives of people in developing countries. But Long-term poverty reduction in developing countries cannot happen without sustained economic growth, which inevitably requires a strong business sector. While governments must lay the foundation for long-term economic growth, business actors – through investment, partnerships, trade, and other engagement – create the employment, the revenues, the markets and the value-added goods and services that allow developing countries to benefit from economic globalization.

Business also has a vital interest in development. Apart from companies' immediate business interests, poverty reduction and economic growth help stabilize the societies and markets where companies operate. Moreover, companies that take initiatives to promote development contribute to ensuring the existence of a healthy and dynamic labour force.

However, companies operating in developing countries can face challenges that may be difficult for the company to address alone, and might require knowledge and competencies that the company does not have access to internally. One solution is to get access to this knowledge and expertise through partnering with external stakeholders. Cross-sectoral partnerships can make it possible to overcome difficult challenges, and can make efforts more effective by combining resources and competencies in innovative ways. Partnerships can further enable actors to better achieve their individual objectives by leveraging, combining, and capitalizing on their complementary strengths and capabilities.

The basic concept of partnerships is simple and straightforward – to identify common ground between the private and the public sectors and to combine the skills and expertise of the private sector with the public sector's legitimacy and knowledge of development issues.

Partnerships do in no way undermine the authority and legitimacy of governments, nor do they assume overwhelming self-sacrifice from the private sector. Instead they focus on the many areas where private sector actors and public sector institutions could engage in a win-win relationship, such as poverty reduction, health, education and community development.

The examples presented on the following pages show how four companies and other stakeholders have partnered to capitalize on each others strengths to address their individual and mutual objectives – to create at the same time value for business and for society.

Improving footprint through stakeholder engagement

Company Name
Global Alumina

Website
www.globalalumina.com

Headquarters
USA / Canada

Countries of Operation
1

Employees
100

Sector
Metals & Mining

Global Compact Signatory Since
2004

Global Alumina

Global Alumina was created in 2000 to develop the vast bauxite resources of the Republic of Guinea in a responsible, sustainable manner. Guinea possesses more bauxite, the raw material for aluminum, than any other country in the world. Global Alumina was formed to develop one of the largest greenfield alumina refineries in the world.

The Challenge
Although it possesses vast natural resources, by any measure Guinea is one of the least developed countries in the world. It has low literacy rates, and inadequate facilities for transportation, education, communications, and health care.

Global Alumina is, together with other business partners, developing a new alumina refinery in Guinea that will require about 10,000 workers during construction and 1,300 workers during operations. Many employees need to be highly skilled and trained. In order to maximize the benefits for the country and fulfill its sustainability goals, Global Alumina wants to employ as many Guineans as possible during all phases of the project. However, the company faces a difficult challenge due to the lack of training and experience available in the country.

The refinery will be constructed on 1,000 hectares of land in an area previously used for subsistence farming. The company must be able to replace the livelihood activities for the affected people in this area.

The company will operate in Guinea for the next approximately 100 years, and must be a consistent, good neighbour if it expects the local villagers to cooperate through construction and operation. However, it must also avoid creating a dependency as has been the norm for many mining projects where the enterprise effectively replaces the government as the provider of basic services such as health care, education, and utilities.

The Actions
Global Alumina prepared a Community Development and Compensation Plan based on early and broad discussions with local stakeholders. The plan was based on needs identified by the communities that would be most directly affected by the project, and included construction of new water supply wells, schools, and health centres, training for midwives, reforestation of villages, and implementation of microfinance projects.

Global Alumina wanted the affected communities to take ownership of this plan so it could grow beyond the company's direct involvement. The best option was to team with a civil society organization with extensive experience building community capacity. Global Alumina chose the African Development Foundation (ADF) and its local implementing affiliate Centre d'Appui au Développement (Center for Development Support, CAD).

The approach of ADF and CAD is to provide grants to communities to implement projects, such as health facility construction, and then provide the training, coaching, technical assistance and guidance necessary for the community to own the responsibility and establish the capacity to effectively plan, manage and implement all aspects of the community projects. In this way, communities understand that the projects are theirs to make succeed or let fail.

ADF has conducted a detailed survey of the capacity of indigenous firms in Guinea and matched their capabilities against the procurement needs in Guinea Alumina's construction schedule. ADF has selected a number of firms to receive capacity building grants as well as loans to acquire equipment, working capital and other operational enhancements that will enable these firms to compete for contracts with more sophisticated and better capitalized foreign firms.

The Benefits
Global Alumina's partnership with ADF and CAD will enhance livelihood opportunities in the immediate project area, through SME development and injection of local content into supply chain relationships with the project. Both activities will generate significant additional jobs, increase incomes, and increase the use of local products and services in the long term.

This innovative approach to local capacity-building has led to stakeholders understanding that they are responsible for delivering their own benefits. Guinea Alumina will facilitate the process, but is not responsible for the outcome.

Guinea Alumina expects to save money because it will be purchasing from low-cost, local providers of goods and services. There are numerous efficiency advantages of local suppliers, including improved response time, better communications, and mutual development of new programmes. By maintaining collaborative community relations, Guinea Alumina should be able to maintain minimum production disruptions and maximum goodwill throughout its very long life.

Promoting the rights of every child

Company Name
IKEA

Website
www.ikea.com

Headquarters
The Netherlands

Countries of Operation
44

Employees
104,000

Sector
Commerce & Distribution

Global Compact Signatory Since
2004

IKEA is a global retailer of home furnishing, established in 1943 in Sweden There are currently 254 stores in 35 countries. Its mission focuses on delivering good product design and function at affordable prices to the many people.

The Challenge
There are more than 200 million children engaged in child labour today. Combating child labour is particularly difficult because it cannot be eliminated by simply removing a child from work at one factory, or terminating a supplier's contract, since children then often moves on to a different employer and the supplier move on to different customers. The complexity of this problem makes it difficult for companies to address alone.

In the past 20 years, many multinational corporations including IKEA developed and diversified their supply sources in Asia and other developing countries. In the early 90's, increased attention was given to the risk of child labour in the supply chains of multinational corporations. With IKEA's purchasing in developing countries growing, IKEA has sought ways to partner with others to be part of the solution.

The Actions
In 2000, IKEA joined forces with UNICEF in India to help prevent and eliminate child labour in 'the carpet belt' in the state of Uttar Pradesh, the country's largest, most populous state, where a high level of child labour is known to exist. IKEA sources many of its carpets from Uttar Pradesh suppliers, and decided to partner with UNICEF because of the focus on prevention strategies rather than rehabilitation.

Both parties are convinced that child labour is best tackled by addressing root causes, such as indebtedness in marginalized communities, adult unemployment, poverty, disability and ill health, and children's lack of access to quality primary education.

The concrete project is focused on creating awareness and mobilizing these rural communities around strategies designed to prevent child labour. School enrolment drives have been conducted to enroll children into primary school, as well as the establishment of alternative learning centres (ALCs) as a transitional measure to formal mainstream primary schooling. Quality educational opportunities are essential to prevent child labour. The IKEA initiative complements the government's efforts to enroll all six to twelve year olds in the project area into primary school.

The burden of debt, often accrued over generations, is a root cause for families feeling compelled to put their children to work. As of late 2006, IKEA had helped to establish 1,600 women's self-help groups in Uttar Pradesh, reaching almost 22,000 women. Through these groups women learn about children's rights, health and nutrition, saving money, and starting up a small business in order to get rid of debts and contribute income to their families.

IKEA launched a further step with the self-help groups in 2005. As a strategy for economic empowerment, women from the groups earn income for embroidering cushions that are sold in IKEA stores.

The Benefits
The child rights project in Uttar Pradesh has grown to cover a population of more than a million, of whom nearly 35 per cent are children under the age of 14, living in 500 villages across eastern Uttar Pradesh with intensive carpet fabricating activity. As a result of the school enrolment drives and the ALCs, more than 80,000 children previously out of school can attend primary school. IKEA and UNICEF will continue the project in the coming years, adding on villages in a planned manner to reach millions more in the region.

The self-help strategy has boosted women's economic and social status, self-confidence and decision-making abilities, both within their families and in the local community. Through education and economic opportunity, women and their families have broken out of the vicious circle of debt, liberating them from child labour and the exploitative interest rates of local money-lenders.

A simple economic intervention has engendered significant social impact on the quality of life of children and women, and improving their access to income-generating opportunities.

IKEA's partnership with UNICEF has allowed the company to achieve its business objectives while supporting children and women and their opportunities for learning and developing. Although it cannot be quantified for the bottom line, IKEA's actions have built trust, a significant intangible asset, within the communities it touches.

– Todd Stitzer
CEO, Cadbury Schweppes

“Working with others in a variety of ways, Cadbury Schweppes has played and will continue to play an effective and supportive role in developing a sustainable cocoa industry in Ghana. It is in our interests that we create a better world in which our business and Ghanaian cocoa farming communities will grow and thrive.”

Sustainable livelihoods in Ghana

Company Name
Cadbury Schweppes plc

Website
www.cadburyschweppes.com

Headquarters
United Kingdom

Countries of Operation
200

Employees
60,000

Sector
Food & Drink

Global Compact Signatory Since
2003

Cadbury Schweppes plc is the world's largest confectionery company with over 200 years of heritage in responsible business. Most of the cocoa beans which make Cadbury's chocolate in the UK are grown in Ghana. William Cadbury helped found Ghana's cocoa industry in 1908, after having left Sao Tomé due to poor labour conditions. The company's many partnerships and initiatives in Ghana over 100 years have played a part in creating beans so good they command a world price premium and help Cadbury Schweppes maintain long term supply of this vital ingredient to their chocolate.

The Challenge
Cocoa is grown and harvested under the tropical forest canopy near the equator, often miles from existing infrastructure. Living and working in this environment poses a number of economic, social, environmental, and labour challenges for farmers, their families and communities. Also, with cocoa trees taking upwards of seven years to become productive, farmers are concerned about their livelihoods. Cocoa farmers often live far from a drinkable water source, and women and children can spend many hours every day collecting water; time which could have been spent earning an income or getting an education.

To secure a steady supply of cocoa, it is important for Cadbury Schweppes to help farmers improve cocoa production and maintain decent livelihoods to support families and villages.

The Actions
Cadbury Schweppes has teamed with a number of local and international civil society organizations to tackle some of the challenges faced in the cocoa industry.

Cadbury Schweppes started its water well building programme in 2001. The programme is financed by company support and considerable employee fundraising. Civil society partners in the programme are the local Kuapa Kokoo Social Development Fund, a farmers' co-operative, and the international charity WaterAid.

Cadbury Schweppes is a member of the Sustainable Tree Crops Programme, an international initiative partnering with civil society "to improve the economic and social well-being of smallholders and the environmental sustainability of tree crop farms." The programme runs Farmer Field Schools, which support cocoa farmers by helping them gain knowledge and skills to maintain high quality cocoa, and build their understanding of working within the cocoa trading systems.

Since 2005, Cadbury Schweppes has partnered with Earthwatch and the Ghana Nature Conservation Research Centre in an innovative biodiversity programme. With the aim of encouraging sustainable cocoa farming, the programme examines the production of cocoa in biologically diverse environments, encourages new farming methods to support the production of quality cocoa beans in more ecologically balanced ways, and helps re-establish farming and enhance biodiversity on abandoned farms. Seventy Cadbury Schweppes employees will have volunteered to help collect ecological data in Ghana by the end of the three years of research.

Cadbury Schweppes is also an active member of the International Cocoa Initiative board, a multi-stakeholder partner group aimed at improving labour conditions in the supply chain. The ICI works with governments of cocoa producing countries to develop a labour certification system to track, monitor and improve labour standards, and invest in social and environmental programmes to improve farmer incomes, education standards and social conditions.

The Benefits
Working with others in a variety of ways, Cadbury Schweppes has played an effective and supportive role in developing a sustainable cocoa industry in Ghana. By the end of 2006, Cadbury Schweppes and its partners had built 375 wells, providing access to clean water for almost 50,000 people. Access to safe water improves the health of the farming communities, and more steady supply of water for the crops means more food and better nutrition. Less time is spent collecting water and more time is available for education, farming and other income enhancing activities, which leads to an all-round improvement in a community's prosperity.

Protecting the people that grow the cocoa that Cadbury Schweppes buys has to be a priority – these are the people that provide a prized ingredient. Their well-being translates into well-being for the company. Supporting and encouraging farmers helps to ensure continuity of the cocoa supply chain.

Improving sustainability through impact assessment

Company Name
Stora Enso Oyj

Website
www.storaenso.com

Headquarters
Finland

Countries of Operation
40

Employees
44,000

Sector
Paper & Forest Product

Global Compact Signatory Since
2002

StoraEnso

Stora Enso is an integrated paper, packaging and forest products company, producing publication and fine paper, packaging board and wood products – all areas in which the Group is a global market leader.

The Challenge
In recent years, ensuring stakeholder trust has been getting increasingly difficult harder for companies who act globally, and thus Stora Enso started to look for ways to improve the credibility of its sustainability work.

Stora Enso set up a plantation operation in Guangxi, China, in 2002. Conducting a thorough assessment of the environmental and social impact of any new project is a common practice for the company, to manage potential negative externalities resulting from the establishment of large new plantations. The assessment is a tool for identifying risks that could affect the project, and a way of showing stakeholders how the company is managing its environmental and social impacts.

The Environmental and Social Impact Assessment (ESIA) can also reveal development areas that are challenging and outside of the scope of the capabilities of a company to handle. To be successful in addressing these issues, Stora Enso has adopted a strategy to build long-term partnerships with credible and professional organizations that have similar goals to those of Stora Enso but who have complementary skills and resources to reach those goals.

The Actions
When the decision was made to conduct an ESIA on the company's plantation operation in Guangxi, UNDP China was approached with a proposal to compile the report. UNDP China and Stora Enso agreed that UNDP would conduct the study independently and that the results would be made publicly available. The work consisted of analysing South Guangxi's economic, environmental and social dimensions through data analysis and field visits. UNDP broadened the approach beyond a conventional technical analysis to also include the opinions of residents and other stakeholders on mitigation measures and development priorities. The ESIA report was published in 2005. The report results, in addition to the company policies and principles, then formed the basis for Stora Enso Guangxi's Sustainability Agenda and action plan.

Directly after publishing the report, UNDP China proposed a partnership to address the main areas identified in the report: engagement of local villagers and biodiversity protection. UNDP China and Stora Enso signed a 5-year partnership agreement in November 2006. The partnership is jointly managed, but closely involves expert stakeholders and national, provincial and local government representatives.

The Benefits
The partnership has been highly successful in gaining the trust of Stora Enso's customers, investors, and other stakeholders in the company's management of sustainability issues in its Chinese plantation operation.

The ESIA report is a powerful communication tool but more importantly it has provided the company with an external view on where it should concentrate its sustainability activities. Bringing in an independent party to provide an "extra pair of eyes" has helped Stora Enso identify environmental and social issues that it might have missed, and to add transparency and credibility to its sustainability communications.

Conducting ESIAs is not yet common practice in China. UNDP plans to establish this study as a model for future ESIAs of other large-scale commercial or public projects.

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Affairs of Denmark

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The ten principles of the United Nations Global Compact

Human rights

Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2	make sure that they are not complicit in human rights abuses.

Labour standards

Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4	the elimination of all forms of forced and compulsory labour;
Principle 5	the effective abolition of child labour; and
Principle 6	the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7	Businesses should support a precautionary approach to environmental challenges;
Principle 8	undertake initiatives to promote greater environmental responsibility; and
Principle 9	encourage the development and diffusion of environmentally friendly technologies

Anti-corruption

Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.