



# Global Compact International Yearbook

**2010**



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H.E. Ban Ki-moon, UN Secretary-General

“ Over the past decade, companies in the United Nations Global Compact have done much to advance the corporate responsibility agenda and support the mission of the United Nations. As environmental and social issues have become more prominent, both as material challenges and real opportunities, businesses are beginning to understand the tangible value of responsible practices – for their own long-term success and for the benefit of societies and markets everywhere.

The Global Compact has contributed much to this development. More than any other such initiative, it offers space for experimentation, a forum to share good practices, and fertile ground for collective action to tackle some of the world’s most pressing challenges – from climate change and poverty to humanitarian disasters. As we gear up for the Summit on the Millennium Development Goals at UN Headquarters in September, business needs to play a vital role not only in reviewing progress, but in accelerating our efforts. If engagement in the Global Compact is any indication, I am confident that the private sector is up to the task.

This second edition of the Global Compact International Yearbook shows the wide scope of what businesses are doing to turn principles into practice. We can see the tremendous potential of business to make a lasting positive impact on the environment, on the lives of employees and on the development of communities. At the same time, these activities and initiatives remind us how much more can and must be done to achieve our vision of a more inclusive global economy. As the Global Compact enters its second decade, it is my hope that this Yearbook will be an inspiration to bring responsible business to true scale.

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United Nations Secretary-  
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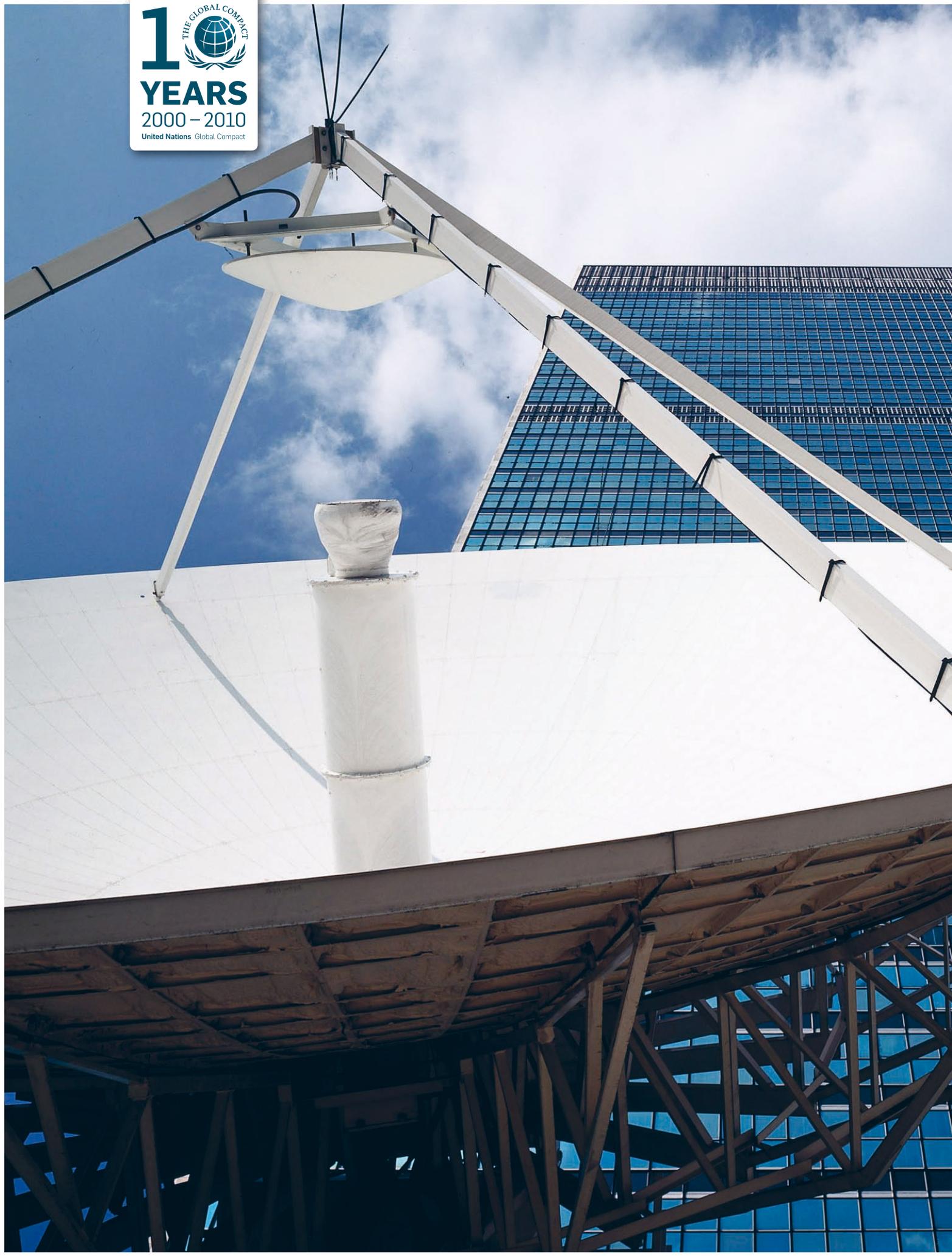
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**1** THE GLOBAL COMPACT  
**YEARS**  
2000 - 2010  
United Nations Global Compact

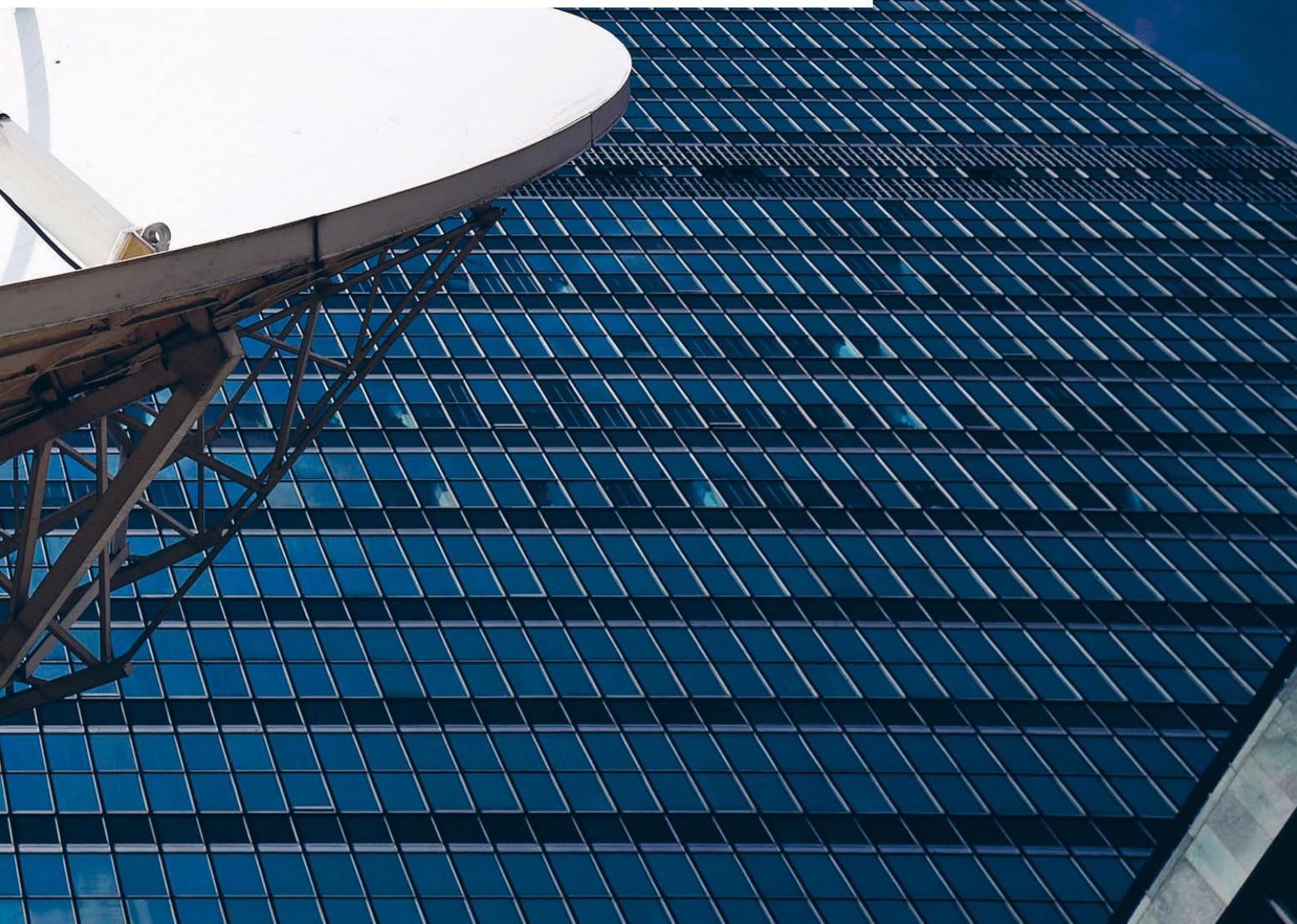


# THE GLOBAL COMPACT AT 10

## REVIEW AND OUTLOOK

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Looking back at the past 10 years, the United Nations Global Compact has left its mark in a variety of ways, helping shape the conversation about corporate responsibility and diffusing the concept of a principle-based approach to doing business across the globe.





By Georg Kell

Numbers only tell one side of the story, impressive as they may be. Since its humble start with 44 companies, the Global Compact has mobilized nearly 6,000 businesses in over 135 countries – of all sizes and from all sectors – to align their strategies and operations with its 10 universal Principles.

Yet, much remains to be done: Globally, there are some 77,000 transnational corporations, with millions of suppliers. The world is far from the universal adoption of corporate responsibility as a strategic and operational management paradigm. Nevertheless, there has been a marked shift in the ways in which multinational corporations and small and medium-size enterprises alike are looking at environmental, social, and governance issues.

With this shift, there has also been a recalibration of the larger debate over the role and responsibility of business. When the Global Compact was introduced – in the wake of vigorous anti-globalization protests, fueled by highly publicized corporate scandals of the 1990s – corporate responsibility was often treated as a purely moral issue, largely driven by NGOs, activist groups, and the media. Ten years on, the ethical case for acting responsibly remains as solid as it was then, but it has been complemented by an increasingly compelling business case. This business case is bolstered by investors and asset managers that look at environmental and social risks through the lens of fiduciary responsibility; by national regulators who are increasingly demanding non-financial performance information and seek to strengthen good corporate governance; and by an emerging global movement of conscious consumers who are placing a premium on more sustainable products and services.

Moreover, the business case is not just about minimizing risks – and thus the potentially hefty price to pay when things go wrong. It is also about discovering new opportunities, developing innovative business models, and opening new markets. Success stories of hybrid technology, organic agriculture, microfinance, or pro-poor products and services, to name a few, are valid indicators that the focus of business has shifted from morality to materiality. In many ways, corporate responsibility today is about the tangible value of values.

The Global Compact has often been among the first to spot these trends, and we have spent much effort on creating the proper engagement platforms to advance the debate, identify good practice, foster collective action, or inform and shape sensible public policy. The Growing Sustainable Business initiative, the Principles for Responsible Investment, Caring for Climate, or The CEO Water Mandate – all inspired by or launched with the Global Compact – are clear expressions of the initiative's important position at the nexus of public and private spheres, global advocacy and local implementation, individual leadership and true scale.

On a related note, the Global Compact has played a critical role in easing some of the often serious tensions between civil society organizations and business. Under the roof of the United Nations, in a non-threatening space for constructive dialogue and learning, both sides have discovered that there is more common ground than previously thought and that there is room to move from confrontation to cooperation. In quite a few remarkable cases, this has not, as many thought, forced NGOs to compromise their missions, and it has not come at an added cost for business.

Throughout the Global Compact's evolution, the United Nations itself has learned to reevaluate and restructure its relationship with business. Most member states now encourage private-sector engagement by UN agencies, funds, and programs. This is a sea change.

Only a decade ago, bringing business to the United Nations raised much suspicion. As an inter-governmental body, the UN was at times ill-prepared or even reluctant to involve the private sector in a meaningful way in its mission – despite the fact that much of the organization's founding philosophy had stressed the vital role of commerce and trade as pillars of stability, development, and peace.

Now, there is a common understanding and consensus that global challenges require concerted, collective efforts involving business as an indispensable partner. It is for this reason that the General Assembly has, in successive resolutions, stressed the contribution that the Global Compact can make



Georg Kell addresses the United Nations Private Sector Forum in September 2008 as Secretary-General Ban Ki-moon, and Kermal Dervis, Administrator of the UNDP, listen.

to bring about more inclusive markets and advance sustainable development.

As an initiative engaging some of the world's largest corporations, the Global Compact naturally has had to face some opposition and criticism. And admittedly, it took some time to find a proper modus operandi that would safeguard the initiative's integrity, while ensuring accountability and transparency of the corporate commitment. It also required frequent clarification of what the Global Compact is and what it is not. Nevertheless, we have remained true to our original mandate and mission: The Global Compact is, first and foremost, a platform for dialogue, learning, and partnership. Participation does not imply perfection. It simply means that an organization is willing to align with UN values and engage in activities that advance UN goals. As such, the Global Compact does not pass judgment or regulate corporate behavior. Of course, this has at times caused misunderstandings or even frustration, but it has always been an intentional policy to keep the entry barrier low, so that those that face serious challenges can join the conversation, learn from others, and improve. And we stand by this approach, as long as a sincere commitment to constructive dialogue and disclosure can be ascertained. It is for this purpose that the Global Compact introduced a mandatory reporting policy in 2005, requiring all participating businesses to issue an annual public Communication on Progress. The fact that nearly 1,800 companies have been publicly expelled from the initiative for repeated failure to disclose their practices has not been a detriment to the Global Compact's mission, but rather strengthened its credibility.

As the Global Compact enters into its second decade, the big question is what lies ahead. Today, the world economy is still reeling from a financial and economic crisis of momentous proportions. Global challenges, from climate change to natural resource constraints and widespread, abject poverty, are not likely to be resolved in the near future. Consequently, there is much uncertainty over the fate of the global market and the prospect for sustainable growth and prosperity. Are we entering a new era of protectionism and narrow-minded national policies that threaten to roll back the advances in global integration made in the past two decades? Or will we be able to chart a course to sustainability where responsible business is a critical catalyst? What does it take and how can we best support efforts to make this happen? Where will leadership come from and what pathways should we follow?

While much of the answer depends on political will and capacity, the Global Compact is committed to doing its part. If its first 10 years were about raising awareness and stimulating positive organizational change, the next decade will be about turning principles into practice; mobilizing tangible — individual and collective — action; cultivating issue leadership and local networks to bring good efforts to true scale; and further intensifying public-private collaboration, so that effective business solutions can stimulate positive policy responses, which, in turn, will help improve the enabling environment for responsible practices to grow. As business leaders meet in New York this June for the Global Compact Leaders Summit 2010, the Summit's motto becomes our shared mission: The time is now to build a new era of sustainability. ■



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Georg Kell is Executive Director of the United Nations Global Compact.



## MESSAGES

# WILLIAM JEFFERSON CLINTON



➤ *I am pleased to contribute to the 2010 International Yearbook as it commemorates the tenth anniversary of the United Nations Global Compact.*

*When it was established in 2000, the UNGC ushered us into the new millennium with clear guidelines for engaging the global marketplace in socially responsible business practices. In the decade since, thousands of businesses around the globe have embraced the principles put forth by the UNGC. Today, it is the world's largest corporate sustainability initiative. It has transformed the landscapes of industry, commerce, technology, and finance, while proving true the notion that we can all do well while doing good.*

*In our increasingly interdependent global society, we must find ways to move forward into the future together in the interest of our common humanity. It is our duty to use the positive forces of interdependence – like the principles encouraged by the UN Global Compact – to make our world more equal, more stable, and more sustainable. Now more than ever, businesses have the power to affect positive change in civil society, and it is in everyone's interest that they do so. When businesses around the globe practice good corporate citizenship by respecting human rights, promoting fair labor, fostering environmental stewardship, and opposing corruption, we go a long way in building networks that transcend borders, reflect shared benefits and shared responsibilities for problems, and create a genuine sense of community where we can manage our differences by celebrating them.*

*As we work together to expand the marketplace of ideas and discover practical new ways to address our world's most pressing challenges, I am optimistic about the future. I believe we're living in a time of the greatest human potential in history, but we have a responsibility to offer all people the chance to succeed. When everyone is given the opportunity and tools to imagine and build brighter future, our global society will fulfill its promise and grow immeasurably stronger.*

William Jefferson Clinton was the 42<sup>nd</sup> President of the United States from 1993 to 2001.

## RAJENDRA KUMAR PACHAURI



Dr. Rajendra Kumar Pachauri is Chairman of the Intergovernmental Panel on Climate Change.

➤ I am delighted to write on the occasion of the UN Global Compact's 10th anniversary 2000-2010 and the publication of the Global Compact International Yearbook 2010. The UN Global Compact has clearly exceeded all expectations that were generated when it was first launched. It is becoming increasingly clear that the most intractable problems facing human society – particularly those related to human-induced climate change and the degradation of the earth's ecosystems – can only be solved if business and corporate organizations become an important part of the solution. The UN Global Compact has not only extended its reach to cover the most important business organizations across the globe, but has also articulated these problems effectively and inspired all the organizations involved in taking action to solve these problems. What began, in my view, as a collective effort for the exercise of corporate responsibility has now become a mainstream activity for corporate organizations as a whole. It is becoming increasingly clear – based on 10 years of pioneering work by the UN Global Compact – that business itself can succeed only under conditions where it realizes and exercises its responsibilities to society. The Global Compact International Yearbook 2010 is an excellent resource and valuable piece of documentation to provide good partnership practices and create benchmarks on the basis of which others can confidently create their own plans and programs in making contributions to society.

I would like to particularly highlight the importance of the corporate sector in meeting the challenge of climate change. Not only is it essential for corporate organizations to understand and assess the impacts of climate change in the areas where they operate but also, if possible, to provide support to organizations that can create adaptation measures that are specific to these impacts, on the basis of which adaptation measures can be taken in hand. Realizing the importance of such efforts, the Intergovernmental Panel on Climate Change set up a trust fund with its share of the 2007 Nobel Peace Prize funds. Corporate organizations have been invited to donate to the trust fund so that in some of the poorest and worst-affected countries, we can build capacity and scientific expertise by which programs for meeting the challenge of climate change in these countries can be drawn up on the basis of solid scientific knowledge.

Corporate organizations can also take the lead in mitigation measures and the evolution of technological solutions that would move the world toward a low-carbon future.

I would like to convey my best wishes and congratulations to those who have been involved in the growth and development of the UN Global Compact and in leading its activities over the past 10 years. ◀

## JOSCHKA FISCHER



Joschka Fischer served as German Foreign Minister from 1998 to 2005.

➤ Sustainable development is, simply put, a synonym for successful globalization – that is, a globalization that enhances our well-being comprehensively and therefore passes the test of time. As foreign minister during the time of the founding of the Global Compact 10 years ago, I wholeheartedly welcomed this voluntary, business-driven initiative. With its “esprit des corps,” it was a crucial impetus for committing the business community to the imperatives of responsible business practices.

While networks like the Global Compact do not solve problems by themselves, they have been essential in stimulating action on many levels. And though we are far from total adherence, the Compact’s canon of Principles has become an important reference point for companies all over the world. In setting up this platform within the UN structure, we owe much to Kofi Annan’s conviction that the private sector has both a crucial role to play and holds a responsibility for achieving sustainable development.

As a veteran of the green movement, I am particularly delighted that today we stand on the verge of an epoch-defining breakthrough for renewable-energy technologies, and am also delighted to be a contemporary witness of this encouraging development. However, long-term evidence has shown that voluntary, non-binding agreements alone are incapable of achieving environmental or social targets. They will always be limited by the intrinsic logic of global competition. We need both governments and an effective multilateral structure to drive new investment patterns and allow the potential of the private sector to unfold. I encourage businesses to strengthen their call for politicians to play their part. ◀

## HUGUETTE LABELLE



Huguette Labelle is Chair of Transparency International.

➤ In 2004 when the Global Compact added the 10th Principle, the anti-corruption movement gained a singularly important ally as well as a powerful platform for tackling corruption across the globe. With more than 7,500 organizations in 130 countries, no other initiative can boast similar geographical reach and such a wide range of participants, including so many small and medium-sized enterprises.

Transparency International (TI) is delighted to have been an instrumental part of the multi-stakeholder Global Compact working committee that collaborated on drafting the 10th Principle. Its introduction in 2004 represented a landmark event as TI had long argued that the other nine Principles required a commitment to anti-corruption and transparency to make their implementation successful and effective. But the current global crisis only heightens the need for a global approach to eliminate corruption and a global commitment to transparency. The wide reach of the Global Compact makes it a key platform for the dissemination of best practice in the business community worldwide. This Yearbook is another step in this direction.

TI looks forward to maintaining its close working relationship with the Global Compact. In December 2009, we jointly published Reporting Guidance, which was specifically designed to help Global Compact signatories report on their compliance with the 10th Principle in their annual Communication on Progress. The Guidance was developed in the spirit of the Global Compact as a means to help companies and other signatories to fulfill their commitment to the Ten Principles of the Global Compact as well as to strengthen their internal operations and enhance their reputation. At the same time, the Guidance will allow this progress to be measured: transparency and accountability in action. We congratulate the Global Compact Initiative on what has already been achieved in the past decade and look forward to its future successes. ◀



## MESSAGES

# TENSIE WHELAN

➤ *Congratulations to the UN Global Compact on a decade of successfully engaging the private sector in sustainable development – a goal we at the Rainforest Alliance share. As an organization aimed in large part at transforming business practices worldwide, we especially appreciate the Global Compact’s efforts in tracking and formalizing private sector commitments to environmentally responsible and sustainable practices. Working together with the UN Global Compact in 2007 to develop and test a methodology that companies can use internally to analyze their investments in sustainability, we created metrics that address both tangible and intangible values created through certification, sustainable production, and sustainable procurement. These metrics have proved extremely useful for businesses hoping to capture the financial results of environmentally responsible choices.*

*The work of the Rainforest Alliance and many other environmental organizations is facilitated and reinforced by the Global Compact. UNGC commitments, such as those aimed at combating climate change and water pollution, are critical in the drive for increased conservation and sustainability. The magnitude of the environmental problems we face today will require stronger cooperation among the UN, the private sector, and organizations such as the Rainforest Alliance. We look forward to working together to transform business as usual into true sustainability.* ◀



Tensie Whelan is President of The Rainforest Alliance.

## KLAUS TÖPFER



Prof. Klaus Töpfer, former Undersecretary of the United Nations, was Director of the United Nations Environment Programme from 1998 to 2006.

➤ For 10 years the United Nations Global Compact has been one of the most important UN initiatives to sharpen the international discussion about sustainable development, human rights, and environmental stability, including global warming. The various initiatives and stories concerning the activities of the Global Compact were first documented in the Global Compact International Yearbook 2009. It was a special pleasure for me to follow the best practice examples and different approaches of the Global Compact that were described in the first edition. The implementation of the Ten Principles of the Global Compact makes the UN Family a more sustainable sphere and motivates people all over the world to change their lifestyles as well as their consumption and production patterns in ways that create a better future.

It is a special honor for me to congratulate the Global Compact in the International Yearbook 2010 on its 10th anniversary. The Principles of the Global Compact are still the guidelines for every responsible person and any company whose aim is to create a world of humanity and justice. And they provide a vision of a better future for humans who live in harmony with their neighbors and explore the ecosystems and the nature around them. In our times, questions of poverty, natural disasters, the threat of climate change, the protection of human rights for fundamental freedoms, and the fight against hunger are addressed in the Millennium Development Goals. Access to clean water, fresh air, and healthy food is not granted to every human being. As long as those requirements to realize the right to develop (Rio Principle 3) are not fulfilled, the work and the aims of the Global Compact will not be achieved. So I hope that over the next 10 years the Global Compact International Yearbook will show us the good progress being made toward achieving these goals. I will go on working hard, believing in the assumption that one day a better, more human, and sustainable life can be made possible. In this spirit I wish the Global Compact success over the next 10 years and promise to follow their activities in the Global Compact International Yearbook every year. ◀



## MESSAGES

# ERNST R. LIGTERINGEN

➤ *As the United Nations Global Compact celebrates its 10th anniversary, it serves us well to reflect upon the substantial advances made in the corporate commitment to sustainable development over the past 10 years in which the UN Global Compact has played a crucial part.*

*The landscape has changed significantly since 2000, when corporate responsibility was outlined in the Principles of the Global Compact and reporting on sustainability performance was in its infancy. Now we have a landscape where many thousands of entities underwrite the Global Compact's Principles and communicate that commitment – a landscape where governments, as in Denmark for example, refer to the UN Global Compact and to the Global Reporting Initiative (GRI) as a way for companies to demonstrate their sustainability performance. We have a landscape where stakeholders routinely expect from their companies disclosure on environmental, social, and governance performance. I have no doubt that a great deal of what has shaped these developments is the UNGC-GRI partnership.*

*It has been three years since the appearance of the joint UN Global Compact / Global Reporting Initiative publication, Making the Connection, which links the “what to report” of the Communication on Progress to the “how to report” offered by GRI's Sustainability Reporting Framework. Since then, this fruitful collaboration has continued to deliver results for users – most recently in the area of delivering better guidance to companies on reporting human rights.*

*In a new decade with new needs, UNGC and GRI's common vision of a sustainable economy will offer a platform for realizing the value of sustainable development: facilitating sustainable outcomes, requiring material performance disclosure, and making that information accessible for today's and tomorrow's stakeholders.* ◀



Ernst R. Ligteringen is Chief Executive of the Global Reporting Initiative.

## JAMES GIFFORD



James Gifford is Executive Director of Principles for Responsible Investment.

➤ There is now a critical mass of institutional investors who believe management of corporate responsibility is important to the long-term financial success of their investments. Hundreds of investors are now integrating a range of environmental, social, and corporate governance (ESG) issues in decision-making processes, as well as in the ongoing dialogue they have with investee companies. In the last 10 years, the UN Global Compact has become one of the most important frameworks used by the investment community to evaluate companies' performances across a whole range of ESG issues.

The Principles for Responsible Investment (PRI) are aspirational guidelines for institutional investors on how to integrate ESG issues into investment processes, and were initially conceived as a natural extension of the UN Global Compact, designed for investors rather than companies. Since their launch in April 2006, over 700 signatories have signed the Principles, representing assets of around \$ 20 trillion.

The PRI work side-by-side with the UN Global Compact to encourage investors and companies to move in tandem toward more sustainable capital markets. For example, in October 2008, a group of 52 PRI signatories across four continents called on thousands of listed companies to participate in the UN Global Compact. By November 2009, hundreds of companies had joined as a result of that letter, constituting one in four of all the publicly listed companies that signed up to the Global Compact in that period.

Additionally, for three consecutive years, leading PRI signatories have contacted hundreds of UN Global Compact participant companies regarding the publication of a Communication on Progress report. The investors have commended the best reports and challenged those "laggard" companies that did not submit a report to do so. Last year, that engagement resulted in around half of the "laggard" companies subsequently submitting their reports.

PRI signatories have also leveraged a number of Global Compact initiatives focused on issues such as corruption, water, and conflict-resolution as a platform to engage with investee companies.

In short, the impact of the UN Global Compact within the global investment community has been of great significance in its first 10 years. Investor use of the Global Compact as a framework for dialogue with investee companies and within investment analysis has dramatically increased in recent years, and the Compact is set to play a vital role within the investor community for decades to come. ◀

## PAUL DICKINSON

➤ *On this, the UN Global Compact's 10th anniversary, I am delighted to extend my congratulations and contribute to the Global Compact International Yearbook 2010. The UN Global Compact has for 10 years worked to ensure that markets, commerce, technology, and finance advance in ways that benefit economies and societies around the world. It has done this by moving business toward greater accountability and transparency, which are vital for driving change.*

*As the world's largest voluntary reporting system on climate change, we at the Carbon Disclosure Project are increasingly seeing business begin to prepare and take action. Companies who understand that climate change is going to shape the business models of the future also understand that it is an issue that must be factored into the business practices of today. Business has the ideas, investment potential, and innovation required to tackle this problem and the UN Global Compact offers a framework to help companies continue to advance. This is vital work in moving us toward a more sustainable global economy and I wish you every success for the next 10 years.* ◀



Paul Dickinson is Chief Executive Officer of the Carbon Disclosure Project.

## HEIDEMARIE WIECZOREK-ZEUL



Heidemarie Wieczorek-Zeul served as German Development Minister from 1998 to 2009.

➤ *Ten years ago, when the UN Secretary-General initiated the Global Compact in New York, no one expected to see the global economic developments that we face today. And today, when we are battling the consequences of the global economic crisis, we must respect the ten principles of the Global Compact more than ever and promote them internationally. We must tirelessly defend the fundamentals for a functioning international economy and working environment: the attainment of human rights, respect for the ILO's core labour standards, environmental protection and the fight against corruption.*

*In the past decade, the Global Compact has developed into a permanent institution. In an increasingly interconnected world, with oversight from consumers, the media and civil society, no corporation that acts globally today can afford to defy universally accepted basic values for long. Many companies — especially in the consumer goods industry — know that they are no longer evaluated solely on what they produce, but also on how they carry out production.*

*Yet the proportion of low-wage jobs without social security is still rising: in Asia, this number is at 30 percent today, and in some parts of Africa it is 80 percent. This is no time to slacken our efforts on decent work. Against the background of the global economic crisis, we must also ask those financial services providers who are already committed to the Global Compact how they have implemented its principles and whether they have contravened them. All participants in the Global Compact must subject themselves to scrutiny.*

*The Global Compact must be further developed for the future: the general principles must be expanded into sophisticated binding rules and obligations. Only in this way can we put the goals of the pact into practice: reducing poverty, ensuring peace and supporting our environment.* ◀



# THE GLOBAL COMPACT 2000 - 2010

## SHAPING CORPORATE RESPONSIBILITY

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Over the last 10 years, the Global Compact has grown significantly, both in terms of the number of participants and their engagement. While only a handful of companies and NGOs met on July 26, 2000, at the UN Headquarters in New York to launch the Global Compact, today (as of February 2010) more than 7,300 business and non-business participants are part of the initiative.

By Prof. Andreas Rasche

Historically speaking, the Global Compact reflects a true rapprochement between the United Nations and the business community. The underpinning belief of the Compact — that there are interdependencies between the agenda of the UN system and the activities of businesses — sounds more appealing than ever in today's global economic context. Shaping the post-crisis environment in a constructive manner suggests a reemphasis on the fact that global markets have to be embedded in shared values and long-term business practices. This will require questioning long-held assumptions and redefining the role of business in global society. Like any rapidly expanding organization, the Global Compact has to reflect on its achievements, spot emerging trends, and address its challenges.

### **Achievements: Looking back**

The surveys conducted for the Global Compact Annual Reviews show that participants have advanced their corporate responsibility practices over time, while, concurrently, implementation gaps remain a reality. However, the Global Compact's achievements can also be discussed when looking at how the initiative has influenced corporate responsibility as a societal phenomenon.

#### *Shaping the debate:*

By the end of the last century, corporate responsibility — though prevalent among most large national and multinational corporations — was a fairly disentangled phenomenon. Through its 10 universal principles, the Global Compact structured the debate without being overly regulative and thereby destroying the possibility for innovation. As continuously highlighted by its executive director, Georg Kell, the Ten Principles act as a “moral compass,” offering guidance to business and non-business actors for them to reflect on and advance their operations and strategies. In particular, small and medium-sized enterprises (SMEs) have entered the corporate responsibility domain through the Global Compact. SMEs, which are often part of global supply chains, play a pivotal role when thinking about how to implement corporate responsibility practices in the local context.

#### *Being global and local:*

The Global Compact has succeeded in building a truly global initiative that is, at the same time, rooted in local action.

Through its numerous Local Networks, the Compact built bridges between abstract universal principles and contextualized action on the ground. Many Local Networks were set up in countries or regions where multi-stakeholder collaboration had been a largely unknown phenomenon. The Compact has a particularly strong foothold in essential economies like China and India, both of which play a significant role when looking at the issues covered by the Ten Principles. By now, China and India are among the largest Local Networks and provide a significant share of the overall signatory base.

#### *Cooperation, not confrontation:*

There can be no doubt that single actors will not solve the existing global challenges. Isolated action cannot be the answer to multifaceted and dynamic problems. The Global Compact has proven to be a platform to channel the collective voice of business in the context of many well-known issues (e.g., climate change and water sustainability). Many public-private partnerships have been initiated under the umbrella of the Global Compact. Sustaining and deepening these partnerships is critical to induce change on a local level. The last 10 years have shown that to stimulate change in the context of the Ten Principles, there needs to be cooperation between a diverse set of actors. The Global Compact offered a much-needed “discursive space” for such cooperation to prosper.

### **Trends: Staying tuned**

Over its years of existence, the Global Compact has shaped and, at the same time, has been shaped by a variety of trends. Throughout its rather short history, the initiative has witnessed a fundamental change in how, where, and which businesses handle corporate responsibility issues.

#### *Globalizing corporate responsibility:*

Corporate responsibility — which up until a few years ago was largely a concern only of Western multinationals — has evolved into a truly global phenomenon. Especially emerging economies like China and India have entered the corporate responsibility universe and started to build up localized knowledge and best practices. This development highlights the need for increased collaboration, not only among multiple stakeholders, but most of all across continents and regions. As corporate responsibility practices have turned global, so have many of the problems underlying the debate.



*From philanthropy to strategy:*

Corporate responsibility has turned from philanthropic action into a strategic and operational concern. Corporations join the Global Compact for reasons of risk mitigation and opportunity-seizing, and not primarily for brand differentiation or public relations. The 2008 Global Compact Implementation Survey finds that corporations are aiming at integrating environmental, social, and governance (ESG) issues into their corporate strategies and value chain activities. Isolated philanthropic activities, as good as their intention may be, are not driving the agenda anymore.

*Linking financial markets:*

The link between financial markets and corporate responsibility is growing stronger. The Global Compact, through its engagement in the Principles of Responsible Investment (PRI), has significantly supported this process. A swiftly growing community of asset owners and asset managers commits to considering ESG issues in their investment decisions. The recent global financial crisis has reinforced the need for long-term, sustainable investment strategies over short-term considerations. While improved governance of financial markets cannot solely rest on voluntary initiatives like PRI and needs to be backed up by legislation, there is no doubt that further recognition of ESG issues by the investment community would act as a strong driver of the corporate responsibility agenda.

**Challenges: Moving on**

Every organization faces challenges in shaping its strategy and future positioning. Accepting these challenges means being willing to learn. The Global Compact has addressed many of its challenges, largely because of its dynamic and non-bureaucratic organizational design. For instance, it introduced the Communication on Progress (COP) reporting requirement and delisted those participants failing to disclose their practices and results. However, a variety of challenges remain.

*Improving implementation:*

The 2008 Global Compact Implementation Survey revealed various implementation gaps. In a world of globally interconnected value and supply chains, the Compact's principles have to move beyond corporate headquarters. The contribution of

subsidiaries and supply partners has to be deepened when thinking about how to put the Ten Principles into practice. This will require advancing businesses' corporate responsibility policies and further developing existing management practices. The 2008 Implementation Survey identified only 8 percent of all participants as "advanced" performers, with the majority of participating businesses ranking as intermediate performers. The key challenge will be helping "beginners" to scale up their corporate responsibility performance, while maintaining the strong position of the "advanced" companies. Deepening implementation not only requires ample resources but, above all, management know-how and the understanding that corporate responsibility issues reflect a key strategic priority. Creating such know-how requires, among other things, the ability to identify and report on quantitative metrics that reflect a company's performance with regard to ESG issues. As it is commonly said in management jargon: What you cannot measure, you cannot manage.

*Developing issue platforms:*

To consider the contextualized and interconnected nature of corporate responsibility problems, the Global Compact, together with other organizations, has developed issue platforms to give participants a chance to demonstrate leadership regarding responsible investment (PRI), climate change (Caring for Climate), water sustainability (CEO Water Mandate), and responsible management education (The Principles for Responsible Management Education). While all these initiatives have gained momentum, it is also clear that large-scale action depends on more participants joining these issue platforms. Change comes from well-coordinated individual and collective action; expanding the signatory base of Global Compact issue platforms is crucial for this change to occur.

*Advancing Communication on Progress reporting:*

Disclosure on implementation progress is one important way for corporations to demonstrate commitment to the Global Compact. While approximately 7,000 COP reports are already available on the Global Compact website for public review, it is also clear that the overall quality of reporting has to improve. Only a small number of companies are using established disclosure frameworks, like GRI G3. The challenge is to not only report on corporate policies and unconnected projects, but to show clear evidence of "on the ground" impacts based on measurable and transparent indicators. So far, the Global Compact was forced to delist over 1,800 companies (as of February 2010) for failure to submit a COP. While most multinational and large national companies have experience in non-financial reporting, disclosing information on the implementation of the Ten Principles is new territory for many SMEs.

Assisting companies that are seeking further information and practical guidance on high-quality non-financial reporting is a key challenge to get the most out of the Communication on Progress requirement. The bottom line is that without a more rigorous approach toward annual disclosure, it will be hard for stakeholders (e.g., investors) to judge whether and how a company performs with regard to the Ten Principles.

All of these challenges point to a common topic: achieving and managing sustained growth (a) in terms of the quantity of business and non-business participants, and (b) in terms of the quality of their engagement. Such growth is necessary since Global Compact participants still represent a rather minor share of corporate activity throughout the world. Mainstreaming corporate responsibility practices and addressing the Ten Principles on a larger scale is only possible if more corporations engage more intensely in the Global Compact. This, however, will create a variety of management challenges for a network-based organization with scarce financial and non-financial resources. Local Networks, through their capacity on the ground and contextualized knowledge of participants, will play a pivotal role in managing the sustained growth of the initiative.

The Global Compact is well-equipped to cope with these (and other) challenges. If we look up the word “compact” in Webster’s Third New International Dictionary, we are told that it reflects “an agreement, understanding, or covenant between two or more parties” echoing “a degree of strength.” If business and non-business actors remind themselves of this degree of strength and their common belief in the significance of the Ten Principles, there is no doubt that the Global Compact will successfully shape corporate responsibility practices throughout the next decade.

### **The Global Compact and sustainable capitalism**

Renowned management thinker Peter Drucker (1909–2005) once said that “Management is doing things right; leadership is doing the right things.” While it is still unclear what precise long-term effects the multiple crises had on corporate responsibility, there is no doubt that to change present business practices, we need both management and leadership. We need inspiring leaders who fundamentally rethink existing business models and align them with the changing economic realities. And we need managers who turn this vision into reality by developing and implementing new business practices.

When leadership and management commingle in this way, there is a good chance that we may see the rise of what Al Gore

and David Blood call sustainable capitalism (see Wall Street Journal, November 5, 2008, page A23). The Global Compact provides a web of universal values that can underpin such a new form of capitalism, values emphasizing the long-term effects of business decisions and good governance of markets. Sustainable capitalism is based on the convictions that future economic growth depends on true business innovations (and not juggling with enormous sums of money); that externalities will have to be internalized (and not ignored); and that reflections on the purpose of business in global society need to move to the heart of management practice (and not be perceived as an add-on).

Sustainable capitalism, if taken seriously, requires a different way of thinking and, as a consequence, a new set of leadership skills. Managers need to look at the global economy and the embedded business practices from the perspective of systems thinking. The global economy affects and is affected by many interrelated systems – for instance, but not limited to: the natural environment, financial markets, political leadership, civil society, and business practices on the ground. These systems interact, often in unpredictable ways. If we want to avoid stumbling from one crisis to another, we need to identify the interaction effects among these systems and discuss how to address the resulting risks. We need a more holistic way of thinking about existing and future problems. Otherwise, solutions will reflect only isolated actions.

Developing sustainable capitalism means to not let short-term thinking drive out long-term practices. Corporations participating in the Global Compact agreed to be part of a long-term understanding of capitalism and to work toward inclusive markets based on a set of 10 universal principles. No doubt, transformative actions and changes require, above all other things, hard work. This, of course, represents a fundamental challenge, but as Thomas Alva Edison already acknowledged: “There is no substitute for hard work.” ■



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MILESTONES

# UN GLOBAL COMPACT MILESTONES



**In September 2000 world leaders came together at United Nations Headquarters to adopt the United Nations Millennium Declaration, committing their nations to a new global partnership to reduce extreme poverty.**

## 2000

**July 26, 2000: Launch of the Global Compact at High-level Meeting held by UN Secretary-General with 44 companies attending**

Following a call to action by then-UN Secretary-General Kofi Annan at the 1999 World Economic Forum in Davos, the operational phase of the UN Global Compact was launched on July 26, 2000, at UN Headquarters in New York. The preceding months had seen much discussion over the mandate, role, and purpose of a UN initiative to promote corporate responsibility. As agreement had been reached earlier on a set of Nine Principles covering human rights, labor standards, and the environment, the Secretary-General decided to convene a high-level event bringing together business executives with the leaders of UN agencies, funds, and programs; global civil society organizations; governments; and labor and employers' organizations. Initially signed by 44 companies, the new initiative called on business to put the Nine Principles into practice, join the UN in partnership projects to advance sustainable development, and report annually on progress made. In December 2000, the UN General Assembly underscored the role of business in its resolution A/55/215 (Towards Global Partnership). The newly formed Global Compact Office, a small section within the Secretary-General's Executive Office, was to become the hub of the initiative, with Georg Kell named Executive Head.

The Global Compact's launch was followed by the historic UN Millennium Summit in September 2000, which led to the creation of the UN Millennium Development Goals (MDGs). The Millennium Declaration, issued by the largest-ever gathering of heads of state and government, stated that "only through broad and sustained efforts to create a shared future, based upon our common humanity in all its diversity, can globalization be made fully inclusive and equitable."

At the initiative's operational level, four distinct areas of concentration had emerged, following extensive discussions and consultations among stakeholders: Policy Dialogues – to explore critical issues relevant to business implementation of the Global Compact; the Learning Forum – a platform for the exchange and discussion of corporate practices and experiences; Networks – to advance the Global Compact's work on the local level; and company initiatives and partnerships – to leverage the resources and relative strengths of business in support of UN goals.

In October 2001, the Global Compact concluded the pilot phase of its Learning Forum, which had led to the development of 30 business case studies related to the corporate efforts to implement the Global Compact Principles. The multi-stakeholder group assessing the case studies also noted that "many businesses faced difficulties assessing the priority of corporate citizenship responsibilities relative to other profit-seeking business activities." As a consequence, it was agreed that a new framework would be launched in January 2002. All companies in the Global Compact would now be required to submit an annual "example" detailing implementation practice, while a steering committee would select the most promising examples for development into in-depth, peer-reviewed case studies.

Also in December 2001, the Global Compact and the Global Reporting Initiative (GRI) joined forces for the first time, announcing a cooperation agreement that stressed the consistency of both initiatives' approaches. Sustainability reports utilizing the GRI's reporting framework would henceforth be considered as submissions fulfilling the participation requirements of the Global Compact.

## 2001



*"The Global Compact is about the values that unite us. The attacks were a direct challenge to these values – they were an attack on fundamental human rights."*

Mary Robinson

### BUSINESS & PEACE

March: First Global Compact policy dialogue about private sector and zones of conflict

### COP

July: Early version of COP released

### BUSINESS & PEACE

September: Policy dialogue on "Role and Responsibilities of Business Operating in Zones of Conflict"

### EDUCATION

October: Learning Forum commits to develop academic infrastructure



**Then-UNEP Director Klaus Töpfer in Johannesburg: World Summit on Sustainable Development (WSSD)**

## 2002

As participation in the Global Compact continued to grow at rapid speed in 2002, the initiative introduced early elements of its emerging governance structure. In January 2002, the newly formed Global Compact Advisory Council, an interdisciplinary high-level body comprising leaders from business, civil society, labor, and academia, appointed and chaired by the Secretary-General, held its first meeting in New York to discuss the evolution and future direction of the initiative. In June 2002, the Global Compact Office released its first Progress Report, presenting a comprehensive overview of the Global Compact and progress made in the initiative's core areas of activity.

At the World Summit for Sustainable Development, held in Johannesburg in September, the Global Compact and UNDP launched the Growing Sustainable Business (GSB) initiative, recognizing that – in the absence of sufficient investment in developing countries – the MDGs would not be achieved without a sustainable contribution by the private sector. Coordinated and managed by UNDP to this day, the GSB offers a platform for companies that seek to develop commercially viable business projects within their core business or value chain. GSB projects have since been launched in 12 countries around the world.

On the national level, the year 2002 saw the launch of events for the Global Compact in Spain, Turkey, Ghana, and Italy, among others. By the end of the year, the number of participants had reached 600 organizations. As of November 2002, the Global Compact Office began releasing a full list of participants on its website.

### PARTNERSHIP

June: Building Partnerships report published, which offers an overview of the growing cooperation between the United Nations and business

### EDUCATION

June: Academic Network established

### LOCAL NETWORKS

December: First Learning Network Forum (ALNF) in Berlin identifies knowledge and learning gaps

**COP**

January: Advisory Group says companies should publish examples in annual reports – a shift in approach that leads to full COP concept

**HUMAN RIGHTS**

April: NGOs increase pressure on human rights and UN internalization processes

**PARTNERSHIP**

May: Global Compact policy dialogue on HIV/AIDS

**LOCAL NETWORKS**

June: ALNF in Berne says Global Compact needs to create guidance

**FINANCIAL MARKETS**

October: Global Compact opens Nasdaq



**The official G8 Declaration issued at the G8 Summit in Evian-les-Bains, France, in June for the first time expresses support for the Global Compact.**

**2003**

In January 2003, the Global Compact Advisory Council met in New York for its third meeting. At the meeting, Council members recommended that companies – in order to increase transparency and accountability – should publish implementation examples as part of their annual reports. This recommendation marked a significant shift in the Global Compact's strategic approach, which would eventually lead to the introduction of the Communication on Progress in 2005. In April 2003, the leaders of several global NGOs, including Amnesty International and Oxfam, wrote an open letter to then-Deputy Secretary-General Louise Fréchette, calling for "tangible evidence of progress arising from the Global Compact." Echoing concerns raised by many civil society stakeholders during the Global Compact's early years, the group urged strengthening the initiative's accountability and proposed a number of measures, such as stricter monitoring of the Global Compact's reporting requirement, as well as a mechanism to address perceived violations of the Global Compact Principles by corporate participants.

Also in May 2003, G8 finance ministers for the first time expressed support for the Global Compact. In a joint statement, the ministers encouraged "voluntary private sector initiatives that foster and complement such international efforts to promote corporate social and environmental responsibility as the OECD guidelines for Multinational Enterprises and the UN Global Compact Principles." This support of the Global Compact's role was further reiterated in the official G8 Declaration issued at the G8 Summit in Evian-les-Bains (France) in June 2003.



**MILESTONES**

The first Global Compact Leaders Summit took place in New York on 24 June 2004. At the time, it was the largest meeting of representatives from industry, civil society, trade unions and politics that had ever taken place under the auspices of the United Nations. There were a variety of motivations and objectives for the Leaders Summit: In just four years, the Global Compact had developed into the largest voluntary CSR initiative in the world, with well over 1,500 participants from more than 70 countries. What factors led to its success? What kind of experiences had corporations had with implementing the Ten Principles? What strategies were necessary to expand Global Compact implementation at a wider level? The participants in New York were called upon to address these questions and others, as well as to report on successes, problems and challenges. Numerous participants suggested that national and regional networks should be strengthened and the decentralisation of the Global Compact intensified. The private-sector contribution to global development was an important element of this debate. Companies were asked to form partnerships with other actors from civil society in order to tackle concrete problems more effectively, with the Millennium Development Goals (MDG) mentioned as a particular driving force. Of course there was some criticism too: Representatives from NGOs and trade unions lamented that the Global Compact mechanisms did not include a method of verifying that the principles had been implemented and a way to demand that companies take action in urgent cases. The significance of the annual Communication on Progress was stressed in response; this newly introduced confidence-building measure would be required of participants and constitute proof of actual activity.

**2004**



**Global Compact's first Leaders Summit held in New York with more than 400 participants.**

**ANTI-CORRUPTION**

January: Global Compact convenes dialogue on transparency and the fight against corruption

**ANTI-CORRUPTION**

April: United Nations sets up inquiry into the Oil for Food program – underscores need for greater transparency

**COP**

June: Global Compact launches integrity measures

**ANTI-CORRUPTION**

July: Launch of UN Global Compact Principle 10

**FINANCIAL MARKETS**

July: Who Cares Wins launched – ESG concept takes off

**HUMAN RIGHTS**

November: Launch of the Embedding Human Rights series



**Global Compact Summit in China: 500 international business leaders and representatives of government and civil society assembled. It is the largest event ever held in China on the topic of responsible business.**

## 2005

For the Global Compact, the year 2005 has brought not only further growth and new initiatives, but also major structural changes. What was required was to better link global strategies with local action, ensure integrity, improve the quality of businesses' commitment and give the companies and organisations involved a stronger share in the initiative's strategic and operational development. Consultation was entrusted to John G. Ruggie, who was then Special Adviser to the Secretary-General on the Global Compact, and Georg Kell, Executive Head of the Global Compact Office. SG Kofi Annan endorsed this new Governance Framework in August 2005 and launched the implementation process. In keeping with the Global Compact's voluntary and network-based character, the governance framework is light, non-bureaucratic and designed to foster greater involvement in, and ownership of, the initiative by participants and other stakeholders themselves. Governance functions are shared by seven entities, each with differentiated tasks within a multi-centric framework including Leaders Summits, Local Networks, a Board, the GC office and the Inter-Agency Team.

### PARTNERSHIP

April: Global Compact and OCHA launch new business guide on emergency aid

### ANTI-CORRUPTION

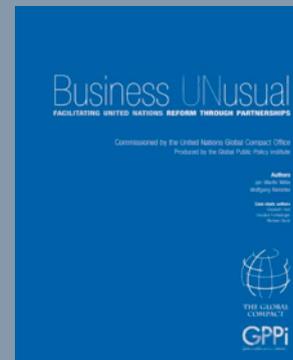
December: UN Convention against Corruption enters into force

### PARTNERSHIP

December: UN General Assembly encourages Global Compact Office to promote partnerships

### LOCAL NETWORKS

December: New guidance document for Local Networks released



**September: Global Compact releases "Business UNusual – Facilitating United Nations Reform through Partnerships"**

**MILESTONES**



**Then-UN Secretary-General Kofi Annan launches Principles for Responsible Investment (PRI)**

**2006**

The Global Compact has developed over the years into a brand with global reach. In this way, the Initiative has made an important contribution to the internal reform of the United Nations. And that is being recognised: In September 2006, SG Kofi Annan emphasised the central role of the Global Compact as an interface between the United Nations (UN) and business. The Global Compact's institutional strengthening is complemented by its global expansion. The fourth annual network forum, which brought more than 150 delegates to Barcelona in September 2006, was an expression of the Initiative's growing expansion on all five continents.

The finance initiatives of the Global Compact opened new territory: In this connection, 27th April 2006 was a symbolic day. For the first time, a Secretary-General of the United Nations rang in the trading day at the New York Stock Exchange – a true innovation, since for many years the thematic distance between Wall Street and Kips Bay seemed too large. But the Secretary-General's visit to the control centre of global capital had a concrete reason: It signalled the start of the Principles for Responsible Investment (PRI), a joint initiative of the Global Compact and the Finance Initiative of the UN Environment Programme (UNEP FI). This new PRI initiative rests on six principles, which were derived from the Global Compact.

**COP**

March: Workshop discusses best practices in communicating progress

**LOCAL NETWORKS**

September: ALNF in Barcelona reaches consensus on own role as an element of the Global Compact's governance structure

**ENVIRONMENT**

The Stern Review on the Economics of Climate Change was greeted with headlines worldwide when it was published.

**EDUCATION**

October: Academic institutions agree to develop Principles for Responsible Business Education

**ANTI-CORRUPTION**

December: Global Compact hosts first board meeting of the Extractive Industry Transparency Initiative

Local work played an especially significant role in the Global Compact in 2007. While there are still blanks on the map in the seventh year since the Initiative was founded, their number is declining. Among the largest companies in the Global Compact (by market capitalization), mining, the oil and gas sector and the utilities sector have well-above-average representation. No signatories, or only a few, can be found among the global leaders in the real estate sector, among mobile telephone companies and the media.

Of course, the main event of 2007 was the Global Compact Leaders Summit, whose second edition took place on 5th and 6th July 2007 in Geneva. The Summit set new directions for the Initiative's future. With over 1,100 participants from more than 80 nations, it was the largest summit ever held by the United Nations on sustainable economic activity. As the Summit's final document, participants approved the "Geneva Declaration", whose 21 points again emphasise the importance of a values-conscious private sector for a sustainable global economy. Likewise, the Geneva Declaration calls on United Nations member states to offer government incentives, beyond regulations, for responsible business activity.

## 2007



**On 1 January 2007, Ban Ki-moon became the eighth Secretary-General of the United Nations. In July he attended the Global Compact Leaders Summit in Geneva.**

### ENVIRONMENT

March: Principles on Climate Leadership launched

### ENVIRONMENT

July: Launch of initiatives Caring for Climate and CEO Water Mandate

### EDUCATION

July: Business schools want to advance corporate citizenship

### COP

September: COP program becomes widely recognized

### HUMAN RIGHTS

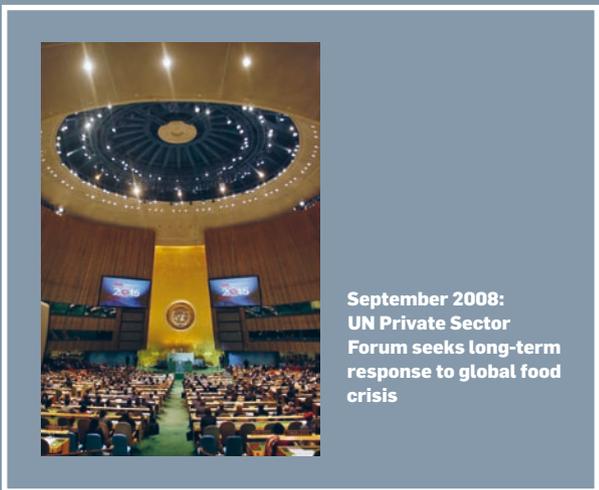
December: Global Compact begins year-long campaign to raise business awareness

### LOCAL NETWORKS

December: Report issued – Local Networks gaining in strength and impact



**MILESTONES**



**September 2008:**  
**UN Private Sector Forum seeks long-term response to global food crisis**

- ENVIRONMENT**  
 .....  
 April: Environmental leaders and champions gather in Singapore for the B4E Global Summit
  
- EDUCATION**  
 .....  
 April: Principles for Responsible Management Education endorsed by over 100 business schools
  
- COP**  
 .....  
 April: New functionalities improve access to Communication on Progress
  
- LABOUR STANDARDS**  
 .....  
 May: Global Compact Labor Working Group convenes inaugural meeting
  
- HUMAN RIGHTS**  
 .....  
 June: United Nations extends mandate of the Special Representative on Business and Human Rights

**2008**

When we look through the rear-view mirror at the often turbulent global events in 2008, we can say with great confidence that it was a year of profound changes, sharp breaks with the past and necessary new beginnings. The food price crisis of the first half of the year was followed by the long-smouldering financial crisis in the second. The ghost of recession is making its rounds throughout the world and, according to the latest research results, the threat from climate change is also progressing faster than was anticipated a short time ago. What we can perhaps learn initially from these developments is that, in future, companies will be measured more strongly than in the past on how well they are able to combine long-term sustainability and the profit motive in a credible and value-creating way. No question about it: the trust in a fair globalisation and the ability of free markets to regulate themselves – which has always been viewed with scepticism by some – has suffered considerable, though not irreparable damage.

As can already be seen, the crisis has also led many companies to re-evaluate their own sustainability approaches. In this context, we can perhaps talk about a “cleansing effect”. While purely philanthropic commitments have, as expected, already fallen victim to the first savings measures in many places, those approaches that regard company sustainability as a purely tactical, reactive (communication) task cannot withstand closer examination. In contrast, the question whether companies can “still afford” corporate responsibility in future becomes moot when sustainability management is considered a strategic priority. For worldwide economic developments notwithstanding, central challenges such as climate change or human rights, and with them the need for effective company strategies, will not disappear from the screen but rather gain in significance.

In spite of the global financial and economic crisis, it was an international crisis with far more grave consequences that dominated the Global Compact debate in 2009: the change in the climate. This is much more than just an environmental problem; climate change is the central challenge of our generation, with far-reaching consequences for sustainable development, the struggle against poverty, political and economic stability, and global security as well. What's more, solving climate change calls for more than just policy and technology; it will take an economic approach as well. In view of the difficult negotiations on a new climate agreement in December 2009 in Copenhagen, it seemed of primary importance in the Global Compact arena to bring economic and political decision-makers together for a dialogue. The high point of these efforts was the UN Leadership Forum on Climate Change, which was put on by the Global Compact and took place on 22 September as part of the UN Climate Summit in New York. Some 60 heads of state and heads of government from all over the world responded to the Secretary-General's invitation and exchanged experiences with top business leaders, in an event that was also something completely new to the United Nations.

## 2009

### HUMAN RIGHTS

March: Global Compact and UNIFEM address role of business in empowerment of women

### ENVIRONMENT

March: Water Disclosure 2.0 released

### ENVIRONMENT

December: COP 15

### LOCAL NETWORKS

December: New anti-corruption guidance sharpens rules for reporting companies

➤ In 10 short years, that initiative has grown to become the largest corporate citizenship and sustainability initiative in the world. ◀

## 2010

UN Secretary-General Ban Ki-moon

### PARTNERSHIP

January: New UN business website brokers partnerships

### EDUCATION

March 2010: Principles for Responsible Management Education Initiative adopts governance framework

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Yearbook"



# MAKE OR BREAK YEAR FOR BIODIVERSITY

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Climate change has been described as the biggest market failure of all time – the loss of biodiversity and nature’s economically-important services must surely be running a close second, if not an equal first. Year in and year out, the world economy may be losing services from forests to freshwaters and from soils to coral reefs, with resulting costs of up to \$4.5 trillion or more.



By Achim Steiner

Decisive action needs to be taken to reverse these declines or the bill will continue to climb – and with it any hopes of achieving the poverty-related Millennium Development Goals and a sustainable 21st century for six billion people, rising to nine billion by 2050.

In response to the financial and economic crisis, governments mobilized stimulus packages worth over \$3 trillion seemingly overnight. Where is the same stimulus and the same coordinated international political response to address the crisis facing our natural and nature-based assets? How can we metaphorically find and follow the white dove that can bring a contemporary Noah's Ark to a safe and sustainable berth?

The Economics of Ecosystems and Biodiversity (TEEB) – hosted by UNEP and backed by the European Commission and countries including Germany, Norway, and the United Kingdom – is an attempt to crystallize and illuminate new answers and assist toward making decisive choices. Its landmark report is to be published in advance of the Convention on Biological Diversity (CBD) meeting later in the year. But many inspiring and potentially transformational facts and figure, alongside more creative management options, are already emerging.

Let me perhaps cite one example that underlines TEEB's framing of the debate. Subsidized commercial shrimp farms can generate returns of around \$1,220 per hectare by clearing mangrove forests. But TEEB says this does not take into account the costs to local communities, totaling over \$12,000 a hectare, that are linked with losses of wood and non-wood forest products, fisheries, and coastal protection services.

Nor does the profit to the commercial operators take into account the costs to society of rehabilitating the abandoned sites after five years of exploitation – estimated at over \$9,000 a hectare.



BIODIVERSITY IS ABOUT FAR MORE THAN JUST DOLLARS AND CENTS.



- Coral reefs, whose fishery, tourism, and flood protection services are estimated at between \$100,000 and \$600,000 per square km, could be conserved for an investment of close to \$780 per square km or 0.2 percent of the value of the ecosystem protected.
- Deforestation contributes close to 20 percent of global greenhouse gas emissions — \$17 billion to over \$30 billion annually could halve this amount while securing livelihoods and boosting conservation-related employment in tropical countries.
- A global marine protected area network, involving the closure of 20 percent of total fishing grounds, could result in profit losses of an estimated \$270 million annually.

But could sustain fisheries worth \$80-100 billion a year assist in conserving an estimated 27 million jobs while generating one million new ones and protect food supplies for over one billion people, especially in developing countries whose main or sole source of animal is the ocean? Some countries are rising to the challenge in part.

- Planting and protecting nearly 12,000 hectares of mangroves in Vietnam costs just over \$1 million, but savings on annual expenditures for dyke maintenance are well over \$7 million.
- One in 40 jobs in Europe are now linked with the environment and ecosystem services, ranging from clean-tech “eco-industries” to organic agriculture, sustainable forestry, and eco-tourism.
- Investment in the protection of Guatemala’s Maya Biosphere Reserve is generating an annual income of close to \$50 million a year, has generated 7,000 jobs, and boosted local family incomes.

2010 — the UN’s International Year of Biodiversity — is the year when the international community pledged to substantially reverse the rate of loss of biodiversity. This has not happened and we continue — through inaction and a failure to manage — to preside over a sixth wave of extinctions. The urgency of a transformational response is underlined by the Global Biodiversity Outlook-3, launched by the CBD.

We are fast approaching “tipping points,” whereby dramatic and irreversible changes may soon occur to coral reefs and also freshwater systems as a result of climate change and the acidification of fertilizers and other nutrients. The public, politicians, and business leaders need to reconnect with the fundamentals that really drive the global economy, livelihoods, and ultimately all our life-support systems. The next time you buy honey from the supermarket or corner shop, reflect on the fact that the bees and other pollinators are providing services worth perhaps \$90 billion a year. The

toast and jam at breakfast would also not be there without the worms, beetles, and bugs that make our soils fertile and the multi-trillion dollar agricultural industry possible — the list is long.

There is also an urgent need to bridge the gap between science and policymakers, which is why there has been a great deal of debate surrounding the establishment of an Intergovernmental Platform on Biodiversity and Ecosystem Services.

Meanwhile, an agreement on a key pillar of the CBD — namely an international regime on access and benefit-sharing of genetic resources — has proved elusive. Negotiations are under way and there is optimism that a regime could be finalized at the CBD’s meeting in Nagoya, Japan, in October.

Currently, in the absence of such a regime, there is increasingly less access to the genetic treasure trove of the South and, thus, fewer opportunities for companies, mainly from the North, to discover new pharmaceuticals, materials, and promising crop strains.

This, in turn, translates into fewer opportunities for developing countries to share in any benefits that might arise — so everyone loses out. Smart market mechanisms and the ability to bring visibility to the true value of nature are perhaps the “missing links” that would lead toward sustainable management.

Unless we place an economic value on biodiversity and ecosystems and the services they provide, we are unlikely to turn the tide in a world fascinated by GDPs, stock markets, and others measures that define contemporary notions of progress.

Biodiversity is, of course, about far more than just dollars and cents, yen, euros, yuan, or Kenyan shillings. But the economic case for sustainable management of our natural capital needs to be made if we are to design a pathway away from degradation, destruction, and extinction. As TEEB is underling, the case is as overwhelming and as compelling as the ones centered on stewardship and the spiritual dimensions of the living world. ■



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Achim Steiner is UN Under-Secretary  
General and UNEP Executive Director.

# INVOLVING BUSINESS IN THE FIGHT TO SAVE LIFE ON EARTH

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BIODIVERSITY  
IS LIFE.  
BIODIVERSITY IS  
OUR LIFE.



By Dr. Ahmed Djoghlaif

Since its launch in July 2000, the Global Compact has been systematically enlisting businesses in the fight for a sustainable future. However, today the long-term health and prosperity of humanity are under threat more than ever due to the irreversible changes we are causing to the planet. That is why in his 2009 speech to the World Economic Forum in Davos, Switzerland, Secretary-General Ban Ki-moon stated: “We must break the tyranny of short-term thinking in favor of long-term solutions” and why he called for “a renewed commitment to core principles.”

Part of this renewed commitment must be an increased dedication to preserving the diversity of life on earth. In 2002 the heads of state and government attending the Johannesburg World Summit on Sustainable Development agreed to substantially reduce the rate of biodiversity loss worldwide by 2010 — the so-called 2010 Biodiversity Target. However, today biodiversity is being lost more quickly than ever. The current rate of extinction is estimated to be up to 1,000 times higher than the natural rate of extinction. If this trend does not change, it is expected that an area of 1.3 billion hectares worldwide — about 1.5 times the size of the United States — will completely lose its original biodiversity levels by 2050.

That is why the United Nations General Assembly declared 2010 the International Year of Biodiversity. The goals of this historic event are to raise awareness about the importance of biodiversity, to communicate the human costs of its ongoing loss, and to involve all sectors of society — including the business community — in efforts to conserve and sustainably use our natural heritage.

The importance of preserving biodiversity cannot be overstated. Our food, fuel, and medicines, and much of our fiber and building materials, all have biological origins. Biological goods support such diverse industries as agriculture, cosmetics, pharmaceuticals, pulp and paper, horticulture, and construction. Moreover, ecosystems provide human beings with a range of services that would be extremely costly or impossible to replace. These include purification of air and water; detoxification and decomposition of wastes; stabilization and moderation of the earth’s climate; moderation of floods, droughts, temperature extremes, and the forces of wind; generation and renewal of soil fertility; nutrient cycling; pollination of wild plants and crops; and control of pests and diseases.

Despite our fundamental dependence on the goods and services that biodiversity offers, the economic value of biodiversity has historically been overlooked. In his preface to Phase 1 of the report *The Economics of Ecosystems and Biodiversity (TEEB)*, study leader Pavan Sukhdev wrote: “Nature is the source of much value to us every day, and yet it mostly bypasses markets, escapes pricing and defies valuation [...] The economic compass that we use today was a success when it was created, but it needs to be improved or replaced.”

The initial phases of the TEEB study, launched at the Convention on Biological Diversity’s (CBD) ninth Conference of the Parties (COP 9) in Bonn in 2008, give us a glimpse of some of the impressive statistics on the economic value of biological goods and ecosystem services. Approximately half of all synthetic drugs have a natural origin, including 10 of the 25 highest selling drugs in the United States. Of all the anti-cancer drugs available, 42 percent are natural and 34 percent semi-natural. The value of the watershed protection provided by intact coastal ecosystems, such as mangroves and other wetlands, has been estimated at \$ 845 per hectare per year in Malaysia and \$ 1,022 per hectare per year in Hawaii.

The TEEB report pegs the annual cost of biodiversity loss at close to \$ 3 trillion. This compares to the gross earnings of three major sectors of the economy in a year: the car industry (\$ 1.9 trillion), the IT industry (\$ 0.95 trillion), and steel (\$ 0.6 trillion). Moreover, a recent assessment conducted by the London-based consultancy Trucost for the UN-backed Principles for Responsible Investment of the 3,000 biggest public companies in the world found their estimated combined damage to nature to be worth \$ 2.2 trillion in 2008 — a figure bigger than the national economies of all but seven countries in the world that year.

The human costs of such losses are high: Because of the many economic benefits we obtain from biodiversity, preserving it is central to sustainable-development and poverty-alleviation strategies. As Dr. Gro Harlem Brundtland stated: “You cannot tackle hunger, disease, and poverty unless you can also provide people with a healthy ecosystem in which their economies can grow.”

This is particularly true when we consider development sectors such as agriculture, forestry, fisheries, and tourism. There

are 300 million people worldwide, the majority of whom are poor, who are estimated to depend substantially on forest biodiversity — including non-wood forest products — for their survival and livelihood. There are 1 billion people who depend on fish as their sole or main source of animal protein; fish also provided more than 2.6 billion people with at least 20 percent of their average per capita animal protein intake. Coral reefs provide food and livelihood for most of the estimated 30 million small-scale fishers in the developing world. For example, the productivity of the fisheries sector in Belize, Honduras, and Mexico depend directly on the health of the adjacent barrier reef. Coral reef tourism has also increased in frequency and value, with a current net present value estimated at \$9 billion; the Great Barrier Reef alone attracts 1.6 million visitors each year and generates over \$1 billion annually in direct revenue.

Recognizing the economic imperative of protecting biodiversity and the need to engage the private sector, the 193 Parties to the CBD have increasingly been seeking business participation in the implementation of the CBD's objectives: the conservation of and sustainable use of biodiversity, and the fair and equitable sharing of the benefits arising from the use of genetic resources. To this end, the first global meeting on business and biodiversity was held in London in January 2005, followed by a second in São Paulo, Brazil, in November 2005. The outcomes of these meetings led to the adoption of the first decision on business and biodiversity by the 4,000 participants attending CBD COP 8 in Curitiba, Brazil, in March 2006. Following this, in July 2009, a Brazilian project called "LIFE certification" was launched in Curitiba, which aims to both quantify and officially recognize actions by companies related to biodiversity conservation.

In addition, at COP 9 in Bonn, the First International Business Initiative for the Protection of Biodiversity was launched at the initiative of the German government. Bringing together a group of 34 companies from Germany and other countries, the initiative aims to more closely involve the private sector in achieving the CBD's objectives. Also in Bonn, AVEDA hosted a reception and panel discussion targeting some 200 - 300 participant — including ministers, indigenous and local community representatives, the media, and the private sector — to emphasize that sustainable ethical business practices, including equitable benefit-sharing, are good for everyone and the environment.

Japan, which will host CBD COP 10 this coming October 2010 in the city of Nagoya, is also contributing to these efforts. Keidanren, the Japanese business federation, has launched a business and biodiversity initiative, while the Japanese Ministry

RECOGNIZING THE ECONOMIC IMPERATIVE OF PROTECTING BIODIVERSITY CBD HAS INCREASINGLY BEEN SEEKING BUSINESS PARTICIPATION.





of the Environment has prepared guidelines on the topic. Such efforts on the part of the Japanese are particularly welcome, since in Nagoya the Parties are expected to finalize the CBD's 2011 - 2020 Strategic Plan, create a 2020 biodiversity target and a 2050 biodiversity vision, and establish an international regime on Access and Benefit-Sharing. This will be done using the input of a broad range of stakeholders, including the business community. To facilitate business involvement during the Nagoya Biodiversity Summit, a high-level dialogue between CEOs and government ministers will be held on October 28, coinciding with the Nagoya conference – the first-ever technological fair on biodiversity.

Preparations for Nagoya are well underway. Japan hosted the Kobe Biodiversity Dialogue last October – a meeting attended by 300 participants, who shared their experiences and views on the major biodiversity agenda, especially private-sector engagement and the revision of the Strategic Plan. The participants called for a continuous and comprehensive platform that could be a ground for discussion between various sectors. The Kobe Biodiversity Dialogue was a major step toward the establishment of constructive and permanent dialogue between all stakeholders, including business, to meet the unprecedented challenges of the loss of biodiversity in time for Nagoya.

One immediate effect of the Kobe meeting was to create momentum for the third global conference on business and biodiversity that took place this past December in Indonesia. More than 200 companies, nongovernmental organizations, and governments from all over the world gathered in Jakarta, recognizing that biodiversity-based business can be more profitable than other economic activities, and that biodiversity already forms the basis of many economic sectors. The Jakarta conference resulted in two major achievements: the adoption of the Jakarta Charter on Business and Biodiversity,

and comments for a Strategy to Advance the 2020 Business and Biodiversity Agenda. These two documents are serving as roadmaps for Nagoya and for the ongoing celebrations of the International Year of Biodiversity.

The Convention is also in the process of gathering input for the revision of the Strategic Plan through the Aichi-Nagoya International E-Conference (ANIEC) 2010 (<http://www.cbd.int/aniec2010/>), an online consultation process that involves government and nongovernmental organizations, indigenous and local communities, women, youth, scientific and expert networks, academia, business networks, local communities, and other interested groups in an open dialogue. A summary of its results will be presented to the UN General Assembly in New York in September. The Assembly will, for first time ever, devote an entire day to the question of biodiversity, its role in development, its role in the fight against climate change, and our actions for the future. As well, a side event will be organized during COP 10 by the conference president to present the results of the e-conference to delegates.

Now is the time for concrete action from the business community to save life on earth. In Davos in 2009, the Secretary-General said: “We stand at a crossroad. It is important that we realize we have a choice. We can choose short-sighted unilateralism and business as usual. Or we can grasp global cooperation and partnership on a scale never before seen.” That spirit is driving the celebrations of the International Year of Biodiversity and will guide the deliberations of the Nagoya Biodiversity Summit, where the business community must become a full-fledged member of the biodiversity family, thereby helping to complete the Global Compact. The alternative is an impoverished planet that can no longer support a healthy, vibrant global economy. The stakes in this fight could not be higher. As the slogan of the International Year reminds us, “Biodiversity is life. Biodiversity is our life.” ■



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 Dr. Ahmed Djoghlaif is  
 Executive Secretary of the Convention  
 on Biological Diversity (CBD).

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# ACCESS AND BENEFIT SHARING IS PARAMOUNT TO THE FUTURE OF BIODIVERSITY

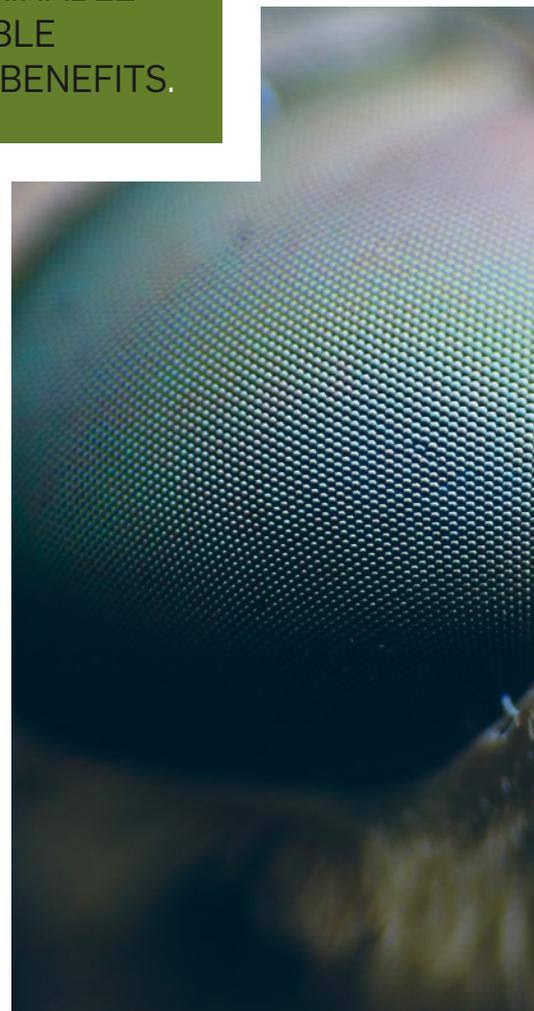
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IUCN IS URGING GOVERNMENTS  
TO MAKE THE LINK BETWEEN  
CONSERVATION, SUSTAINABLE  
USE, AND THE EQUITABLE  
DISTRIBUTION OF THE BENEFITS.

*By Dr. Jane Smart*

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The benefits of biodiversity are inextricably linked to the people's well-being and this includes their fundamental rights to preserve their natural heritage, as well as to use these resources for development. However, given the current rates of species extinction and the overall loss of biodiversity, regulating access to genetic resources and the fair and equitable distribution of the benefits associated with them – and at the same time safeguarding people's traditional knowledge – will be one of the most important decisions at this year's 10th meeting of the Convention on Biological Diversity (CBD) in Nagoya, Japan.





Within the past 50 years, 60 percent of our ecosystem services — our land, water, and oceans — have become degraded, primarily because of our unsustainable use of these resources. Worldwide, the IUCN Red List of Threatened Species tells us that animal and plant species found in these ecosystems are also declining, with 22 percent of the world's mammals threatened or at risk of extinction, nearly one-third of the amphibians, one in eight birds, 27 percent of the reef building corals, and 28 percent of the conifers. These are strong indicators regarding the health of our planet. Recovering from such changes is difficult and costly, if not impossible in many instances.

To halt and reverse these trends, it will be necessary to initiate urgent, concerted, and effective policy reform and action as soon as possible. Maintaining the status quo or a “business as usual” approach will not achieve the proposed CBD's post-2010 targets and its ambitious agenda between now and 2020. Therefore, IUCN — the International Union for Conservation of Nature, the world's oldest and largest conservation organization — is advocating for the establishment of improved regulatory frameworks and additional financial incentives that effectively reflect the values of natural resources. It also advocates the incorporation of the linkages between poverty, livelihoods, and biodiversity into the development sector: A key step in this regard will be the adoption and implementation of a new Protocol on Access and Benefit Sharing (ABS) under the CBD.

A wide range of business sectors are involved in researching genetic resources and/or traditional knowledge associated with genetic resources in order to develop commercial products. For years, bio-piracy has deprived national governments, as well as indigenous and local communities, of the right to participate and benefit from commercial use derived from their genetic resources and/or traditional knowledge. This has meant missed opportunities — from joint ownership of intellectual property to payments in royalties to name a few.

The CBD establishes only a general legal framework for ABS. The Bonn Guidelines from 2002 assist governments and other stakeholders in developing overall ABS strategies and processes. However, these guidelines are only voluntary, which indicates a need for further regulation. As a consequence, in 2004, a Working Group on ABS was created, and in 2008, a timetable was agreed upon to negotiate a new international regime on ABS by the CBD Conference of the Parties in 2010.

While the developments on a new ABS Protocol are positive, there are still many issues that need to be clarified. These include: how to create legal certainty for users of genetic resources and at the same ensure their compliance with the ABS frameworks of the countries providing the resources; how to deal with genetic resources and/or traditional knowledge accessed before the entry into force of the Protocol or even

# ENVIRONMENTAL INITIATIVES CAN BE GOOD FOR BUSINESS

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By Prof. Daniel C. Esty

It is increasingly clear that the key to addressing environmental problems in general and climate change in particular is innovation. And to ramp up innovation requires incentives that engage the private sector in the process of research and development of new technologies and systemic change. The most effective way to draw business into the search for greater energy efficiency, renewable energy, and better pollution control lies with making companies (and people) pay for the harms they cause.

Unfortunately, the climate change conference in Copenhagen last December dashed expectations by failing to produce a meaningful global agreement — and a globally agreed-upon price on greenhouse gases. Ultimately, a “Beyond Kyoto” treaty will be needed, but in the short term, governments need to focus on easier to implement “clean tech” incentives. In this regard, the private sector should take a leadership role in keeping the world on track toward a climate change solution.

Companies everywhere are coming to recognize that pursuing environmental initiatives can be good for business. In a business landscape where environmental sustainability has rapidly emerged as the latest megatrend, it is apparent that companies that reduce energy costs and inputs, reduce scrap and waste, and increase efficiency will find themselves with lower costs of production. By being attentive to environment-related risks, companies will lower costs and become more

competitive. Companies large and small are therefore finding that they will capture lucrative markets if they address the need to advance toward a clean-energy future.

The Global Compact can be central in helping the international community regroup after the disappointing Copenhagen conference — emphasizing the potential for eco-advantage for leading private sector actors and encouraging companies to pursue innovative solutions. Global Compact Principle 9, which encourages the development and diffusion of environmentally friendly technologies, should therefore be given special focus and perhaps made the centerpiece of corporate strategy in the years ahead.



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the CBD; and how to efficiently and effectively monitor and track compliance with ABS arrangements between providers and users. These issues represent huge challenges to national governments, which are responsible in most cases for setting policies, and in particular to indigenous and local communities who are affected by them. At present, there is a plethora of national and regional initiatives trying to protect these resources. India, for example, was one of the first countries to pass national legislation to combat bio-piracy and has continued to strengthen its stance on protecting traditional knowledge. Brazil has also passed legislation to protect traditional knowledge that applies to both genetic and biological resources.

Other efforts launched include the Andean-Amazon Initiative for the Prevention of Bio-piracy, which works to prevent the wrongful appropriation of the region's genetic resources and traditional knowledge. Now in its fifth year, it undertakes investigations, disseminates information, and lobbies international organizations. More recently, CBD's own efforts under the auspices of The International Barcode of Life Project has acknowledged that its ultimate success depends in part on how it can honor ABS principles without well-established guidelines in place.

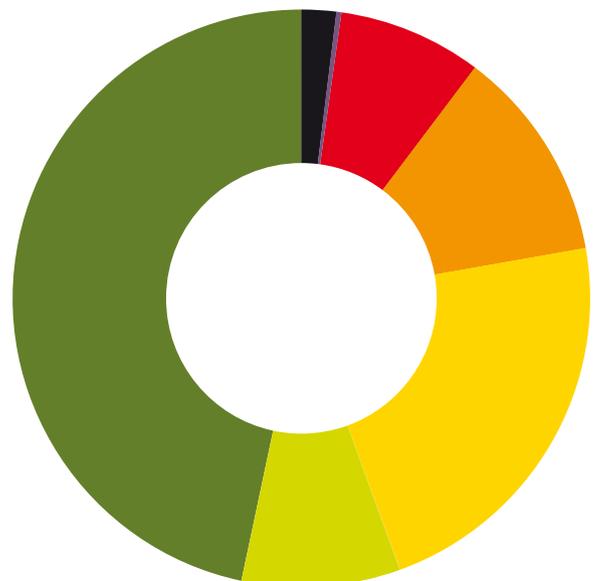
IUCN is urging governments to make the link between conservation, sustainable use and access to genetic resources, and the equitable distribution of the benefits derived from their use. The CBD Conference of the Parties in Nagoya will be a one-off opportunity for countries to agree upon new targets to reverse the current trends in biodiversity loss before it is too late. To succeed, post-2010 indicators should ideally be scalable at local, national, and global levels; be adaptable for use by other sectors, for example business; and make use of both scientific information and traditional knowledge. Additional support should be provided to developing countries for revising their National Strategies and Biodiversity Action Plans. The adoption of an ABS Protocol is high on IUCN's agenda at the next CBD Conference of the Parties. Such a protocol will help incentivize the conservation of biodiversity and ensure that access and benefit-sharing related to genetic resources is fair and equitable, and part of the CBD's long-term vision for promoting a sustainable future. ■



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 Dr. Jane Smart is Director of IUCN's Biodiversity Conservation Group.

## GLOBAL FIGURES FOR 2009 IUCN RED LIST OF THREATENED SPECIES

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 47,677 species assessed



Source: IUCN



TWO YEARS APPLYING  
THE CORPORATE  
ECOSYSTEM SERVICES  
REVIEW

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The decline in nature's ability to provide ecosystem services — the benefits humans derive from ecosystems — can present material risks and opportunities to business. However, managers have only just begun integrating considerations of ecosystem services into corporate decision-making processes. One resource has been the Corporate Ecosystem Services Review (ESR), a set of guidelines that has helped managers improve both corporate performance and the environment.

*By John Finisdore*

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Ecosystems provide businesses — as well as people and communities — with a wide range of ecosystem services. For example, agribusiness depends on the freshwater, soil quality, and erosion control that ecosystems offer. Insurance companies benefit from coastal protection provided by coral reefs and wetlands, while fisheries rely on these habitats for commercial fish species. A decline in the quality or quantity of these services can substantially affect corporate performance.

Businesses also impact ecosystem services. For instance, when a company pollutes waterways, dredges wetlands for shipping channels, or overharvests fish, it reduces the ability of other firms or communities to benefit from these ecosystems and the services they provide. These impacts expose a company to regulatory, reputational, or other forms of risk. Thus, corporate dependence and impact on ecosystem services can affect the bottom line.

The Millennium Ecosystem Assessment — a four-year global analysis of the state of the world's ecosystems — found that over half of the ecosystem services evaluated significantly degraded over the past half century. Further declines are expected over coming decades. Left unchecked, this degradation could jeopardize future economic well-being, creating new winners and losers within the business community.

Unfortunately, corporate environmental management systems, due diligence processes, certification systems, and other corporate decision-making processes have only just started integrating the full range of ecosystem services considerations. They typically focus on environmental impacts, not dependence. Decision-making processes generally exclude regulating

ecosystem services such as pollination, water purification, and natural disaster mitigation. Should these particular services decline, crop yields would drop, water purification costs would rise, and supply chain disruptions would occur. Furthermore, corporate decision-making processes do not fully incorporate ecosystem services-related opportunities. As a result, companies may be unnecessarily vulnerable or miss new sources of revenue associated with the decline in the quantity or quality of ecosystem services.

### **Application of the ESR**

To meet this need, corporations are turning to the Corporate Ecosystem Services Review (see Box). Since its release in March 2008, the ESR has been translated into five languages, 15,000 copies have been printed, nearly 30,000 copies have been downloaded, and an estimated 200 - 300 businesses have put it to use.

Much of the ESR's utility can be attributed to its flexible design. It is valuable to senior executives looking at an organization's long-term strategy as well as to line managers responsible for product development, risk analysis, or day-to-day plant management. Experience to date indicates that conducting an ESR can help business managers improve the bottom line in at least four ways:

#### **1. Strengthen corporate strategy**

At the highest levels of a corporation, managers are using the ESR to improve corporate strategy. For example, Mondi, the international paper and packaging company, used the

ESR in 2008 to support their strategy for addressing the key impacts on freshwater and biodiversity of their plantation areas in water-scarce South Africa. Among other items, the ESR helped Mondi contextualize many of the known drivers of water scarcity in the region such as the spread of invasive species, inefficient irrigation practices by downstream users, climate change, and the demands of a developing nation. It also expanded the water scarcity analysis beyond the scope of their existing environmental management systems. This prompted new solutions and established a platform for building a freshwater strategy — stretching from their plantation management to their community engagement through to Mondi’s government relations.

## 2. Identify new products and services

Managers are using the ESR to understand how the degradation of ecosystem services over the coming years may affect their customers, thereby enabling managers to identify opportunities for offering new products or services that could help customers mitigate or adapt to these changes.

Syngenta, one of the world’s leading companies dedicated to agriculture, used the ESR to analyze the risks its customers in southern India face from the degradation of ecosystem services, including soil quality, loss of pollination services, and freshwater availability. The ESR brought renewed attention to the region’s water challenges. In response, Syngenta established a dedicated water team at its corporate headquarters, followed by investments in innovative products and services — such as new solutions to enhance stress tolerance of plants — to help farmers reduce their risk-exposure to water shortages.

## 3. Strengthen corporate decision-making processes

Companies have been using the ESR to strengthen their existing decision-making processes. In particular, they find that the ESR draws attention to environmental aspects that existing processes often exclude and deepens their analysis of a business unit’s dependence on ecosystem services. Examples of tools and processes improved by the ESR include:

### *Environmental policy:*

“The ESR is not a tool where data is put in one end, and results are produced at the other. Rather, it provides a thought process for strategically considering environmental issues,” notes Ian Jameson, senior environmental advisor for Eskom, the South African power firm. The ESR’s core method is a five-step process (see Box). Eskom is weaving the ESR into some of its corporate-wide standards and policies, including its biodiversity policy and its ISO-based biodiversity standard.

### *Environmental Impact Assessments (EIA):*

ERM Ltd, a global environmental consultancy, is beginning to use the ESR to embed ecosystem service considerations into its EIAs. Along with adding ecosystem services to the list of environmental attributes considered in assessments, the ESR provides the consultancy with a process to improve the prioritization of environmental issues through a better understanding of their value to society. It enhances the consideration of a project’s dependence and impacts on ecosystem services. “Ostensibly, an EIA should consider a project’s dependence on all material environmental aspects, as well as its impacts, and the ESR provides a valuable framework to help improve that process,” noted James Spurgeon, ERM’s technical director for Environmental Economics. His colleague Julia Tims says that “The rise of ecosystem services in EIAs, could not only improve risk and opportunity analysis, but also help link environmental, social, and economic factors.”

### *Water-use planning:*

BC Hydro, one of the largest electric power companies in Canada, was one of the ESR “road-testers.” BC Hydro conducted the ESR pilot as part of the company’s water-use planning for one of the watersheds where BC Hydro has hydroelectric-generating facilities. With 98 percent of BC Hydro’s power produced by hydroelectric facilities, the company conducts water-use planning to improve decision-making by working with regulators and community stakeholders to develop management options. “Sustainable use requires the integration of social, financial, and ecological considerations,” notes Dr. Scott Harrison, a senior environmental specialist with BC Hydro. “The ESR provides a framework for enhancing discussions about ecosystem services within existing processes, such as water-use planning.”

### *Sustainability Assessment:*

AkzoNobel — the world’s largest paints and coatings company and a major producer of specialty chemicals — used the ESR to improve its sustainability assessments. AkzoNobel Pulp & Paper Chemicals used the ESR to analyze the risks its customers in China and Indonesia face from the degradation of ecosystem services including increased scarcity of wood fiber and freshwater. These customer risks were then translated

<sup>1</sup> In order to reflect the full range of issues analyzed by ERM in their EIAs, they refer to them as ESHIAs, or Environmental, Social and Health Impact Assessments.

## WHAT IS THE ESR ?

The Corporate Ecosystem Services Review (ESR) is a structured method that helps managers proactively develop strategies to manage business risks and opportunities arising from their company's dependence and impact on ecosystems.

Responding to questions from corporations about the relevance of ecosystem services to corporate performance, the World Resources Institute partnered with the WBCSD and the Meridian Institute to develop the ESR. A draft method was developed and "road-tested" by five WBCSD members in the forestry, mining, specialty chemicals, agriculture, and hydropower sectors. Experiences from the road tests and input from other companies were incorporated into the final ESR.

The method consists of a five-step process (see below). It starts by helping managers define a scope for the analysis – typically a business unit or part of the supply chain. Next, an Excel tool simplifies the selection of the ecosystem services that are most relevant. Third, the ESR has a framework for analyzing the trends of the priority ecosystem services. For example, managers may want to know how the quality and quantity of freshwater they depend upon will change over the next 15 years as a result of pollution, deforestation, climate change, or other factors. These trends give rise to specific risks and opportunities and the ESR provides a structured approach for identifying them. Finally, in step five, the ESR provides guidance in identifying actions that can be taken within the firm, with partners, and in relation to public policy to better manage these risks and opportunities.

### STEPS IN AN ESR

- 1 Select the scope
- 2 Identify priority ecosystem services
- 3 Analyze trends in priority services
- 4 Identify business risks and opportunities
- 5 Develop strategies

To learn more about ecosystem services, download the ESR, and read supporting materials, please visit: [www.wri.org/ecosystems/esr](http://www.wri.org/ecosystems/esr).

into business risks and opportunities for AkzoNobel Pulp & Paper Chemicals. "We found that Corporate Ecosystem Services Review fits nicely into our toolbox for sustainability assessments," says Christina Hillforth, Director Sustainability & Operational Services at AkzoNobel Technology & Engineering. "It catches issues difficult to include in a quantitative Life Cycle Assessment or an Eco-efficiency Assessment. Thus, it complements the Eco-efficiency Assessment method widely used within AkzoNobel to include both the environmental and cost perspectives in the decision-making process."

#### 4. Reduce risk of reputation and supply disruptions

Companies are using the ESR to identify and reduce reputational, supply, and other risks associated with their supply chains. Yves Rocher, a global cosmetics firm, conducted an ESR on a branch of its supply chain with technical support from the INSPIRE Institute. The ESR identified several reputational and long-term supply concerns, including one related to the company's dependence on essential oils from a rare tree species. Yves Rocher is now launching a program to increase planting of the rare tree and to develop less harmful ways of harvesting its essential oils.

#### Survey recommended

While these examples cover only a portion of ESR-use to date, they demonstrate the value that conducting an ESR can bring to a business. Most importantly, the ESR can help managers uncover new business risks and opportunities that, in turn, improve corporate strategy, policy, and other decision-making processes; help develop new products and services; avoid reputational risks; and avert supply chain disruptions. For these and other reasons, 94 percent of World Business Council for Sustainable Development (WBCSD) members who have used the ESR to date would recommend it to peers, according to a recent survey. ■



John Finisdore leads the World Resources Institute's Business & Ecosystem Services Project.

# EUROPEAN BUSINESS AND BIODIVERSITY PLATFORM

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The European Commission has decided to establish a technical support facility to promote the continued development of the EU Business and Biodiversity Initiative. The platform is open to civil society as well as to business in its activities. The platform will work with the interested priority business sectors identified by the European Commission — agriculture, food supply, forestry, extractive industry, finance, and tourism — to promote their awareness of and engagement in biodiversity protection.

*By Shulamit Alony*

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The decision of the European Commission to establish a Business and Biodiversity platform was a result of the following process. One of the key measures identified in the European Commission Communication adopted in 2006 on “Halting the loss of biodiversity by 2010 — and beyond — sustaining ecosystem services for human well-being” is the building of more effective partnerships. This includes partnerships with business — both at the EU and Member State levels — that are fully in line with the global commitments of the Convention on Biological Diversity. Active engagement of the business community in support of biodiversity is necessary for the achievement of many objectives of the 2010 target. In addition to programs on business engagement of international organizations, several Member States (e.g., France, Germany, the Netherlands, Portugal, and the United Kingdom) have actions ongoing at the national level.

The Portuguese Presidency of the EU identified the link between business and biodiversity protection as one of its priorities and worked with the European Commission on the development of an initiative in this regard called Building Better Partnerships: Linking Business to Biodiversity (the EU B@B Initiative). After a series of stakeholder consultations with Member States, business, and nongovernmental organizations about the principles, objectives, added value, and possible elements for any EU-level action, a high-level conference on business and biodiversity was held in Lisbon from November 12-13, 2007. The “Message from Lisbon” confirmed the need to engage business in meeting the 2010 biodiversity objectives and showed that there

was interest from the business sector. Specifically, the message welcomed the launching of an EU Business and Biodiversity Initiative and called on the European Commission to follow up the conference with financial and technical support to further develop the EU initiative. On December 14, 2007, the European Council acknowledged the need to reinforce the link between business and biodiversity at the European level, and the spring Council of 2009 reinstated the need to engage business with biodiversity. In December 2008 the European Commission published the Communication and its annexes on the Mid-term Report on the delivery to the EU Biodiversity Action Plan, briefly summarizing the actions taken thus far at the Community and Member State levels.

## Objectives

The platform will engage with businesses, industry associations, governments, and civil society through an integrated and coordinated approach.

### *Awareness:*

The platform will work with the interested priority business sectors identified by the European Commission — agriculture, food supply, forestry, extractive industry, finance, and tourism — to promote their awareness of and engagement in biodiversity protection.

### *Implementation:*

The platform works with the business sectors, their associated

national federations, Member State organizations, and representatives of civil society to promote the implementation of identified best practice, adapted as appropriate to the specific conditions of the countries and companies concerned.

*Benchmarking and best practice:*

The platform works with the selected sectors to benchmark best practice in each sector with regard to the conservation of biodiversity and to implement and adapt, if necessary, to the specific conditions of the companies concerned. This will include the development of best practice guidance concerning the main risks, responsibilities, and opportunities for companies in relation to nature and biodiversity conservation. The guidance will build on existing guidelines and handbooks previously produced with business organizations and private companies, as well as other relevant materials. Insofar as relevant, this component will take account of EU nature legislation, notably biodiversity-relevant EU agreements and directives.

*Award:*

The platform will develop an award/rating system to recognize business sectors or companies that make an outstanding contribution to the conservation of biodiversity within the framework of the initiative. To reach these objectives, the European Commission took the initiative to engage with businesses, from SMEs to larger organizations, to set up a technical platform on Business and Biodiversity (B@B) in order to:

- facilitate the business and biodiversity initiative;
- develop with businesses and other stakeholders means to establish pro-biodiversity businesses;
- help businesses finding solutions to biodiversity challenges related to their activities ensuring a fair income and sustainable growth, while providing benefits for biodiversity and ecosystems;
- encourage the development of consumer awareness with an EU-wide award scheme, acknowledging the good practice of the best-performing businesses.

### Steering Committee

A Steering Committee has been constituted for the B@B Initiative, keeping a balance of different stakeholders. It consists of five members, including representatives from the private sector, an industry association, a Member State, a civil society organization, and the European Commission. As defined by the European Commission, the Steering Committee's role will be to advise on the direction and the development of the B@B Platform project.

The Steering Committee will convene up to four times a year in order to provide advice regarding the progress and the development of the project. The Steering Committee will also provide further support and guidance to the Initiative, review

and give comments on draft versions of deliverables, and offer proposals for follow-up and task results.

### Benefits for companies

It has become crucial for companies to understand their link with ecosystem services and to better assess the risks related to the loss of biodiversity. Activities proposed through the B@B Platform will provide tools and methodologies to companies to promote value-creation and mitigate risk thanks to biodiversity conservation programs. Becoming involved with the platform is an opportunity for businesses to:

- *gain access to the sectoral best practices:*  
The platform will draw up an inventory of the current best practices of companies in regard to biodiversity conservation management. This will be carried out through a benchmark of initiatives supporting sustainable livelihoods and biodiversity conservation. The B@B Platform will facilitate information and knowledge-exchange among different actors, such as businesses and conservation communities through the creation of a resource center.
- *contribute to the development of guidance documents:*  
Guidance documents will be established by identifying and reviewing best practices, as well as through sectoral workshops. The workshops will facilitate the process of gathering information and knowledge-exchange with businesses in the different sectors. The guidance documents will be practical tools to assist companies in setting up and running businesses that incorporate biodiversity into their core activities, and the documents will also contribute to their business sustainability.
- *point out outstanding contributions to biodiversity conservation through the award system:*  
The award system will evaluate companies' performances regarding biodiversity conservation and assess the practices implemented. It will provide the European Commission recognition for outstanding contributions to biodiversity conservation. This award system will allow key stakeholders (customers, suppliers, employees, etc.) to acknowledge companies' commitments to biodiversity. ■



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# THE ORGANIZATIONAL IMPLEMENTATION OF CORPORATE CITIZENSHIP

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The Communication on Progress (COP) policy is the central component of the UN Global Compact's integrity measures. The policy establishes a mandatory reporting requirement for businesses to report annually on their progress in implementing the Ten Principles of the United Nations Global Compact (UNGC).

*By Dr. Dorothee Baumann and Prof. Andreas Georg Scherer*

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Since the introduction of the COP policy, a total of 1,840 companies have been delisted for failing to submit a COP, and over 1,200 companies are currently being flagged as non-communicating (February 2010; [www.unglobalcompact.org](http://www.unglobalcompact.org)). The COP reports are available on the website of the UNGC. Georg Kell, the executive director of the UNGC, argues that “a commitment to public disclosure on performance is critical to the transparency and integrity of the Global Compact.” To further strengthen the COP policy, the UNGC also started the “notable COP program.” By rewarding the best COP reports with the “notable” distinction, the UNGC office highlights reports that set an example for excellent reporting. Of the more than 5,000 business participants, currently almost 350 have submitted reports receiving the “notable” distinction.

## **Current integrity measures of the UNGC**

Despite these efforts, the UNGC's COP policy is still a limited safeguard against what many UNGC critics call “bluewashing.” The “bluewashing” issue refers to the assumption that the low entry requirements of the UNGC, paired with the largely positive reputation of the UN, may invite corporations to sign

up for the UNGC and use it as a way to cover up problematic corporate practices. Whether the COP reports disclose Corporate Citizenship (CC) performance in a meaningful and informative way is therefore unclear. Most critical is the lack of evidence for a relationship between the company reports and the actual implementation of CC. Whether the improved quality of a report reflects progress in implementation remains ambiguous. The reports are not verified by an independent third party that could ensure the appropriateness of the reporting process and the factual correctness of the published data. Furthermore, voices of critical stakeholders are not typically integrated into the reports, nor do most reports refer to industry benchmarks that would allow a comparison of performance levels. Due to this lack of guidance and oversight of the reporting process, it is possible that a company report merely presents a facade that was created as part of a strategic public relations policy. In that case, the reports further obscure the actual status of CC implementation, instead of revealing it.

It is the UNGC's objective to achieve CC through the corporation's adoption of the UNGC Ten Principles and their implementation in corporations' daily business routines. This

envisaged “embeddedness” of CC requires an alignment of organizational structures and procedures to ensure that the UNGC Principles are reflected in each business decision. However, the COP reports are unreliable sources for an analysis of the organizational embeddedness of CC. Unfortunately, the question of whether or not the UNGC has been a successful initiative cannot be answered based on the company reports. In order to know whether the UNGC has made an impact on corporate policies and procedures, we need to examine whether a learning process has taken place at the company level, and whether there has been a movement toward greater organizational embeddedness of CC.

### Development of an assessment tool for Corporate Citizenship

With the purpose of shedding light on the actual implementation status of CC, a research project at the University of Zurich has developed an assessment tool that focuses on the organizational embeddedness of CC. The tool assesses organizational prerequisites for managing issues with implications for human rights, labor rights, environmental standards, and corruption. To this end, the tool divides the organizational learning process into five ideal-type stages. These stages capture the incremental learning process corporations typically go through in seeking to improve CC. From initially rejecting any responsibility (defensive stage), multinational companies are often forced into accepting responsibility along their value chain for the legal requirements of their home countries (compliance stage). In the managerial stage, corporations start drafting and integrating CC policies and procedures. Through this process, they begin to realize potential competitive advantages (strategic stage) and finally acknowledge CC as a way of doing business (civil stage).

The assessment dimensions include three dimensions of CC that were derived from organization theory. The commitment dimension describes the public and formal commitment to CC. It analyzes the policy aspects of the commitment to CC (e.g., codes of conduct) that are typically defined by the top management of the corporation. The structural and procedural dimension captures the alignment of internal processes with CC. Its indicators incorporate incentive systems, training measures, and reporting processes. The interactive dimension focuses on the corporations’ stakeholder relationships. All three dimensions are equally important for assessing CC. Without leadership, CC will not be implemented at all levels of management. Without the internal alignment of policies and processes, the commitment to CC on the leadership level will not appear credible. Without links to external stakeholders, corporations will have difficulties assessing operational



risks, defining CC priorities, and implementing CC in a way that is perceived as legitimate.

In the assessment tool, the five learning stages are operationalized with indicators on the three aforementioned dimensions. The combination of learning stages and organizational indicators creates a matrix that, if applied to the empirical assessment of corporations, displays the status of their CC embeddedness. The tool was applied to five Swiss UNGC participants. All five companies in the sample are large multinational corporations (MNCs) that joined the initiative in its first operational year (2000/2001). In order to consistently implement a CC policy globally, MNCs must translate their CC commitment into formal policies and procedures. The assessment tool assumes that this process of CC implementation takes place in big MNCs in a formal manner. In small and medium-sized enterprises (SMEs), the implementation process, however, is likely to be less formal and structured, and therefore a different assessment tool for CC in SMEs is currently being developed.

The research results for the implementation status of CC in the five MNCs show a distinct implementation pattern. While all the corporations in the sample have made a strong commitment to CC in general and to the UNGC initiative in particular, the alignment of internal structures and procedures varies greatly. While some corporations are quite advanced in embedding CC in their daily organizational processes, others are still just beginning to address critical aspects of embedding CC. However, none of the companies in the sample have yet addressed the alignment of the human resource function in

“ Whether the COP reports disclose Corporate Citizenship (CC) performance in a meaningful and informative way is unclear. ”



the implementation process of CC. CC is currently not taken into account in recruitment, promotions, and bonus payments, with the exception of legal affairs. In contrast, the reporting function is well established at all corporations. All the MNCs in the sample regularly report their CC activities, although most have not designed a reporting process that is based on key performance indicators. These indicators would generate updated information throughout the reporting year that could be analyzed for the COP reports. Instead, the information for the reports is typically gathered at the last minute by a small number of individuals.

The provision of training for CC varies greatly throughout the sampled companies, extending from information sessions for new employees to elaborate e-training modules that were developed specifically for the respective corporations. At all companies, the training has the goal of raising awareness of CC policies, yet it is not clear whether the training effectively prepares employees for ambiguous and difficult decision-making situations. No follow-up training or impact assessments have been conducted. Thus, while the picture is diverse concerning the structural and procedural dimensions of CC, embedding CC in all aspects of the organization is a work in progress. The dimension that is least developed at all the sampled companies is the interactive dimension. The companies have loose relationships with various stakeholders, but these interactions are not systematically integrated into strategic corporate objectives and processes. The lack of integration between the CC approach and the environment in which the corporation operates creates risks for the corpora-

tion. The acceptance of CC activities and the effectiveness of their implementation is diluted by ad-hoc relationships that do not mandate any form of commitment from either side. As a result, at crisis points, non-constructive interaction between the corporations and critical stakeholders prevails.

The research results based on the assessment tool show that only a closer analysis of the actual implementation status of CC can answer the question of whether a learning process is under way, and whether CC is increasingly becoming a way of doing business.

### **Increased transparency of the learning process as a leadership initiative**

Since its inception, the UNGC has stressed the fact that it was not set up as a regulatory instrument, and for this reason it has refrained from introducing stricter oversight mechanisms. However, increasing the transparency of the implementation status of CC and systematizing the learning process does not have to interfere with the voluntary nature of the initiative. Designed essentially as a leadership initiative, the UNGC calls upon committed corporations to adopt measures that go beyond minimum requirements. For these corporations, the tool described above could serve as a means of self-assessment. Through the assessment process, corporations can identify their strengths and weaknesses in the implementation of CC and hence report more accurately about their progress.

The tool can also be applied to specific issue areas. For example, water scarcity is currently one of the issues that is being discussed globally. Measuring a corporation's water footprint will probably soon become a de-facto standard for every MNC. Our tool could help to assess corporate preparedness for constructing a newly developed corporate water policy throughout the entire organization, in addition to tracking incremental progress over time.

The promotion and application of tools that more accurately capture the actual implementation status of CC thus creates win-win situations for the UNGC. For the UNGC, better data on the implementation status of its objectives increases the credibility of the initiative and facilitates the design of customized interventions and guidance in the future. For corporations, an assessment of the status quo of their CC implementation promotes best practices and identifies areas for improvement. Future efforts can be targeted at clearly defined priority areas and progress can be shown over time.

### **The UNGC as a stimulus for the implementation of Corporate Citizenship**

Despite the apparent limitations of the COP policy, its introduction has been an important step in the institutional develop-

ment of the UNGC initiative. The reporting requirement marks an initial systematization of the learning process around which the initiative was conceptualized, and it asks corporations to define and plan their approach to CC. Keeping in mind that the UNGC was never set up as a regulatory instrument, the COP policy manages the delicate balance between maintaining the voluntary character of the initiative and stressing the need to increase transparency over the actual implementation of the UNGC's Principles.

For the UNGC to continue flourishing in the next decade, the initiative must evolve from a platform that has initiated dialogue and reporting about CC to an initiative that is able to track progress toward CC. In order to guide this process, the UNGC needs to offer additional tools for corporate leaders. The assessment tool developed at the University of Zurich helps to identify organizational implementation gaps. Yet tools that help to fill these gaps are still rare. In interviews, corporate representatives have regularly pointed out that resources must be pooled to develop capacity-building methods, for example specific training manuals for CC.

The UNGC office could play an important role in gathering information about available methods. Organizing them into three main categories – tools for assessment, tools for capacity building, and tools for evaluation – could help corporations get an overview of existing material. Additional tools could be developed by private service providers based on corporate needs and interest, and the UNGC office could assemble all the information under one roof. That way, the initiative would not only support the corporate reporting function, but also the actual implementation process of CC. ■



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# FROM GLOBAL COMPACT TO GLOBAL LEADERSHIP

The global financial crisis of 2008 was a stark reminder of business's role in society. When well governed and well led, the role of business transcends one of profitability for its owners and incentives for its managers. Its role is to create value for society.

*By Prof. V. Kasturi Rangan*

Profit is a means to an end, not an end in itself. Without profit, there is no growth, and without growth there is no development. But if business does not create value and instead divvies up the same pie over and over again for personal gains (remember the subprime mortgages, collateral debt obligations, and credit default swaps?), then it is bound to fail and cause havoc for society. Responsible business leaders all over the world know this to be true, yet time and again they fall into the trap of short-term profit for long-term value. Here is where the UN Global Compact has an important leadership role to play.

In the first decade since its launch, the UNGC has done an admirable job of mobilizing nearly 6,000 businesses from all over the world to commit to the universally accepted Ten Principles of the UNGC, and even more broadly agree on a common platform that addresses the most difficult problems facing humanity – the Millennium Development Goals. More recently, the process of communicating results and tracking progress has resulted in an ever-improving honor system, whereby the participating companies have raised the stakes on demonstrating action over rhetoric. In spite of such an impressive start, in my opinion, we have just begun the hard work.

The idea of a “triple bottom line,” or the task of reconciling shareholders’ interests with those of society’s, is easier preached than practiced. The natural laws of business, at times, are at odds with the long-term interests of society. Unlike planet earth and its inhabitants, businesses and business careers are not meant to last forever. What is good for one community may not be in the interests of the global community and vice versa. In spite of the win-win rhetoric that many who are enamored by the Global Compact espouse, some businesses that have taken their social and environmental roles seriously will tell you that it has come at the cost of their financial bottom lines. It is exactly for these reasons that we should applaud the 6,000 and more companies that have signed on to the Global Compact. It is an act of faith that they have committed to a path and a course of action. They hope to reach the end destination. Not all of them will succeed in achieving the sought-after integration, but those who do will have done it through innovative business models and visionary leadership. This is the part of the Global Compact work that needs to be cherished, supported, and spread. It is in this spirit that I would like to forward two ideas.

First, that the UNGC promote a collaborative network among clusters of participating companies to share best practices, refine business models, and influence change in the larger industry environment. Second, that the UNGC create a technical advisory unit to help eager SMEs (small and medium enterprises) to

make the transition to the Principles of the Global Compact. I elaborate on each of those ideas below.

As currently structured, the Global Compact is a network of companies that undertake significant actions with respect to society and the environment, but do so almost independently. Much of their actions are based on their value systems and their belief that a firm’s profit goals need not be divorced from society’s goals for sustainable development – both in a human and environmental sense. The real power of the Compact will come only when this self-selected group forms a compact among its participating companies to put teeth into what now remains an act of faith. Rather than a one-way channel to and from UNGC headquarters, the idea is to unleash the power of the network by actively encouraging consortiums of companies to get together to set standards, codes of conduct, and other operating principles in a collaborative manner as a way of prodding and helping participants to raise their own commitments and actions. Horizontal and speedy collaboration among participants in the different clusters could unleash a simultaneous burst of actions not possible through the vertical “report and communicate” structure implied by the current model. When the decentralized model starts to work well, there is no reason why these standards cannot flow outside the Global Compact to non-participating companies in similar businesses. To put it simply, the Global Compact should transform itself from a participatory organization to a network that acts as a catalyst in helping businesses undertake models that bring business into harmony with society.

The idea of a collaborative business coalition working for the larger interests of society is not new. The Marine Stewardship Council in the fishing industry and the Extractive Industries Transparency Initiative in the oil and mining industry are but two examples. Regardless of the origin of such coalitions, their end result is impressive. The Equator Principles, for example, have done much for banking and human rights and has brought a degree of responsibility to project-lending not seen before. The list is even longer when one adds the initiatives of the numerous trade associations and chambers of commerce. My argument is that the UNGC should attempt to replicate such successful initiatives. Its role is to actively aid, abet, and promote business practices in the direction of its Principles. The UNGC is a global body with the weight and credibility of the United Nations behind it and claims an impressive 6,000 participating businesses from 130 countries. Surely there are clusters, both by geography and industry. Engagement within clusters is likely to lead to big wins. By definition, the participating companies have made a commitment to actively engage in harmonizing their interests with those of society. What better starting point than that?

# “ The Global Compact should transform itself from a participatory organization to a network that acts as a catalyst. ”

Imagine these clusters getting together formally, not only to share best practices but, even more importantly, to also demonstrate standards that can then be taken outside the participatory framework by dint of example or through force of industry norms. Such apostles and evangelizers who demonstrate how business and social/environmental goals can mutually reinforce each other will transform practice. It is also in their best interests that the industries in which they participate uphold these high standards, thus raising the bar for all competitors. That is where self-interest takes over. The industries will find a way to monitor themselves. When that happens, the UNGC will have started a revolution.

What I have advocated above will work for larger companies, which have the knowledge, commitment, and resources to engage in the transformative business practice under discussion. How about the SMEs? While there surely are exemplars from among SMEs that have made remarkable contributions on the social and environmental dimension, by and large

most SMEs simply do not have the knowledge or resources to proactively integrate social/environmental responsibility into their business plans. They would not be immediate candidates for signing on to the Global Compact. Yet we know that in country after country, SMEs are at the heart of job creation, and in many instances significant contributors to national GDP and economic activity, including the use of scarce resources. How can the UNGC get them involved without the heavy directive to comply with the Global Compact Principles? Here is a suggestion that can take many different shapes. A straightforward suggestion would be for the UNGC to set up a technical advisory unit, which would work with those SMEs that request it in order to offer advice and guidance on how to integrate business and social goals for mutual benefit. The task, of course, will not be easy. If small businesses do not see the business advantages, they will not undertake the activity. Frankly, there is no reason that they should, unless it is the law. So the business advisory unit has to be savvy and expert in demonstrating the win-win logic. This will have to go beyond the platitude of “what is good for society is good for business.” The recommendations have to rest on innovative business models that are sustainable and profitable. This UNGC unit will have to “put its money where its mouth is!” There is really no choice but to create a consulting/advisory unit, or encourage the creation of many such private units in the SME ecosystem. And when win-win solutions are articulated, demonstrated, and implemented, not only will the SMEs see value in making the shift, but several might even join the regional or industry clusters discussed earlier. This will make the UNGC movement stronger.

If we see the goal as increasing UNGC participation, then that is one thing. But in 10 years, my hope is that we will see plenty of demonstrated successes, so many in fact that managing businesses in a balanced way becomes the norm rather than the exception. The goal is to change the world of business – the UNGC should not shoot for anything less. ■



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For much of the last decade, globalization was a leading issue of public policy debate, and global core labor standards (CLS) were the lead demand of critics of globalization. Now, with the world economy stuck in the deepest economic recession since the 1930s, attention to globalization and the need for labor standards has waned as people have become more concerned about jobs and economic recovery. Though completely understandable, this shift risks overlooking CLS, which are more important than ever.

*By Thomas I. Palley*

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# GLOBAL CORE LABOUR STANDARDS ARE MORE IMPORTANT THAN EVER

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CLS are needed to address the wrongs of globalization. But more than that, they are needed to ensure that future economic recovery is sustainable and equitable. There is a growing realization that the world economy confronts a massive shortfall of aggregate demand that is obstructing recovery. Important factors behind this shortfall are income inequality and wage stagnation, both of which have been aggravated by globalization. Increased income inequality and wage stagnation were also important factors driving the pattern of growth that ultimately resulted in economic crisis. That is because many households – particularly in the United States – turned to borrowing as a way of meeting living-standard expectations.

Now, the world economy is burdened by both debt and income inequality, which, together, explain the aggregate demand problem. Though governments can temporarily fill the demand gap with deficit spending, sustainable recovery requires addressing the deeper problems of income inequality and stagnant wages. This is where labor standards enter the picture. CLS can help improve income equality and create conditions in which wages rise with productivity. That will tackle a fundamental flaw in globalization that has contributed to making the current crisis; help remedy the global aggregate demand problem and encourage economic recovery; and create a fairer global economy in which workers share in the prosperity they produce.

## What are labor standards?

CLS refer to five core articles of the International Labor Organization concerning freedom of association and protection of the right to organize; the right to organize and bargain collectively; the prohibition of all forms of forced or compulsory labor; the abolition of exploitative child labor; and the elimination of discrimination with respect to employment and occupation.

These standards are very much in the spirit of “rights” and are intended to hold independently of a country’s stage of development. This links CLS with the discourse of human rights. Two of the standards are affirmative in character, giving workers the right to organize and bargain collectively, while three of the standards are prohibitive in character, banning forced labor, exploitative child labor, and discrimination. The standards are all “qualitative” in nature, not “quantitative.” That means they do not involve such measures as setting minimum wages or maximum hours, which are labor market interventions that are clearly contingent on an economy’s stage of development. Contrary to the claims of opponents, CLS do not impose on developing countries quantitative regulation befitting mature economies.

Finally, the freedom of association and right to organize standard is particularly important. This standard covers labor

unions, but it also covers civil society and religious organizations. As such, it promotes democracy and civil liberty, which constitute essential goals of development along with higher living standards.

### Economic benefits

Critics of globalization argue that it has not produced the promised benefits because the current rules are incomplete and inappropriately designed. A necessary corrective is the formal inclusion of CLS. Opponents of labor standards assert they are a form of “hidden protection” for developed-country workers and standards would retard growth and development. However, there are strong theoretical grounds for believing labor standards would raise global growth, and developing countries stand to gain the most. These positive arguments are increasingly supported by empirical evidence.

One source of economic benefit is static efficiency gains, whereby CLS correct distortions in labor markets, resulting in better resource allocations that raise output and economic well-being. Raising wages via labor standards can increase productivity because higher wages elicit greater worker effort and reduce malnutrition. Giving workers the right to join unions can neutralize the monopoly power of employers, thereby increasing both employment and wages. Eliminating discrimination can raise employment, output, and wages by ensuring efficient matching of jobs and skills. Lastly, eliminating inappropriate child labor can contribute to higher wages for adult workers, which can promote economic development by contributing to better child nutrition and helping human capital formation by supporting lengthened years of schooling.

Far from reducing employment in developing countries, these static efficiency effects will raise employment. In a world of demand shortage, higher wages will increase employment by increasing consumption spending. And this effect may be particularly pronounced in developing countries where workers may spend heavily on non-traded goods — that is, goods produced locally for local consumption. Dynamic economic efficiency gains refer to gains that come from changing the path and pattern of economic development. With regard to such gains, CLS can encourage firms to pursue business plans focused on increasing productivity rather than plans that aim to increase profits by squeezing workers and redistributing existing productivity.

At the global level, CLS can help block the problem of “race to the bottom” competition between countries. Market incentives can often lead agents to pursue actions that seemingly benefit individuals but actually turn out to be harmful when

“ Labour standards would raise global growth, and developing countries stand to gain the most. ”

all choose such actions. A classic example is bribery, which appears to benefit the individual but ends up harming all when all choose to bribe. The same holds for labor exploitation, which promotes “low-road” competition between countries marked by a degraded environment, lack of public goods, and lack of investment in skills.

The hallmark of globalization is increased mobility of production and capital between countries. This has allowed business to pit countries in adverse competition that erodes environmental and workplace regulations, and undercuts wages of all workers — both in the North and South. Multinational corporations may actually exploit South-South divisions even more than they do North-South divisions, pitting developing countries in destructive competition to secure foreign investment. CLS can help rein in this adverse competition by establishing standards that apply in all countries. This is something that enlightened business should embrace, since it bars competition from less enlightened elements that would undermine socially responsible business in the absence of standards.

Another feature of globalization has been the adoption of export-led growth strategies. Countries that were early to adopt this strategy have benefitted, but there is now evidence

export-led growth is unsustainable, deflationary, and promotes financial instability. First, export-led growth directly encourages countries to engage in “race to the bottom” competition, as each tries to gain competitive advantage over its rival. That means the benefits of development flow out of countries rather than staying at home.

Second, export-led growth increases the global supply of goods, resulting in declining terms of trade, the emergence of global excess capacity, and the problem of export displacement, whereby one country’s export sales displace another’s. Fifty years ago the problem for developing countries was declining commodity prices caused by rising productivity and exports. Today that problem is replicating itself in manufacturing, as developing countries try to grow through manufacturing export-led growth.

Third, export-led growth promotes financial instability by encouraging countries to seek competitive advantage through undervalued exchange rates. As with wage competition, exchange rate competition is especially sharp between developing countries, so that much of the benefit of development flows North to upper-income workers in developed economies.

The bottom line is that export-led growth is not a viable strategy for developing economies as a group, and by undermining wages and working conditions, it has contributed to wage stagnation, higher income inequality, and the problem of global demand shortage. It has also directly contributed to the problem of global financial imbalances that is evident in the US trade deficit. Countries need to shift from export-led growth to more domestic demand-led growth. Such a new strategy would allow the benefits of development to be consumed at home; would avoid the trap of “race to the bottom” competition; and would escape the problem of global aggregate demand shortage. The problem is that the existing model of globalization undermines domestic demand-led growth by promoting increased income inequality and wage stagnation, and instead pushes export-led growth.

### Political benefits

A further benefit of CLS concerns politics and governance. There is now growing awareness that transparency, accountability, and democratic political competition enhance growth and development. They do so by limiting corruption and cronyism; promoting institutions and policy processes that are responsive to economic conditions; and promoting fairer income distribution. By protecting freedom of association and the right to organize, CLS contribute positively to both the overall development of civil society as well as the specific development of labor markets and worker-based organizations.

### Lessons from history

The world economy is currently beset by recession and contraction. An escape from recession is blocked by the shortage of aggregate demand. The contradiction is that globalization promotes a pattern of development that increases global supply while simultaneously undermining global demand. This problem was hidden for 20 years by asset price inflation and borrowing that filled the demand gap. However, the economic crisis has exposed this process as unsustainable.

The implication is that the global economy needs a new model of development that attends to domestic demand. That is the only way of restoring global growth with full employment. CLS are a critical part of this new model. The global economy needs labor standards and independent trade unions to solve the problems of dysfunctional income distribution and global demand shortage. Rather than being a market distortion, as claimed by opponents, CLS and trade unions are actually a corrective of market and political failure rooted in the imbalance of power.

US economic history offers powerful salient lessons. Globalization represents the international integrations of goods, labor, and financial markets. In the late 19th and early 20th century, the US economy also underwent a process of integration. The US economy was continental in scope, and the creation of a successful national economy required new laws and institutions governing labor markets, financial markets, and business. This is the history of the anti-trust movement of the Progressive era and the history of the New Deal that created Social Security, the Securities and Exchange Commission, and labor laws that protect workers. Those innovations solved the structural problems that caused the Great Depression and generated America’s famed “blue-collar” middle class. Today the challenge is institutional innovation that will create shared global prosperity. CLS are an essential part of that architecture. ■



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# MILLENNIUM DEVELOPMENT GOALS

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## GOAL 1 ERADICATE EXTREME POVERTY & HUNGER

▶ **TARGET 1**

Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 a day

▶ **TARGET 2**

Achieve full and productive employment and decent work for all, including women and young people

▶ **TARGET 3**

Halve, between 1990 and 2015, the proportion of people who suffer from hunger

## GOAL 2 ACHIEVE UNIVERSAL PRIMARY EDUCATION

▶ **TARGET 1**

Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

## GOAL 3 PROMOTE GENDER EQUALITY AND EMPOWER WOMEN

▶ **TARGET 1**

Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015

## GOAL 4 REDUCE CHILD MORTALITY

▶ **TARGET 1**

Reduce by two thirds, between 1990 and 2015, the under-five mortality rate

## GOAL 5 IMPROVE MATERNAL HEALTH

▶ **TARGET 1**

Reduce by three quarters the maternal mortality ratio

▶ **TARGET 2**

Achieve universal access to reproductive health

## GOAL 6 COMBAT HIV / AIDS, MALARIA AND OTHER DISEASES

### ▶ TARGET 1

Have halted by 2015 and begun to reverse the spread of HIV / AIDS

### ▶ TARGET 2

Achieve, by 2010, universal access to treatment for HIV / AIDS for all those who need it

### ▶ TARGET 3

Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases

## GOAL 7 ENSURE ENVIRONMENTAL SUSTAINABILITY

### ▶ TARGET 1

Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

### ▶ TARGET 2

Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss

### ▶ TARGET 3

Halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation

### ▶ TARGET 4

By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers

## GOAL 8 DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT

### ▶ TARGET 1

Address the special needs of least developed countries, landlocked countries and small island developing states

### ▶ TARGET 2

Develop further an open, rule-based, predictable, non-discriminatory trading and financial system

### ▶ TARGET 3

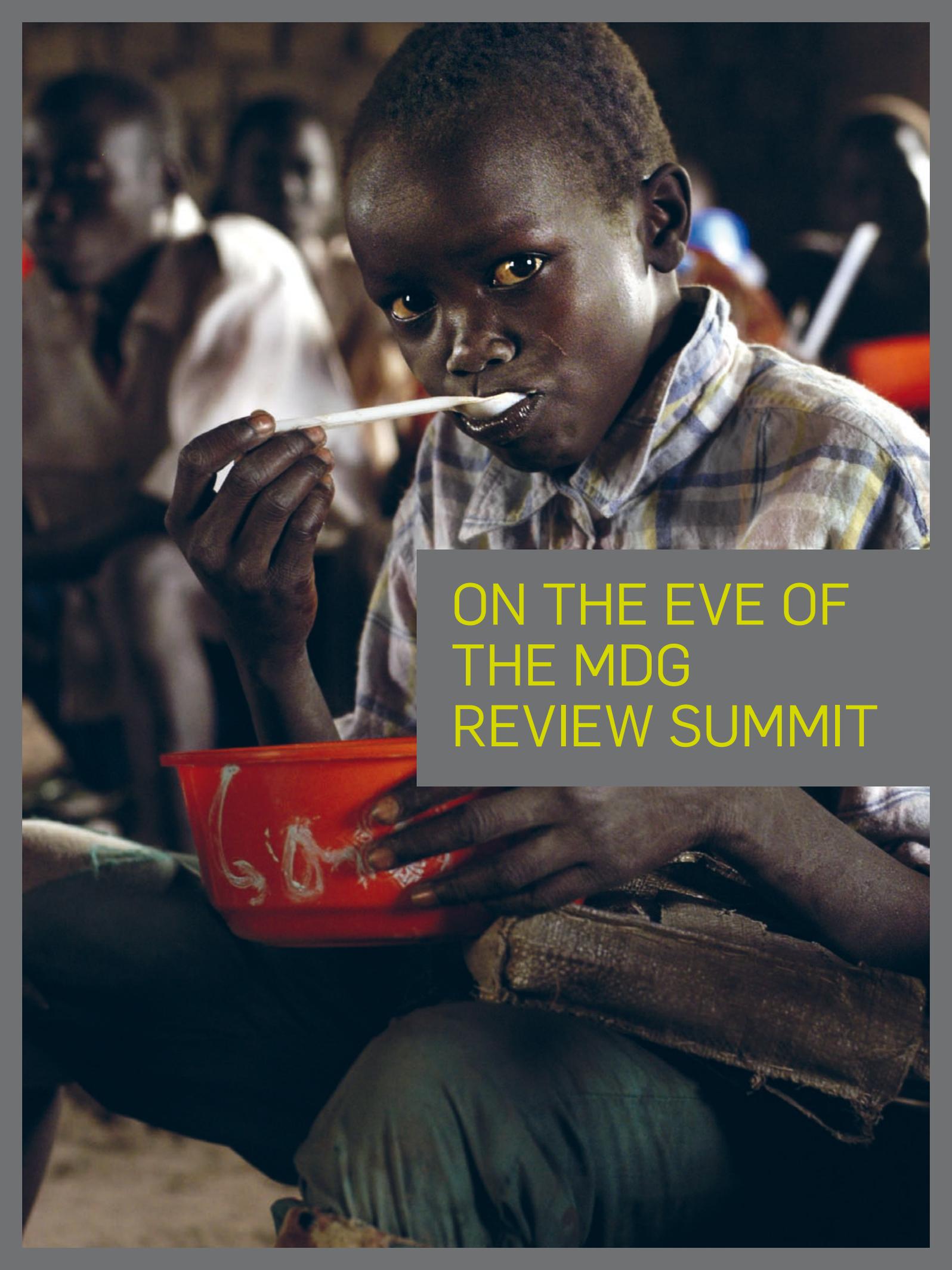
Deal comprehensively with developing countries' debt

### ▶ TARGET 4

In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries

### ▶ TARGET 5

In cooperation with the private sector, make available benefits of new technologies, especially information and communications

A young child with dark skin and short hair is the central focus, looking directly at the camera while eating from a red plastic bowl with a white spoon. The child is wearing a blue and white striped shirt. In the background, several other people are visible but out of focus, suggesting a communal setting. The lighting is warm and somewhat dim, creating a somber atmosphere.

ON THE EVE OF  
THE MDG  
REVIEW SUMMIT

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When they signed the Millennium Declaration in 2000, world leaders made an historic promise to work together to improve the lives of the world's poorest people. With its clear goals and deadlines, the Millennium Development Goals (MDGs) created the first-ever global compact in which rich and developing countries acknowledged shared responsibility to end extreme poverty and its root causes.

*By Anita Sharma*

Ten years after their creation and five years before the 2015 target date for their achievement, the MDGs have become the cornerstone of development planning, performance assessment, and public engagement in the global fight against poverty. Since that time, the living conditions of poor people in most countries across the world, including many of the poorest, have seen marked improvements. Sustained economic growth combined with the strong anti-poverty focus provided by the MDGs resulted in 40 million more kids in school, 2 million children's lives saved, and an estimated 400 million people escaping extreme poverty. About 40 countries have benefitted from debt cancellation. We have learned a lot since the Millennium Development Goals were adopted about what works and what is needed to achieve more progress.

- We know that interventions that cut across the MDGs have significant impacts on health, education, poverty, and hunger.
- We know that financial resources and investment, when coupled with a system of accountability, will produce results.
- We know that above all, commitments by developing countries to adopt national plans and mobilize resources that invest in development will ensure those countries have a chance of achieving the MDGs.
- And finally, we know that nothing will happen without sustained political will, which is why this September's world leaders' Review Summit at the UN is so important.

Still, challenges remain and have been compounded by the food, energy, and financial crises and by climate change.

Progress has been uneven, across geographies and across Goals. Whilst some of the poorest countries have seen remarkable advancements, others are lagging behind. Goals dependent on systemic change (in the health arena, for example) or those requiring improvement in the status of women are performing very poorly. Inequality between and within countries has grown — indigenous people, minority groups, lower castes, persons with disabilities, and socially excluded groups in general continue to be left behind. And even where we have seen big quantitative gains such as in education or access to water, the lack of quality is a growing concern. On the whole, MDG-related policies at the national level have improved, as has resource availability, but the biggest challenges are at the local and implementation levels, where resources and benefits do not reach poor people.

This year offers a unique opportunity to catalyze public discussion and policy development on the MDGs, particularly leading up to the 2010 MDG Review Summit. The Summit, scheduled for September 20-22 as part of the 65th UN General Assembly, is possibly the most important event on the global policy calendar this year.

The Summit also offers a critical opportunity to galvanize efforts and partnerships for the push to meet the 2015 target. The Summit is expected to include a comprehensive review of successes, opportunities, lessons learned, obstacles, and gaps in order to develop concrete strategies for action. It is due to close with agreement on an "outcome document" that would ideally identify a plan that will help both rich and developing nations to achieve the MDGs.

# SOCIAL ENTREPRENEURSHIP IN TIMES OF CRISIS

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Social entrepreneurs can help companies to make their social engagement credible and public: besides the benefits to corporate reputation, their commitments can often bring new business and sales contacts. But social business has not been left unscathed by the financial crisis. We spoke with Mirjam Schöning, the head and senior director of the Schwab Foundation for Social Entrepreneurship.

*Many companies have cut back on their commitments to social responsibility in response to the economic crisis. Will this separate the wheat from the chaff show us who's really committed and who was doing this for appearance's sake?*

Mirjam Schöning: Certainly some firms have cut back on their commitments. Firms that have firmly anchored the social aspect of their responsibility in their actions, however, have sometimes even expanded their work in this area. Interestingly enough, we're seeing this with companies in the IT sector. Take Hewlett Packard and Intel, for example, which are creating entire divisions around social impact. So are consulting firms like the Boston Consulting Group and Ernst & Young.

*Why then, in your view, should a company invest in civic engagement?*

At the end of the day, corporations are citizens too, and they should commit themselves in the same way good citizens would. It's important to emphasize here that other social forces must be involved: there's always at least one organization that is already implementing an idea, someone who has found a better approach to a certain segment of the population (young people, for instance, or those living below the poverty line) or an innovative solution to the same problem.

*The UN Global Compact is one of the most important umbrella organizations in the world. How well do you see the subject of civic engagement being incorporated here?*

The Global Compact was announced by Kofi Annan at the World Economic Forum in Davos in 1999. Since then, the Compact has developed into one of the most important measures of corporate social conduct. But the 10 Principles of the Global Compact are targeting standards on human rights, the environment, and corruption that should be adhered to in order to avoid negative effects. They say less about the

positive contributions that companies can make through their involvement.

*Thinking globally, how should such initiatives be used to develop this subject further?*

At the global level, we need a variety of additional forums so that we can do more thinking on the subject and decide how to proceed.

*The UN will be emphasizing the Millennium Development Goals (MDGs) on the political agenda for 2010. What sort of stimuli do you anticipate?*

The MDGs are ambitious but concrete goals. We should be doing more to work towards them. We may need to break the goals down into individual details that would demonstrate what each of us can each contribute, both in our representative roles and at a personal level.

*It's clear that the Millennium Development Goals are not going to be reached in the desired timeframe. The economic crisis is making everything even more difficult. What can civic engagement achieve here in spite of things?*

We shouldn't bury our heads in the sand about the MDGs; even if it looks as though these will not be fully realized, committed companies can still provide a significant impulse. Civic engagement and active corporate citizenship will play an important part in preventing the next economic crisis or at least lessening its effects.

*The interview was conducted by Dr. Elmer Lenzen.*



Mirjam Schöning is Head and Senior Director of the Schwab Foundation for Social Entrepreneurship.

As part of this year of review and in advance of the Summit, UN Secretary-General Ban Ki-moon issued *Keeping the Promise*, a progress report on achieving the MDGs. He specifically called for the adoption of a global action agenda for accelerating progress that he said “should be specific, practical, and results-oriented, with concrete steps and timelines. And it must set out who does what, so that we can monitor our efforts and promote accountability for individuals and institutions alike.” The goal is to have such a global “Breakthrough Plan” agreed at the Summit.

Earlier in the year during the World Economic Forum in February 2010, Secretary Ban urged the corporations to join a new phase of the Global Compact: Global Compact 2.0. He noted that many businesses are already taking specific action in support of the Millennium Development Goals — assisting in poverty reduction, food security, environmental stewardship, gender equality, health care, and education through their core business operations, social investments, and advocacy. Beyond responsible practices, business should think of new and creative ways of working with and investing in pro-poor business models, products, and services that can bring about thriving markets. A significant number of industries and corporations have already been contributing to the MDGs.

In June 2010, UN Global Compact will celebrate its 10th anniversary. As noted on its home page, “While the global context and rationale for corporate responsibility has shifted since launching the UN Global Compact in 2000, the vision remains the same: for companies everywhere to integrate universal principles into their strategies, operations and culture, thereby having a profound effect on United Nations goals, particularly the Millennium Development Goals.”

We know that the private sector has an important role to play as we seek new initiatives to accelerate progress toward the MDGs and to augment what we know already works.

When the same goals are targeted through multiple interventions, progress is more likely — and that requires the contributions of the private sector. This is because multiple interventions to one goal increase the different points of access available to an individual and increase the chances that an intervention will work for a certain segment of the population. For instance, with malaria, it must be tackled through bed net distribution from many different points, as well as through treatments, testing, and education. Access to voluntary family planning and contraception results in reduced child and maternal mortality rates, while expanded access to safe water and sanitation dramatically cuts back incidences of ailments like diarrhea, which can be deadly for children.

Here are six specific questions business leaders should ask themselves and use as benchmarks in their core businesses if they would like to help achieve the MDGs:

- 1 | Are we able to generate jobs for the poor (nature of jobs, location, and working conditions)?
- 2 | Are we able to create wealth for the poor (buying from them, producing with them, selling to them at a lower cost)?
- 3 | Are we increasing the capacity of the poor (training, exposure, locally relevant technology)?
- 4 | Are we sure that the tax revenues we are generating are being used by the government judiciously to support the poor? Are we challenging corruption?
- 5 | Are we influencing public policy and practice to make sure that they benefit the poor?
- 6 | Finally, business can use its relationships with governments to advocate for policies that make the MDGs more achievable — such as eliminating tariffs and school fees, increasing the level of public funds going to development assistance, and overhauling the way government delivers ODA so that it is more effective and reaching the people who need it most.

Around the world, people and groups are advocating to their governments for strong actions at the September Summit. To learn more on how to become involved, please visit the MDG 2010 website ([www.endpoverty2015.org](http://www.endpoverty2015.org)), where you can learn and share information about the Summit and get involved. Public mobilization efforts are also being planned, including Stand Up, Take Action — the yearly worldwide mobilization in support of the MDGs — strategically planned the weekend of September 17-19 prior to the Summit.

One hundred and eighty-nine world leaders made an historic promise in 2000 when they agreed to work together to improve the lives of the world’s poorest people. Through work on the Summit and the preparations for it, civil society, nongovernmental organizations, and the private sector can make a difference. It is more than the right thing to do. The health, prosperity, and security of mankind and our planet depend on it.



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Anita Sharma is North America  
Coordinator of the UN Millennium  
Campaign.

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# BEST PRACTICE

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Solely responsible for the editorial contributions under the heading "Best Practice" are the companies and their authors themselves.

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Camposol  
Copeinca  
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Novo Nordisk  
Puma

72	Acciona
76	Adecco Group
78	Amec
80	Argos
82	Autostrade per l'Italia
84	BASF
86	Bayer
90	Bosch
94	Bradesco
96	BSH
105	Camposol
98	Carrefour
100	Coop
102	Copagaz
104	Copeinca
106	Deutsche Bank
110	Deutsche Post DHL
114	Deutsche Telekom
116	Eni
120	Folksam
122	Grundfos
124	Hathay Bunano
126	Henkel
128	ICA
130	ISA
132	KPMG
136	Lufthansa
138	Manpower
140	Mansour Group
142	MRCB
144	Mutualista Pichincha
146	Nestlé
148	Novo Nordisk
150	Océ
152	Otto Group
154	Petrobras
158	Puma
160	REN
162	Siemens
164	SKF
166	Tata Chemicals
170	The Linde Group
172	The TMS Group
174	TÜV Rheinland
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# LIGHT AT HOME: SUSTAINABLE ENERGY ACCESS IN ISOLATED RURAL AREAS





By Juan Ramón Silva and Julio Eisman

The ACCIONA Microenergy Foundation was created to focus the Company's efforts on social development activities that could meet the real demands and basic needs of the rural population in developing countries. The Foundation's goal is to work with others to increase access to basic energy, water, or infrastructure services for people and communities that lack the means to acquire such basic services.

Nearly a third of the current world population has no access to modern forms of energy, while the energy consumption pattern of developed countries is clearly unsustainable owing to its heavy reliance on fossil fuels and their environmental impacts, mainly through the effects on climate change. Lack of access to modern energy sources is limiting human development and hampering efforts to achieve the Millennium Development Goals, as recognized by the IEA and UNDP. ACCIONA is a world leader in the renewable energy sector, and through this program, which it plans to extend to other locations, it is contributing to the development and diffusion of environmentally-friendly technologies (Principle 9 of the Global Compact) and focuses its use on aiding poorer societies in their efforts to develop.

### Needs and problems of rural electrification

Peru is the South American country with the second-lowest electricity coverage and Cajamarca is the region of Peru with the lowest level of electrification. About 70 percent of households in rural areas of Cajamarca have no electricity supply.

Despite considerable efforts made by central and regional governments and various other agents in the electrification sector to expand the electricity grid, it will be many years before electricity reaches every household. The high dispersion of rural housing and the lack of road infrastructure, coupled with the local terrain and climate, makes the installation and maintenance of electrical networks costly. In this situation,

Solar Home Systems (SHS) can provide basic electrical services until electricity grids reach the affected areas in 15 or 20 years.

The battery in an SHS accumulates electrical energy converted by the photovoltaic panel from the sun's energy, and allows for use (4 hours) of lights and radio or low-consumption television sets. Moreover, the battery stores energy for two days' consumption without sunlight.

## BARRIERS AND SOLUTIONS FOR NONCONVENTIONAL RURAL ELECTRIFICATION

Barriers	Solutions
<b>No energy access</b>	ACCIONA Microenergy Foundation solutions
<b>High Initial Investment</b>	Donation from promoters and others
<b>Sustainability</b>	Nonprofit service company with a fee-for-service model
<b>Affordability</b>	<ul style="list-style-type: none"> <li>• Fee related to actual cost paid for substitutes</li> <li>• No regulatory discrimination in relation to on-grid electrification (same subsidies)</li> </ul>

[www.perumicroenergia.org](http://www.perumicroenergia.org)

The impact of extending the activity by almost 50 percent is very positive and is highly valued by users who are subsequently able to utilize it for productive activities (crafts, etc.) cultural activities (reading, writing, information, etc.), or social activities (meetings, leisure, etc.).

### **Microenergy Peru: A model of sustainable off-grid rural electrification**

The first barrier to the use of the SHS is the initial investment amount. The price is high for families with very low income, in view of the fact that it is quality equipment designed to last many years. The initial investment is carried out based on gifts of shares and other support mechanisms. For example, the Ministry of Energy and Mines is co-financing rural electrification, and although most of these funds are dedicated to grid extension, a small portion is devoted to finance investment for off-grid electrification. Therefore, the initial investment is covered through donations to Microenergy Peru, which is the owner of the SHS.

The targeted locations are selected in dialogue with the authorities and based on areas not covered by the grid extension plans, and projects are being supported by the majority of the population and its institutions. Each location has its own Electrification Committee.

The second barrier to the use of the SHS is its continuity over time. It is hard to find a photovoltaic system used in isolated rural areas of developing countries, whose panels have a lifespan of 20 years, and which are operational within five years.

To solve this problem Microenergy (PEME) was created; its main function is to operate and maintain the SHS. The fee-for-service management model was adopted: users pay a monthly fee to use the energy of the SHS installed in their homes. The fee paid to PEME covers the costs of maintaining the SHS in optimum operating conditions (inspections and checks to avoid failure) and over the

## ACCIONA'S SUSTAINABILITY WORKSHOP

ACCIONA's Sustainability Workshop takes its cue from the United Nations, which declared the period 2005–2014 as the "Decade of Education for Sustainable Development" (DESD). The Workshop helps to add value to schools and educational centers by helping kids to understand the principles of sustainability and by showing them how to apply those principles. The Workshop helps kids and youngsters gain an understanding of the problems that lie ahead. It helps them to become young experts in highly relevant issues such as efficient energy use, access to water, energy-efficient building and urban planning, and innovation.

### The Workshop

- is totally free of charge for participating schools and educational centers,
- fits seamlessly into the existing education policy and school curriculums,
- provides training for teachers and educators,
- gives kids hands-on experience, with guided tours of wind farms, R&D centers, wastewater treatment plants, and other installations.

### The background

ACCIONA's Sustainability Workshop is an updated continuation of the highly successful Renewable Energy for Sustainability education program launched by ACCIONA's energy division in 1994 in Catalonia and Navarre, Spain, in cooperation with local and regional education authorities. Now ACCIONA is taking this initiative to other countries that are also aware of the importance of education as an instrument for attaining sustainable development. To date, more than 110,000 primary and secondary schoolchildren and teachers have taken part in the program's guided tours of ACCIONA renewable installations, such as wind farms, solar energy and mini hydro plants, and biofuel production centers, among other things.

### What makes the ACCIONA Sustainability Workshop so special?

- It fits seamlessly within existing curriculums in those countries where it is being developed, leaving the way clear for cooperation with the corresponding education authorities.
- It can be presented alongside other innovative education strategies and is fully consistent with the approach already being adopted in schools.
- It provides a variety of teaching and learning materials designed to instill pro-environment values and to help teachers and students to create a more sustainable and fairer world – a planet at one with nature.
- It adapts perfectly to local needs and requirements, with an approach in terms of availability and communication that will forge links with teaching staff and education authorities.
- The Workshop is subject to continuous assessment by users (teachers, pupils, etc.) and results are shared with the education authorities, providing feedback on content.
- Visits to ACCIONA facilities (wind farms, solar plants, etc.) are free of charge for participating schools.

[www.sustainability-workshop.com](http://www.sustainability-workshop.com)



twenty year life-span of the photovoltaic panel, replace elements which have a shorter useful life, such as the battery or the regulator.

### Affordability and adequate electric regulation

The third barrier to the use of the SHS is its affordability for end-users. There is no point in an initiative that is not affordable for the families that it sets out to help. To make sure that users could afford to use the SHS, PEME conducted socioeconomic field surveys on a significant sample of the population. The decision taken was to charge a monthly payment of around \$5. They settled on this amount as most of the potential end-users were already spending an equivalent amount on candles, kerosene, batteries, battery charging, etc., which means that the new lighting systems – in addition to being more efficient and involving less risk – represent a financial savings for the majority of users. Moreover, the payments provide a total income that allows PEME to meet the costs of their commitments. The fact that the initial investment is a donation, and therefore not considered the return on investment, allows PEME to set a very affordable fee.



*Left:* Signature of public-private collaboration agreement with local authorities

*Right:* Signature of subscription contract with user

In Peru, networked users in poor households with a low energy consumption benefit from a cross-subsidy called FOSE, which covers about 60 percent of the charges. This type of poor family pays only 40 percent of the charges. However, SHS users are not eligible for this allowance, despite being a needier group. In late 2009, the Ministry of Energy and Mines of Peru amended the regulation of

the Rural Electrification Act to consider nonconventional rural electrification and development of photovoltaic rates. This regulatory reform will, once developed, lower the fees paid by end-users of an SHS, and represents a significant cost-savings for these families.

### Participation of the beneficiaries

For the past year, one SHS has been installed in each beneficiary location to enable users to become familiar with the capabilities and limitations of the SHS. This demonstration phase was conducted to avoid some reluctance stemming from poor experiences in the past. In view of the positive reception, the installation of the first 600 SHSs is currently under



way, and it is hoped that the rest of the facilities will be completed in 2011.

Each locality has elected its Electrification Committee, which takes active part in the project, both in the aspects of reporting and monitoring and in the management of fee collection. Another important aspect is the training of users, who tend to be people with very little formal education, but who need to know how to get the most from their SHS without reducing its useful life.

The success of this initiative depends on the involvement of beneficiaries and the support of their municipalities, with which PEME have signed partnership agreements. ■

# INSPIRATIONAL ‘WORK’

The work we do every day has a direct impact on the lives of people. As the world leader in HR solutions, we connect 500,000 colleagues with 100,000 clients daily. The importance of work and what we do to help people find jobs cannot be overstated. Work permits us to realize our talents and to contribute to society. It is essential for our social and financial well-being. To foster and enhance the key role we play is clearly our long-term goal. A UN Global Compact participant since 2003, Adecco has been living up to its Principles. This is most evident in relation to labour standards as we improve work opportunities for those at risk of discrimination, such as young people, mature workers and the unemployed.



By Stephan Howeg and Lilian Furrer

In the midst of the global recession, the value of “work” and Adecco’s contribution to society has crystallized in the minds of governments, companies, and individuals. With our day-to-day business, we efficiently connect people and companies; we reduce frictional unemployment; we provide career guidance and training that increases employability; and we enable companies to have flexible workforce strategies that encourage new jobs.

Especially when economic pressure to compromise on labor standards increases, our commitment to uphold and enact our corporate responsibility strategy strengthens. We focus on “integration” of disadvantaged groups, “skill” development, and “safety” at work. Responsibility – one of our four core values, together with Team Spirit, Customer Focus, and Entrepreneurship – has always inspired us to support special projects in our three focus areas, utilizing our core competencies to help disadvantaged groups find a place in the working world.

## Enabling youth in Latin America

The pathways to employment for young people with socially disadvantaged backgrounds in Latin America are challenging. Recognizing education as a key driver of overall economic and social development, the International Labour Organization (ILO) has gathered a team of partners to start PREJAL – a project for the promotion of juvenile employment in Latin America. Over 17,000 youths have participated since 2005 in the project, which has received public funding of \$ 5 million.

Through the Adecco Foundation in Spain; our offices in Argentina, Peru, and Colombia; and through partnerships with local professional training organizations, we are playing an integral part in PREJAL. Between 2007 and 2009, a total of 1,820 young women and men (50:50) aged 15 to 24 attended Adecco-run workshops in these three countries. The day-long workshops give attendees the tools to optimize their approach in the search for employment. Advice on interview

techniques, CV preparation and matching people’s profiles to current vacancies are some of the activities conducted. Attendees receive a full information pack, access to online resources and the opportunity for jobs with Adecco or its clients.

The success of PREJAL is reflected in the fact that it will be extended to 2013. PREJAL can count on the continued support of key partners such as the UN and the ILO, governments and private companies.

## Age-diverse workforce in France

The employment rate of mature workers in France remained below the European average over the last decade: 38.4 vs. 44 percent. So in late 2008, the French government introduced a law obliging large companies to develop action plans to increase the percentage of workers who are over 50 years of age.

The Adecco Group in France embraced this opportunity to strengthen its established diversity and anti-discrimination programmes. We started

“THANKS TO THE TRIPARTITE DIALOGUE WHICH HAS BEEN INITIATED BY THE ILO AND PREJAL, WE ARE INTEGRATING YOUTH EMPLOYMENT POLICIES INTO SOCIAL DIALOGUE.”

Dr. Carlos Tomada,  
Minister of Labour, Employment  
and Social Security, Argentina



Young people attending an Adecco-run workshop in Peru.

by participating in a multi-company audit of senior workforce strategies that was undertaken by social ratings agency VIGEO in mid-2009. The audit helped benchmark and identify best practice for re-application and improvement within Adecco. By October 2009, all 25 Adecco Group companies operating in France had developed their own diversity action plans, which include an anti-age discrimination component. Each company now has compulsory training modules – delivered online or face-to-face – to prevent all forms of discrimination. One aspect is how to handle requests from clients who ask for employees below a certain age. The training shows colleagues how to reorientate clients to focus upon candidates’ skills and motivations rather than age profiles.

As companies begin to recognize the value of an age-diverse workforce, Adecco is ideally placed to help them achieve that goal. For example, in 2009, Adecco completed the challenge of hiring 50 workers aged over 50 years for a call center in Poitiers and Tours. This created an age-balanced workforce for the client and even enhanced the staff retention rate.

### “Candidate Caring” – Italy invests in its future

Since January 2009, there have been 30,000 unemployed people in Italy who have participated in the Adecco “Candidate Caring” training course, which is aimed at improving unemployed workers’ prospects for returning to work. By January 2010, there were 14,000 contracts obtained for these candidates, all of who had previously worked for Adecco before the economic crisis hit.

The “Candidate Caring” initiative is a public-private partnership developed with key national and local unions. The first stage of training consists of an intensive course led by Adecco personnel. This provides a package of services to improve employment prospects such as local labor market information, CV preparation, competency testing and career evaluation and planning. For the

second part, candidates receive job-specific training – ranging from mechanical design to IT courses – delivered by third-party training specialists. To forge even stronger connections between candidates and clients, Adecco has set up a series of “exchange” events, where major clients seeking specific skills can meet and interview up to 100 suitable candidates.

Adecco Italy has already invested €10 million in the project as a whole. We acknowledge that this investment fosters our relationship with a valuable talent pool in preparation for the economic upswing. However, there are also clear benefits to the individuals concerned, the companies looking to recruit, as well as for the quality of human capital in Italy.

The pattern of shared stakeholder benefits is evident in the featured projects in Latin America, France and Italy. Improving the working lives of people is at the heart of Adecco’s corporate responsibility strategy and of its core business. The focus on society in the long term fuels our commitment to invest in projects that go above and beyond our day-to-day work. ■

# HOW CAN WE DO GOOD AND DO WELL? JUST ASK!

By Frank Stokes



There's an ancient Chinese proverb that goes something like, "Give a man a fish and he will eat for a day. Teach a man to fish and he will eat for a lifetime."

The message is clear: Education has a longer-lasting benefit than charitable donations alone. For AMEC – the international engineering and project management company – this sustainable approach is both a good way of helping the communities in which it works and a good way of growing the business in new regions, especially those where there are not enough skilled engineers already available to support new, expanding industries. It also helps improve labor standards in these regions.

A shining example of how this works in practice can be found at the company's growing business in Kazakhstan, which provides high-value services to the country's oil and gas industry. Since March 2008, the company's ASK (AMEC Students in Kazakhstan) program has been guiding and supporting a group of students – 60 at its peak – studying for degrees in a diverse range of subjects during the four university years at Uralsk, Astana, Almaty, and Moscow universities. Not only have they received some financial support and mentoring during their courses but they have also undertaken work experience



ASK students gain useful workplace experience during their time at AMEC's design and project management office in Kazakhstan.

with AMEC during vacations and been involved in worthwhile activities in the local community. Training organized by the AMEC team teaches leadership, teamwork, and decision making. Project managers, experienced engineers, and departmental heads act as mentors and offer advice on technical aspects of the job.

Away from the office, ASK students and AMEC employees have worked side by side in organizing activities at children's homes, orphanages, and schools around Uralsk. At the Oblast Specialised School Boarding House for children with hearing and speech impairments, the ASK/AMEC team has found the time to play football and other sports with the youngsters. They have also been mentors for the children, offering personal development for each child. And on a lighter note, there is the ASK quiz, a general knowledge quiz organized by AMEC for students from all over Uralsk, not just ASK members. It has been a fun

way of improving their English language skills and their knowledge of global issues and business practices.

ASK has been, and continues to be, a win-win arrangement for AMEC and the students alike. On the one hand, AMEC has been able to identify and develop good quality potential recruits to sustain and grow the business and thereby help develop the local economy. On the other hand, the students have been able to gain valuable insights into the com-

mercial world that will help with their academic studies and, not least, enhance their business and communication skills. Following successful completion of their degrees, each student is considered for possible full-time employment with the company.

“Building strong relationships with the people, businesses, and educational organizations in the countries where we operate is not new for us,” says Ronnie Anderson, AMEC’s manager for Kaza-

khstan. “We’ve worked in the oil and gas sector in nearby Azerbaijan since 1998 and decided from the outset not to import vast numbers of expatriate employees to take up all the local jobs. Instead, we struck a balance between our own global engineering skills and employing and training local people. It has had the double benefit of making us welcome and creating a long-term, self-sustaining operation that helps us serve our clients better.

“Our entry into Kazakhstan, which also has a buoyant oil industry, has been similar to that. But what is new for us here is the structured, large-scale approach to the relationship with the universities and the series of training events we’ve organized. We have already had our first ‘graduation’ and intake into the company and we are delighted with the enthusiasm, quality, and professionalism of these young people. We hope they go on to do good work wherever their careers take them.”

“What I think is good about ASK is that we can take the idea with us when we set up in a new territory, thereby helping us to develop the talent, industry, and our business for the long term.”

ASK graduate Sergey Fyodorov, who now works in AMEC’s Information Technology team in Uralsk, explains how he has benefited: “AMEC is global, which has helped me to advance my expertise more fully than I could have through university alone or by working for a local company. Their high standards and clear aims meant my work had to reach the very highest level. My desire to maintain this level is the best stimulus for my personal and professional development.”

Such is the success of ASK that it won the coveted International Platinum Award at the Energy Institute (EI) Awards 2009. The EI is well-placed to judge how worthwhile an initiative is because it has a membership of over 14,000 individuals and 300 companies across 100 countries and is the leading chartered professional membership body for those working and studying in energy. ■

## FACTS AND FIGURES

AMEC plc is a focused supplier of high-value consultancy, engineering, and project management services to the world’s natural resources, nuclear, clean energy, water, and environmental sectors. With annual revenues (in 2009) of over £2.5 billion, AMEC designs, delivers, and maintains strategic and complex assets for its customers. The company employs over 21,000 people in around 40 countries worldwide.

AMEC joined the UN Global Compact in April 2009. The Compact’s Ten Principles resonate with our own Guiding Principles, which help ensure we run a safe, sustainable, and ethical business no matter where in the world that may be. Sustainable development is ingrained in our day-to-day activities, through the type of work we do and the way we deliver it. It makes good business sense and is something our stakeholders expect.

In the environmental sector, our many experts help clients to operate in an environmentally responsible way. For example, this could be by ensuring that overhead power lines do not disturb the habitats of protected species. Or it could be by surveying a factory’s energy consumption and subsequently advising how to reduce the firm’s carbon footprint.

In our own business, we subscribe to the view held by a majority of climate scientists – that man-made greenhouse gas emissions do have an impact on climate. As a result, we have joined the 10:10 campaign, in which we aim to achieve a 10-percent cut in our carbon output by the end in 2010. This is the first step in our ambitious 40-year carbon reduction program.

We have respect for people, both in and outside our company. We aim to provide a safe workplace and good career opportunities. We train our employees through schemes such as the AMEC Academy, which shares best practice and helps nurture talented staff. In the wider world, we support many charitable foundations and encourage our employees to do the same through matched funding.

# REFORESTATION AS PART OF THE SUSTAINABLE CHAIN OF CEMENT



Teak, pine, and eucalyptus now form part of the sustainable chain of cement. Reforestation is one of the ways in which Cementos Argos is consolidating part of its environmental strategy.

Cementos Argos – the largest cement company in Colombia, the fourth largest producer in Latin America, and the sixth largest producer of concrete in North America – has been planting important plantations of native species in 16 municipalities throughout the country. Plantations totaling around 10,047 hectares have been able to reduce the amount of CO<sub>2</sub> by 1,980,859 tons. With the expansion in forestry plantations, Argos is looking to design and develop projects to participate in the carbon market, either in the market regulated by the Clean Development Mechanism (CDM) or in the voluntary market.

This initiative is a result of the concerns of the cement industry about generating new sources of air and life for the



planet. As part of our philosophy, some mines and installations have natural fences or corridors that allow the return or establishment of fauna and flora and also hydrological regulation.

Through care and efficiency in its operations, Argos has not only achieved using the color green as the color of its logo, but it is also using the color as a symbol of its preoccupation with and support for the environment.

This commitment by the company has been highlighted by its participation since 2007 in the United Nations Global Compact, and by applying and strengthening the environmental principles suggested within, which in turn are based on the Rio Declaration on Environment and Development.

The reforestation in which Argos is involved follows special principles for its adequate management:

- Non-intervention in relict forests and springs
- Contracting labor from the region and helping people who have been displaced by the violence to return
- The manual preparation of the land
- Good agricultural practices
- Training for the local population regarding the topic
- Support of local development

The projects of reforestation that Argos has developed in rural areas of Colombia generate direct and indirect employment, mobilize the local economy, and give

hope to the residents, many of whom are victims of armed conflict.

For example, in 2009 in the activities of establishment and maintenance, we subsidized 6,708 wages, which for 6 months worked are the equivalent of 93 direct jobs.

For 2010 we initiated projects that generated 110 jobs from the first of February in the areas of Palmira, San Onofre, Pajonalito, and Algarrobal.

There are cases where the evidence suggests that reforestation has become the path toward peace in some communities, providing security, employment, and development.

The improvement of roads to transport the timber, and programs such as the construction or improvement of educational institutions and the training of the local population in the protection of the forest are a fundamental part of the social component that the plantations bring and that contribute to the development of the vulnerable populations of Colombia.

### Clean Development Mechanism

But the goal of Argos goes much further and is counting on the formulation of CDM projects in agreement with the Kyoto Protocol for the commercialization of certificates for certified emission reduction.

Actually, the project that the company developed concerns 1,090 hectares planted in Colombia in the municipalities of Antioquia and Sucre and was validated in its initial phase by the United Nations, becoming one of only a few projects of this kind on the continent.

With this first achievement, the company can continue on its path toward sustainability, not only reducing the level of emissions in Colombia but also being an example for other industrialized countries that need to invest in reforestation to reach their goals for reduction of greenhouse gases.

For 2014 Argos has a firm goal to plant 3,000 hectares and thus do its bit to contain climate change. ■



# OPTIMIZING ENERGY CONSUMPTION AND FIGHT CLIMATE CHANGE

Autostrade per l'Italia – 100 percent owned by shareholder Atlantia S.p.A., which is responsible for investments and strategies in the transport and communications infrastructure and networks sector – is the leading European concessionaire for toll motorway management and for related transport services with a network of more than 3,400 km in Italy. The company is also present abroad as it holds shares in South America, Poland, and United States with a motorway network equivalent to 800 km.



By Simonetta Giordani, Andrea Ragni and Benedetta Masignani

Autostrade per l'Italia launched a series of initiatives, in line with Italian and EU energy and environment objectives, promoting the use of renewable sources for the production of electricity and improvement of energy efficiency for buildings and infrastructure. This commitment has already produced significant results in terms of CO<sub>2</sub> emissions avoided. The company's five-year plan (2008-2013) provides for initiatives in the following sectors:

- reduction of electrical energy from renewable sources
- electrical-energy savings for tunnel and service-area lighting
- improvement of energy efficiency in the main office buildings and outlying structures (section departments, maintenance points, snow points)

In 2008, Autostrade per l'Italia launched a Photovoltaic Plan that consists of the

installation of photovoltaic plants for total about 9 MWp of peak power, in 92 Service Areas, in the headquarters of Rome and Florence and in the nine section departments.

At the end of 2009, apart from the photovoltaic plants incorporated into the roofs of the parking areas in the Rome South tollgate, Prenestina East, and Mascherone West service areas – providing an overall installed peak power of around 100 kWp – a photovoltaic shelter has been installed in the roof of the employee parking area at the Rome headquarters and has a peak power of around 473.8 kWp. This plant can satisfy roughly 15 percent of the overall energy consumption registered at the Rome headquarters. The main technical characteristics are:

- covered surface area of approximately 4,032 square meters, the equivalent of 120 parking spaces



Photovoltaic shelter installed at the Prenestina East service area (Milan-Naples A1 motorway)

- production of electricity is expected to be around 635,000 kWh/year
- an estimated environmental benefit in terms of savings of CO<sub>2</sub> emissions in the atmosphere of around 350 tons/year

The new solar plant is part of the “Green Building” project that was finalized to make Rome headquarters “carbon neutral” as well. The “Green Building” project is going to develop over 2010 through efficiency improvements in the production of electrical, thermal, and cooling energy (tri-generation), installation of a Building Management System for confort of air temperature and lighting inside the offices, and consumption optimization as well. This initiative, to be considered as a pilot project, might be adopted elsewhere.

In 2009, regarding the photovoltaic plants in Service Areas, 15 plants with a roughly 767 kW peak



New photovoltaic plant of Headquarters building in Rome

## TOTAL TONS OF CO<sub>2</sub> SAVED DUE TO OUR INITIATIVES

	saved 2009	target 2010
<b>Solar panel</b>	133	1,396
<b>LED lighting</b>	411	2,120
<b>TOTAL</b>	544	3,516

411 tons. For 2010 a further 10,766 LED lighting installations will be installed and provide an annual energy savings of around 4 GWh, bringing an estimated environmental benefit in terms of savings of CO<sub>2</sub> emissions in the atmosphere to around 2,120 tons.

Through the adoption of these projects, the company joined the Patto per l'ambiente, an agreement signed in July 2009 between the Environment Ministry of Italy and 11 large Italian firms. The agreement provides for binding commitments for emission reductions, exploitation of environmentally-friendly resources, the spread of high-efficiency technologies, and diversification of power sources. Strong environmental benefits can be achieved by initiatives to improve traffic flow (i.e., network upgrades, spread of automatic toll systems) and projects involving motorway network users. In 2009 Autostrade per l'Italia launched its first project for carpooling on highways. Carpooling is a suitable alternative to traditional mobility and involves using only one

car to transport people who share same route. This results in significant environmental benefits by reducing traffic and increasing the economic benefits for the passengers due to sharing of transport costs (fuel, tolls, etc.).

The initiative, which involves customers who travel the A8 and A9 highways daily from Como and Varese to Milan and back, both helps to reduce levels of pollution and to improve traffic flow on a particularly busy road affected by construction work. The carpooling project includes:

- a web platform to facilitate the matching of supply and demand
- dedicated track toll
- a discount for cars carrying at least four people

The website ([autostradecarpooling.it](http://autostradecarpooling.it)) has become in just three months the first carpooling platform in Italy. ■



power and a production of electricity expected to be around 1,000 MWh/year have been put in service. For 2010 the company aims to double the installed photovoltaic capacity with more plants in the office buildings and Service Areas. In 2009 the savings of CO<sub>2</sub> emissions was 133 tons, thanks to photovoltaic plants. The 2010 target will be about 1,400 tons. Regarding motorway network tunnels, Autostrade per l'Italia has an energy savings plan in progress. The project involves the gradual replacement of traditional high-pressure sodium lighting with more efficient, permanent LED lighting. This innovative initiative will result in considerable energy savings and a reduction in CO<sub>2</sub> indirect emissions of about 40 percent and the lowering of system maintenance costs while retaining the required safety standards.

In 2009 a total of 6,378 lighting installations were replaced, resulting in a savings of CO<sub>2</sub> emissions of around

# STRATEGIC ALLIANCE TO STOP MALNUTRITION



The Chemical Company

By Dr. Andreas Blüthner

The strategic alliance SAFO (Strategic Alliance for the Fortification of Oil and Other Staple Foods) being implemented by BASF and GTZ supports local manufacturers in fortifying staple foods with vital nutrients, especially vitamin A. Besides providing capacity building to different stakeholders, SAFO offers the partner companies specially developed mobile mini-laboratories about the size of a laptop case for quality assurance. Together with civil society and governmental organizations, business models are being developed to sustainably and affordably improve the nutrition of lower-income population groups.

Vitamin A deficiency is one of the main challenges in extensive areas of Africa, Asia, and Latin America. Although many people in these regions have access to staple foods such as flour or rice, these staples contain hardly any vitamin A. Foods containing vitamin A, such as milk and eggs, are either not available or beyond the financial reach of many inhabitants of these countries. A deficiency of vitamin A leads via blindness and immune weakness to higher disease and mortality rates, especially among young children and pregnant women. UNICEF estimates that one million children die worldwide every year from vitamin and mineral deficiency.

The economic development of the affected countries also suffers: malnutrition reduces the educational opportunities and productivity of the society, in addition to raising healthcare costs. Up to 2 percent of the gross domestic product can be lost as a result.

## Food fortification as a solution

Food fortification, the enrichment of staple foods with essential nutrients, is a medium-term, very cost-effective solution to the problem and serves as a complement to supplementation and nutritional education. One example of fortification known from Germany is iodinated table salt. In developing countries, staple foods that are regularly consumed by the lower-income population groups at the bottom of the economic pyramid (BoP) are enriched; flour and edible oil are common “vehicles” for essential nutrients.

## SAFO: Strategic alliance with local partners

Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH (German Technical Cooperation), on behalf of the

## COPENHAGEN CONSENSUS

FOOD FORTIFICATION IS ONE OF THE BEST INVESTMENTS IN HUMAN DEVELOPMENT

In May 2008, economists, including four Nobel prize winners, evaluated 30 solutions for 10 global challenges for humanity. The experts rated the fortification of staple foods and the use of food supplements for children as the best investments in human development. The many economic and humanitarian benefits offered by the market-based approach are offset by only marginal costs.

[copenhagenconsensus.com](http://copenhagenconsensus.com)

## EIGHT GOOD REASONS FOR FORTIFYING STAPLE FOODS

1. The fortification of staple foods is a very effective and low-cost method of combating or even eliminating the globally prevalent deficiency of micronutrients. The market-based approach makes the program robust, sustainable, and scalable.
2. The existing nutritional habits of the target groups can be retained.
3. The addition of essential nutrients to foods is an established approach. The necessary technologies are available and can be implemented worldwide.
4. The programs strengthen the local food industry instead of relying on food imports to improve nutrition.
5. The many benefits in the fields of education, productivity, and health are offset by only marginal costs – making food fortification one of the best investments in human development.
6. Multi-sector, local alliances of authorities, industry, international organizations, and the civil society enhance the acceptance and awareness of the programs.
7. The participation of local industry in improving the nutrition of lower-income target groups creates and deepens awareness of entrepreneurial accountability on the local scale.
8. The right to suitable nutrition is a human right and the basis for implementing the UN Millennium Development Goals.

Federal Ministry for Economic Cooperation and Development, and BASF, the world's leading chemical company and vitamin producer, are cooperating in a strategic alliance. SAFO's objective is to reach several million people with staple foods fortified with vitamin A.

### The partners' contributions

BASF's contributions comprise a package of technical solutions for the manufacturers of fortified staple foods. This comprises cost-effective product solutions in the form of stable, specially encapsulated vitamin formulations; the technical training of production and laboratory personnel; analytical support; innovative packaging solutions; and business models for marketing to BoP target groups. The GTZ advises the local governmental organizations on how to improve the legal framework conditions for local companies by establishing standards and seals of quality, and moderates local alliances of the various stakeholders.

BASF and GTZ have also developed mobile laboratory equipment for the cost-effective determination of the vitamin A content of food. These lab cases allow the quality and effectiveness of the programs to be monitored where the actual vitamin content is decisive – namely in the local markets.

Nevertheless, the foods will remain affordable for the consumers. For example, fortifying edible oil with vitamin A increases the manufacturing costs by only 0.2 to 0.3 percent.

SAFO intends to reach several million people by the end of 2010, with all the parties involved benefiting from the cooperation. BASF is tapping into new BoP markets and is demonstrating social accountability, local producers receive technical support, the economy of the partner countries is strengthened, and the German development cooperation project with its market-based approach is contributing in a scalable manner to improving the nutritional situation in target countries. ■



Convenient test kit to check the concentration of vitamin A in fortified staple foods

# BAYER LAUNCHES NEW SUSTAINABILITY PROGRAM

The world is facing a number of major challenges: One of the most important is the growth of the global population and the factors associated with this, such as access to healthcare, regular food supplies, and effective environmental and climate protection. These global problems are the main starting point for the new Bayer Sustainability Program. Eight lighthouse projects for key material issues have been selected and are being implemented.



**Science For A Better Life**

*By Dr. Wolfgang Grosse Entrup*

Bayer can look back on a long and successful tradition of sustainable business management. In 2009 we transferred our existing activities along with new approaches into an integrated strategy. Global challenges that have a major impact on our key areas of activity formed the starting point. The following core material sustainability issues were identified:

1. Alliances for sustainable healthcare
2. Partnerships for more high-quality food
3. Solutions for climate protection and resource use

Our intention is to demonstrate the purpose of our sustainability activities – creating benefits for both business and sustainability. For Bayer, as an inventor company, this means finding innovative strategies, products, and solutions to deal with the pressing issues of the future. Bayer will therefore align its core businesses more rigorously than before

to sustainability criteria – an objective that is reflected in our mission statement “Bayer: Science for a Better Life.” We want to position our products and expertise precisely where they generate the biggest effect. We will focus in particular on innovations – which for us are the driving forces for sustainability – and strategic partnerships.

We devised eight lighthouse projects for the key material issues identified, featuring our products and the expertise of our employees. These projects were selected based on their relevance – for our business and for our stakeholders.

## **1. Self-determined family planning and combating neglected diseases**

Improving maternal health and reducing child mortality, especially in the emerging and developing countries, are two of the eight UN Millennium Development Goals. Pursuing these objectives is becoming increasingly urgent due to the rising world population. Our “Family

planning” lighthouse project aims to make an important contribution to enabling self-determined family planning throughout the world. Together with public institutions and nongovernmental organizations, we are initiating projects to foster awareness and education in the field of contraception and improve access to modern contraceptive methods. Bayer will double these activities by 2012, and, with partners such as USAID (United States Agency for International Development), will provide oral contraceptives for approximately eight million women annually.

In another lighthouse project, Bayer will be intensively involved in the fight against “neglected diseases.” Over 3.3 billion people – mostly the poorest of the poor – are affected by these. In cooperation agreements with the World Health Organization, Bayer will provide free drugs to tackle – among other illnesses – Chagas’ disease and African sleeping sickness. In addition, together with the Global Alliance for TB Drug Develop-

Jane Maenaria, nurse at the Kajiado District Hospital, Kajiado, Kenya, explains the use of oral contraceptives.



Amit Sharma, Sr. Manager Food Chain Alliances, Bayer CropScience India, monitors the cultivation of vegetables by regularly visiting the farmers in their fields.



ment (TB Alliance), we are developing an improved treatment of tuberculosis.

## 2. High-quality food in emerging countries: India and Indonesia as examples

According to studies carried out by the UN, the world population will grow by around three billion people by 2050. To safeguard adequate food supplies in the future, Bayer is promoting innovative concepts for sustainable agriculture. An important element of this commitment are the Food Chain Partnerships. The aim of these projects is to network the various players along the value chain – from the producer to the trade. We have selected one of these Food Chain Partnerships as a lighthouse project: To strengthen vegetable growing in India, we will help the participating farmers to comply with stringent local and international quality requirements and thus increase their chances of earning a reliable income. The objective is to include 65,000 small farmers in the program by 2011.

Improving the efficiency of rice-growing is the subject of another lighthouse project, in this case in Indonesia. A new method of rice cultivation – combined with an integrated package of seeds, crop protection products, and training – can increase harvest yields by around 10 percent and also improve



sales and incomes for the farmers and their families. As an additional benefit, emissions of the climate-harmful gas methane in the rice fields can be reduced by around 30 percent.

## 3. Solutions for climate protection and resource use: The building sector and chemical production

Energy consumption in buildings is responsible for nearly 20 percent of global greenhouse gas emissions. The EcoCommercial Building initiative,

Bayer MaterialScience is ushering in a new era in eco-sensitive chlorine production.

launched at the end of 2007 as part of our Bayer Climate Program, has now been extended into the EcoCommercial Building program. At the heart of this lighthouse project is a partnership network that brings together suppliers, building companies, architects, and property developers. We contribute our

expertise and high-tech products from MaterialScience and get partners involved to find tailor-made solutions for the construction of sustainable, energy-optimized commercial and public buildings — from low-energy housing and “passive houses” to zero-emission buildings. By marketing this concept externally, we can make an important contribution to climate protection in the building sector as a whole. Our high-quality materials for building insulation, lightweight construction materials, and water-borne coating materials fit in ideally with these growing markets. One of the first showcases for this program was the company’s emissions-neutral kindergarten at our site in Monheim, Germany, which we opened in November 2009. A low-emissions company office building has been built in Belgium, and another one is under construction in India. These showcases reflect the ability of our concept to function in different climate zones and in various uses.

Through another lighthouse project, “Energy efficiency in chlorine production,” we are achieving a significant reduction in greenhouse gas emissions. The production of chlorine — a basic chemical in the manufacture of plastics and drugs among other products — is extremely energy-intensive. Back in 2008, Bayer succeeded, together with its partners, in developing an innovative, climate-friendly process for a new acid-based oxygen depolarized cathode technology. This integrates the principle of the fuel cell and reduces electricity consumption — and thus CO<sub>2</sub> emissions — in chlorine production by 30 percent. In another cooperation project, a Bayer research team took this technology for chlorine production a step further — this time developing a process based on salt. The first industrial-scale plant to use this technology is scheduled to go on stream at one of Bayer’s German sites in 2011. Bayer will also offer this innovative technology to other chlorine

producers around the world. The use of this technology opens up the potential for the international chlorine industry to cut annual greenhouse gas emissions by 5 million metric tons.

Solutions targeted at the more efficient utilization of resources are the subject of two other lighthouse projects in the Sustainability Program. The innovative energy-efficiency management system STRUCTese® aims to systematically utilize untapped energy-saving potential. It also ensures that the requisite technical measures and organizational processes are effectively integrated at Bayer MaterialScience.

The “resource efficiency check” sets out to ensure process-oriented optimization of the effective use of all resources. This tool is based on innovative technologies for the reduction of energy, water, and feedstock consumption, and for cutting the amount of waste and emissions.

### Measurable results

With these eight lighthouse projects, Bayer will be able to directly enhance the level of healthcare and improve the economic and social situation of more than 15 million people. Ecologically, too, our sustainability commitment will have measurable effects: We will raise the energy efficiency of our production facilities by 10 percent and, as a result, reduce annual greenhouse gas emissions by 350,000 metric tons by 2013. Furthermore, our new chlorine production technology will lower emissions by a further 250,000 metric tons by 2020.

The Bayer Sustainability Program will make a concrete contribution to the Global Compact Principles and the Millennium Development Goals of the United Nations — especially improving maternal health, reducing child mortality, empowering women, combating diseases, and eradicating hunger and poverty. Our program is designed to achieve sustainable success and generate first-class solutions. After all, sustainability is an integral part of our corporate policy. ■

## BAYER'S SUSTAINABILITY STRATEGY

- Bayer is committed to sustainable development: Economy, ecology, and social responsibility are corporate policy objectives of equal rank.
- Sustainability strategy frame: creating benefits for both business and sustainability. This shall be achieved in three areas:
  1. *Our products and innovations are the heart of our business. Innovations are the drivers of sustainable development for mastering global challenges. Our products and expertise make contributions to the key areas of healthcare, nutrition, climate protection, and resource efficiency. They are designed to benefit people and improve their quality of life (see Bayer Sustainability Program).*
  2. *Our business practices and activities, that is, how we run our business. We want to act responsibly across the entire value-added chain – toward all our stakeholders, especially our employees, customers, suppliers, and stockholders.*
  3. *Our social commitment: by becoming socially involved as a good corporate citizen.*
- Responsibility and Governance regarding sustainability are at the board level.
- Sustainability is an integral part of our corporate strategies.

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# GREEN TECHNOLOGY: SOLUTIONS FOR CLIMATE CHANGE

**BOSCH**

Invented for life

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Since the end of 2009, the global community has committed itself to the target of limiting global warming to less than 2 degrees Celsius. According to scientific studies, global greenhouse gas emissions must be cut by at least 50 percent by 2050 if this goal is to be achieved. With no concrete objectives having been agreed internationally, it is now more important than ever to use innovations and technological solutions as a means of reducing CO<sub>2</sub> emissions. That is one of the reasons why green technology is now a key market worldwide – one that is estimated to grow at a rate of 6.5 percent per year, reaching €3,200 billion by 2020. Bosch aims to provide technological solutions to ecological challenges and, in doing so, also boost its economic position.



In 2009, the joint venture BSH Bosch and Siemens Hausgeräte GmbH received the climate innovation award from the German Ministry for the Environment for its highly energy-efficient Zeolith® drying system for dishwashers.

## 2009 – A year lost?

Two years before the UN Climate Change Conference in Copenhagen, Ban Ki-moon urged the Global Compact participants to make climate change a leadership issue within companies' business strategies. Introducing the Caring for Climate (C4C) initiative, the UN Secretary-General expected companies to set emission-reduction targets, explore low-carbon technologies, share experiences, disclose progress, and support public policy efforts.

Looking at the Carbon Disclosure Project (CDP), it can be seen that efforts have moved ahead. Since it was launched in 2003 worldwide, the number of companies reporting their greenhouse gas emissions and their climate strategies has grown tenfold. Starting with 235 companies and increasing to 1,449 in 2007, the figure rose to 2,204 in 2008. From the corporate side, this is a signal that leadership and transparency concerning climate change are on the rise.

If we then look at the global level and to the results of the Copenhagen conference, where we were present, the picture looks quite different and forward movement is hardly obvious. Honestly speaking, our expectations regarding that were not so high. We know that climate protection is a common problem that has to be solved through shared commitments. Our hope on the political level is that, at the very least, this insight becomes more commonplace.

### Technology to protect the climate

Bosch has been a member of the UN Global Compact since 2004. We are neither a signatory of the C4C initiative nor, as a non-listed company, do we participate in the CDP. Nonetheless, we fully support and pursue the goals represented by these initiatives. We consider climate change to be both a challenge and an opportunity. According to a study by the World Business Council for Sustainable Development – also used in the preparations for the Climate Change Conference in Copenhagen – the construction industry is responsible for 40

percent of worldwide greenhouse gas emissions, more than any other industry. However, the study, "Energy-efficiency in buildings," also concludes that it is possible to reduce these CO<sub>2</sub> emissions by 60 percent by 2050. We believe that with energy-efficient condensing technology, solar thermal systems, and heat pumps, our Thermotechnology division offers not only opportunities to achieve major cuts in CO<sub>2</sub> but also enormous market potential. In each of the business sectors of the Bosch Group, there are comparable technologies and products that have the potential to contribute to both climate protection and our business. We made some important progress in this respect in 2009.

### Climate protection as a matter of trust

Setting climate protection targets means sticking to those targets at all costs, even in times of economic crisis. At the beginning of 2009, the Bosch board of management and the individual divisions agreed to implement a range of measures to increase energy efficiency. By 2020, the aim is to cut worldwide CO<sub>2</sub> emissions at all manufacturing sites by at least 20 percent compared to 2007 levels. Although Bosch has hardly any energy-intensive manufacturing processes, we are nonetheless keen to boost our potential in this area by setting internal targets, implementing continuous reporting, and raising awareness among associates. At a sustainability congress, chairman of the Bosch board of management, Franz Fehrenbach, called on businesses to intensify their climate protection activities, even in such difficult times. He said that by taking a serious, consistent approach to climate protection, companies would benefit financially and gain more trust. Bosch is confident that green technology has a key role to play in riding out this crisis.

### Research for the post-oil era

The Bosch credo is to provide technological answers to ecological questions. To

that end, Bosch invests some 45 percent of its research and development budget in technologies that help conserve resources and energy, generating a strong third of its sales with such products. Given the finite nature of fossil fuels, Bosch is using its research program to prepare for the post-oil era. In line with its strategic slogan "Invented for life," the company is working on a range of topics including lithium-ion batteries, alternative drive systems for vehicles, energy-efficient household appliances, and ways to supply renewable energies using photovoltaic technologies, for example.

### Batteries for electric travel

In automotive technology, every second euro the company spends on research and development goes toward protecting the environment and conserving resources. In addition to expanding existing areas of innovation, the company is also moving into new territory, such as the electrification of the powertrain. Here, Bosch is working with Samsung SDI as



In 2009, Bosch and its partner Samsung took on a total of 500 associates for a project focusing on cutting-edge lithium-ion batteries.

part of the joint venture SB LiMotive. In 2009, the two partners took on a total of 500 associates for a project focusing on cutting-edge lithium-ion batteries. A further milestone was reached in 2009 with the ground-breaking ceremony for a new plant in Korea. By the end of 2012, the facility will have the capacity to produce at least 125,000 lithium-ion battery cells per year for hybrid and electric vehicles.

### Investment in renewable energies

According to the latest estimates by its member states, the European Union is well on the way to sourcing over 20 percent of its power from renewable energies by 2020, thus achieving its self-imposed target. In 2009, Bosch generated sales of roughly €1 billion from systems utilizing renewable energies, ranging from large wind-turbine gearboxes and ground-source heat pumps to solar collectors and photovoltaics. Bosch is also committed to achieving growth through renewable energies in the future and, in 2009, opened a new manufacturing facility for large wind-turbine gearboxes in Nuremberg, Germany. By 2013, Bosch will have invested a total of €180 million in this gearbox plant belonging to its subsidiary Bosch Rexroth. "We have invested in wind energy, solar technology, and heat pumps," says Franz Fehrenbach. "With this new plant for the manufacture of large gearboxes, we are continuing our investments in the promising market of renewable energies."

### New division: Bosch Solar Energy

Since the acquisition of solar cell manufacturer ersol Solar Energy AG in 2008, Bosch has intensified its activities in the field of photovoltaic technology. This illustrates the company's strategy of using acquisitions to expand its portfolio of climate- and environmentally-friendly technologies and strengthen its position in the renewable energies sector. After acquiring majority holdings in two further solar module manufacturers – also solar AG and Johanna Solar – the Bosch



The new Bosch regional headquarters for Southeast Asia has received two awards for its energy efficiency and environmental friendliness.

Group clustered its photovoltaic activities in 2009 by forming the new division Bosch Solar Energy AG. To boost the competitiveness of photovoltaic power generation and raise its profile as part of a sustainable energy mix, Bosch Solar Energy is working to not only increase the efficiency of its cells and modules, but also cut manufacturing costs. At the end of 2009, Bosch Solar Energy set up its first solar power plants, including a photovoltaic system for Stuttgart airport. Bosch Solar Energy AG hopes that its collaboration with Allianz Climate Solutions GmbH will result in further large-scale photovoltaic projects, particularly projects exceeding 1 MW output. Bosch Solar Energy also supports the Solar Energy Foundation, a body that has set itself the goal of further expanding the use of photovoltaics in Africa in order to alleviate poverty and improve living conditions. Projects in Lesotho in South Africa and in Burundi have made it possible to supply two local hospitals with solar power.

### Eco Plus Home

Efforts made by Bosch to harness renewable energies and increase the energy

efficiency of buildings are reflected in the company's Thermotechnology division and in its own buildings. Projects such as the Eco Plus Home in Canada and the new Bosch headquarters in Singapore are a great step in the right direction.

The Eco Plus Home, a model house that is ready for series production, aims

The Eco Plus Home, a model house in the eastern Canadian province of New Brunswick, aims to prove that it is possible to generate a virtually CO<sub>2</sub>-free energy supply exclusively from renewable energies while still enjoying a comfortable lifestyle.



to prove that it is possible to generate a virtually CO<sub>2</sub>-free energy supply exclusively from renewable energies while still enjoying a comfortable lifestyle. In the eastern Canadian province of New Brunswick, a family of six will spend a year living without oil or gas in the Eco Plus Home. The building technology supplied by Bosch includes an electric heat pump, a solar thermal system, and a photovoltaic installation. While a conventional home generates average CO<sub>2</sub> emissions of around eight metric tons, the Eco Plus Home reduces this figure to virtually zero. Although electricity is required to operate the heat pump, the photovoltaic installation generates significantly more CO<sub>2</sub>-free power over the course of a year than the heat pump consumes. This means that, even in the harsh Canadian winter, the building maintains its green credentials the entire year. On conclusion of the experiment, the climate-friendly prefabricated house is to be marketed in Canada and the United States at the same price as conventional homes.

### Green building award

Even before its completion last year, the new Bosch headquarters for Southeast Asia in Singapore had received awards for its energy efficiency and eco-friendliness. The State of Singapore awarded the new building the Platinum rating, the highest under its "Green Mark" program. The building also received the national Clean Energy Program's "Solar Pioneer Award."

The new headquarters is one of the first buildings in Singapore to be equipped with mobile external sunscreens. These cut the amount of heat getting into the building by 20 to 25 percent, thereby reducing the energy requirements for cooling — an important consideration in a city located close to the equator. The building has also been fitted with photovoltaics from Bosch Solar Energy. A number of other factors further boost the building's green credentials. Recovering energy in the ventilation system reduces the amount

of energy required for cooling by a further 20 percent.

The green headquarters in Singapore is just one example of how Bosch ensures efficient use of energy in its own construction activities around the globe. The company's new Chinese headquarters in Shanghai, for example, covers half its heating and cooling requirements with ground-source heat pumps. Photovoltaics have also been installed at certain locations in Germany, such as Murrhardt and Reutlingen.

### Climate protection counts

Climate protection is one of the biggest challenges we face, and one that demands clear targets and a great deal of

commitment. When it comes to climate change, Bosch provides a very wide range of sustainable solutions. Internally, Bosch is seeking to make associated savings by reaching its CO<sub>2</sub> reduction target by 2020 and implementing initiatives in the building sector, for example. Bosch sees great leverage within its business fields. With a broad range of technical solutions and technological innovations, the company can help its customers increase energy efficiency and harness the power of renewable energies. As part of this, we also aim to play our part in shaping key markets for environmental technology in the period leading up to 2020. Climate protection is absolutely fundamental to ensuring we enjoy long-term success. ■

## AT A GLANCE: BOSCH CLIMATE INITIATIVES IN 2009

**PRODUCTION:** At the beginning of 2009, Bosch set itself the goal of reducing relative CO<sub>2</sub> emissions by 20 percent by 2020.

**R&D:** In 2009, Bosch invested some 45 percent of its research and development budget in technologies that help conserve resources and energy, generating sales of a strong one billion euros with such products.

**INNOVATION:** The ground-breaking ceremony for a new plant in Korea was held in 2009. By the end of 2012, the facility will have the capacity to manufacture a minimum of 125,000 lithium-ion battery cells per year for hybrid and electric vehicles.

**INVESTMENTS:** In 2009, Bosch opened a new manufacturing facility for large wind-turbine gearboxes in Nuremberg, Germany. Approximately €180 million will have been invested in this project by 2013.

**RENEWABLE ENERGIES:** In 2009, Bosch generated sales of roughly €1 billion from systems utilizing renewable energies, ranging from large wind-turbine gearboxes and ground-source heat pumps to solar collectors and photovoltaics.

**NEW DIVISION:** The recently formed Bosch Solar Energy division constructed its first solar power plants in 2009.

**AWARDS:** The new Bosch headquarters for Southeast Asia in Singapore was completed in 2009 and received two awards for its energy efficiency and eco-friendliness.

# ENVIRONMENT PRESERVATION IN THE AMAZON

By Eduardo Dantas



Bank of the  
Planet



**Bradesco**

Bradesco endeavors to incorporate sustainability into each one of its business activities and corporate strategies. We do believe in a better world for both current and future generations. Considering that socio-environmental investment is one of the pillars of our sustainability core, we support many initiatives regarding that matter in Brazil, through partnerships directed at the preservation of forest environment.

Two initiatives that are currently being developed are the Fundação Amazonas Sustentável (FAS, Sustainable Amazon Foundation) – which has the goals of preserving a group of 35 environment preservation units in the Amazon region, promoting sustainable development, and improving the quality of life of the populations involved – and the SOS Mata Atlantica Foundation, which makes possible the projects that are devoted to the protection of the Mata Atlantica (Atlantic Woods) through conservation programs, environmental education, and forest restoration, among other things.

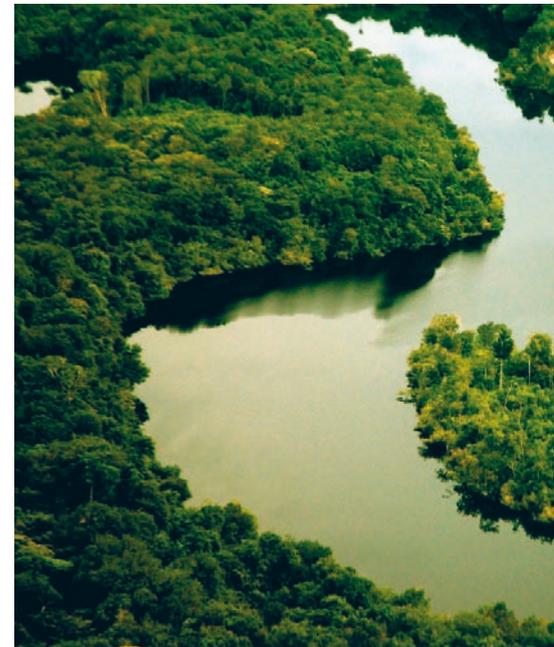
## Sustainable Amazon Foundation

Bradesco is one of the co-founders of FAS, which is a groundbreaking partnership between the Bank and the Brazilian state of Amazonas and was made public in

November 2007. FAS's goal is to value environmental services provided by the Amazon Rainforest, with a view toward improving the quality of life of the riverbank communities and the forest's preservation.

The Bank's initial financial resources amounted to R\$ 20 million (US\$ 11.2 million), which, together with the Amazonas state government's additional R\$20 million, formed a permanent fund in which only revenues are invested, making the FAS Foundation financially sustainable in the long run. BRAM (Bradesco Asset Management) manages the resources.

From 2008 to 2012, an additional R\$ 50 million (US\$ 27.8 million) will be invested – R\$ 10 million (US\$ 5.5 million) a year. Other private organizations have also contributed to the Foundation through financial and technical resources. The totals handed to the NGO are obtained from the sales of products



related to the initiative, such as credit cards and capitalization bonds. FAS supports 35 environment preservation units – which cover 41 million acres of land – in the state of Amazonas.

The first action taken by the partnership occurred within the scope of the Bolsa-Floresta program (Forest-Grant program), a pioneer program in Brazil devised by the Amazonas government as part of the state's policies on Climate Change, Environmental Preservation, and the Amazon's Sustainable Development. There are four categories of Bolsa-Floresta: Income Bolsa-Floresta

(supporting sustainable activities); Social Bolsa-Floresta (improving health, transportation, and communications); Bolsa-Floresta Association (organizing reservation dwellers as representative groups); and the Bolsa-Floresta Family (payment to the communities for environmental services and products, for sustainable use of natural resources, and for environment preservation and protection). Until December 2009, the Bolsa-Floresta programs had benefited up to 6,800 families in Amazonas.

Part of the resources thus obtained are handed to the Foundation and used to develop programs for environment preservation, education, and forest restoration, among other things. The resources from Bradesco have already contributed to the planting of more than 28.1 million native tree seedlings in Mata Atlantica areas, equivalent to the recuperation of 42,000 acres.

All those trees, when fully grown (in 20 years), will compensate for approximately 3.9 million tons of CO<sub>2</sub>. Since

of treatment, credit, delinquency, and insurance. We have also been assessing operational, reputational, and regulatory risks from different economic sectors that have a relationship with the Bank, in addition to environmental damage risks that may be caused by projects financed by Bradesco.

According to the Brazilian Ministry of Environment, 70 percent of national emissions are due to deforestation and to other types of land mismanagement, such as clearing by burning. That is why



## CAPITALIZATION BONDS AND CREDIT CARDS FOCUSED ON SUSTAINABILITY

Bradesco offers its clients capitalization products with specific goals and social purposes. Part of the resources thus collected are handed to socio-environmental projects, such as the Sustainable Amazon Foundation, and the SOS Mata Atlantica Foundation. The SOS Mata Atlantica Affinity Card was created more than two decades ago, and its annual fees are targeted specifically to the Foundation. Since 1993, the card has already generated R\$41.6 million (US\$23.1 million). The resources are directed mainly to reforestation of degraded areas, qualifying technical hands, and developing new projects for forest protection. There is another Affinity Card in which part of the resources are directed to the Sustainable Amazon Foundation, and it is the first credit card in the country made of recycled plastic (80 to 85% of the material).

### SOS Mata Atlantica Foundation

The Bank has maintained a partnership with the SOS Mata Atlantica Foundation since 1989 in order to generate resources for conservation of that particular biome. Therefore, special products have been launched through the years. Some examples since 2007 are Cartão de Afididade SOS Mata Atlantica (SOS Mata Atlantica Affinity Card), Pé-queite (lucky) Bradesco SOS Mata Atlantica Capitalization Bond, and the Eco financiamento (Car EcoFinancing).

1989, all the resources derived from the sales of the NGO-related products total R\$ 85.9 million (US\$ 47.75 million), and have been forwarded to the designated recipients.

### Bradesco and climate change

We are concerned and seeking to understand more and more about climate change issues. We have been refining our assessment of climate change impacts on our businesses, and analyzing the risks that are directly related to our activities, especially those concerning structures

actions that promote forest and woods preservation are so important. In 2009, while moving toward sustainability, we enforced our support for “Seal the Deal,” which is part of the UN Global Compact campaign and has a goal to encourage entrepreneurs, government, and society to engage the international agreement on climate change, as discussed by the COP 15 at the UN Framework Convention on Climate Change in Copenhagen. In addition, we continue to support the Equator Principles, the Millennium Development Goals, and other relevant national and international pledges. ■

# EFFICIENT HOUSEHOLD APPLIANCES SAVE RESOURCES AND MONEY

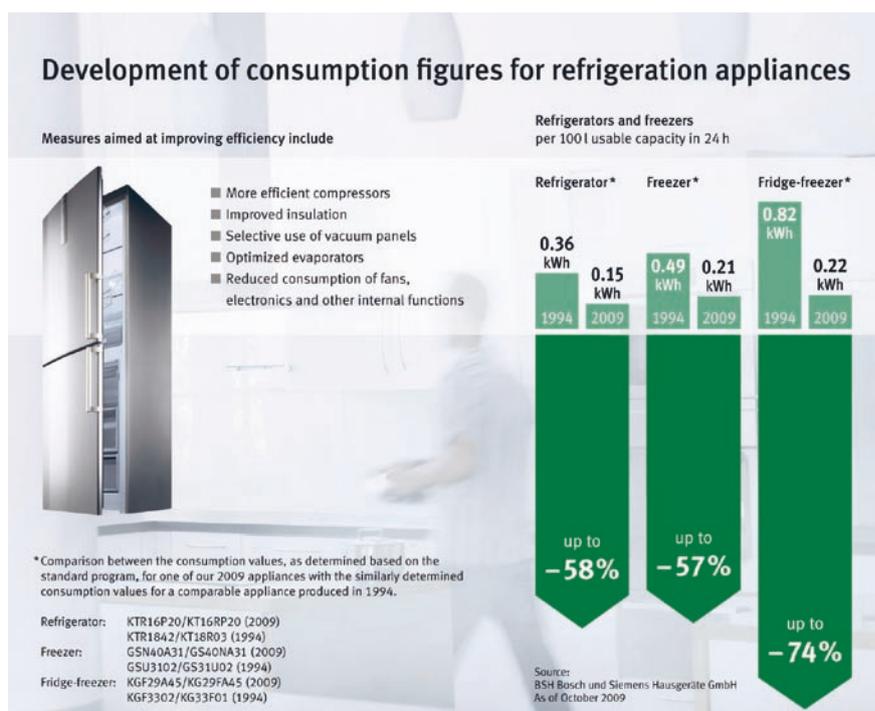


By Fridolin Weindl

Accounting for almost 30 percent of consumption, private households are the second-largest source of energy use and, with 21 percent, the third-largest source of CO<sub>2</sub> emissions worldwide. Electrical appliances, in turn, account for almost half of the entire electricity use in private households. That is why it is so important that modern household appliances work efficiently with as little energy as possible. By using fewer resources, they not only help to protect the climate and the environment, they also deliver significant cost-savings for the consumer.

Energy efficiency, climate change, resource conservation – in the future, these topics will become even more the focus of public attention than they already are. The International Energy Agency forecasts that the global demand for energy will rise by more than 50 percent by the year 2030. As a result, electricity costs will continue to rise around the world, global warming will advance, and energy and resources will become scarce. That is why we need to develop innovative technical solutions and to significantly reduce the resource consumption of every individual. High-efficiency household appliances can make a significant contribution to protecting our climate and our resources – without having to make compromises in terms of convenience and performance.

As one of the world's leading manufacturers of large and small appliances,





Innovative Household Appliances:  
saving energy without sacrificing  
convenience

Bosch and Siemens Home Appliances Group carries a special responsibility for its products. Although household appliances were not originally invented to save electricity but rather to use it to make household chores easier, our engineers have worked continuously to improve our products' convenience and performance while steadily reducing their consumption of water and energy. Thanks to their efforts, they have been very successful in recent years. Our current, highly efficient refrigerator-freezer combinations in the highest energy efficiency class A++ consume up to 74 percent less electricity than comparable models 15 years ago. For washing machines, we were able to reduce energy consumption by up to 50 percent, and for tumble dryers by up to 62 percent over the same period of time. To keep reducing the consumption values of our products, our engineers are constantly working on new technologies. In our new tumble dryer, for example, innovative heat-pump technology and a self-cleaning condenser make sure that the power consumption stays low for the life of the appliance.

Our new dishwashers feature zeolite – a mineral that can absorb moisture and emit heat. This innovative technology, which is being used for the first time in any household appliance, makes

these models 20 percent more efficient than traditional dishwashers of the best energy class. When one considers that the average lifespan of a household appliance is 13 to 15 years, the potential energy savings are huge. Compared against such a long usage period, the environmental impact created by the appliances' production, distribution, and disposal is relatively low, as environmental studies and analyses confirm.

#### 190 million obsolete appliances

In European households there are roughly 190 million household appliances that are older than 10 years. If we replaced all of these obsolete appliances with new high-efficiency models, we could save up to 44 billion kilowatt-hours of electricity and up to 22 million tons of CO<sub>2</sub> every year. And our private households could reduce their costs by about €8.8 billion per year. That nearly equates to the annual residential energy consumption of Poland and the Netherlands. To communicate these potential savings to the customers, clear and transparent labeling is important, because the purchasing decision also involves a decision on the appliance's power consumption for the next 15 years. Since 1995, a standardized energy label provides a reliable orientation-aid for consumers within

the European Union, but the official best energy class no longer represents the state-of-the-art in most cases.

Compared with this energy class, modern, high-efficiency appliances from the A++ category – which previously only applied to the refrigerator / freezer segment – use roughly 45 percent less electricity. To restore a reliable classification system and provide transparent information for the customer, BSH CEO and president of the European Committee of Domestic Equipment Manufacturers CECED, Dr. Kurt-Ludwig Gutberlet, is working on a realignment of the European energy label. In addition, BSH started the company-wide Energy Excellence Initiative last year in order to make energy efficiency an essential operating principle in all subsidiaries and to position BSH as a leading supplier of energy-efficient products worldwide. We are also helping the Chinese authorities to introduce a European-style energy label. Energy efficiency, climate protection, and resource conservation are global issues, and efficient household appliances are a major factor in shaping the necessary changes directly and actively. For its commitment in the areas of society and the environment, BSH won the first German Sustainability Award and was named "Germany's most sustainable company" in 2008. ■

# ACCOMPANY OUR SUPPLIERS IN THEIR SUSTAINABLE DEVELOPMENT APPROACH

By H el ene Jessua



Within the framework of its sustainable development approach and its commitment to the respect for the Global Compact Principles regarding the environment (Principles 7, 8, and 9), Carrefour has created a sustainable development self-assessment tool to encourage its suppliers to implement a sustainability approach. Adapted to SMEs, this tool covers all the areas of a company at the social and environmental levels.

Launched in 2006 among 90 suppliers, this initiative was deployed in 2009 to all suppliers of Carrefour's own brand food products in France. This global tool enables the suppliers to self-assess in four areas: company management and policy; environmental responsibility; social responsibility; and economic performance. The sustainability self-assessment tool has been designed with the support of ADEME (French energy-control agency) and the WWF, with whom Carrefour has had a partnership since 1998. It includes:

- an online assessment questionnaire made of 49 criteria regarding environmental, social, and economic aspects;
- proposal of indicators to monitor the approach;
- a direct access to results;
- the opportunity to benchmark on each criteria on a year-to-year basis, and on the average of the industry;
- best practices.

The self-assessment tool achieves three missions:

1. It enables Carrefour to get more involved with its suppliers, particularly regarding product manufacturing.
2. It raises awareness of companies working with Carrefour on sustainable development challenges.
3. It enables suppliers to have a better understanding of the levers with which they can take action, to be accompanied and supported in the implementation of a sustainability policy, and to contribute to the sustainability of their businesses.



In order to support them, Carrefour also conducts advisory visits on suppliers' sites. These visits are aimed at accompanying companies, identifying the average gap between the self-assessed information and the reality, identifying action plans to implement, and monitoring progresses achieved.

Following the very positive feedback in France, the Carrefour CEO decided to deploy the tool to all Carrefour brand suppliers worldwide. For the first time, in November 2009, Carrefour awarded the brand product suppliers who are the most committed to the implementation of a sustainability approach. These awards are aimed at encouraging and promoting the approaches of these suppliers. The winners of the 2009 Sustainability Award were chosen based on the results obtained from the self-assessment tool and validated by advisory visits. Following the jury deliberation of members of Carrefour management, and external experts from WWF and ADEME, five suppliers were awarded for the following: Respect for the Planet, Respect for Climate, Respect for Earth, and Respect for People. A special prize was awarded to a non-food supplier of Carrefour's own brand products for the supplier's progressive approach. ■

## MORE THAN 15 YEARS OF COMMITMENT TO BIODIVERSITY

- Fourteen years of voluntary approach to GMOs:** Since 1996, Carrefour offers to all its customers products that are not GMO labeled (GMO – genetically modified organism), giving them the opportunity to buy products according to their conviction. For some of its Carrefour Quality Line products, Carrefour goes even further by excluding GMOs from the source animal feed. Outside the European Union, Carrefour applies a progressive approach regarding its non-GMO policy, taking into account the local context linked to national laws, economic contexts, and the different sensibilities of consumers.
- First French retailer to develop a responsible fishing offer:** Back in 1995, Carrefour developed a fishing offer with its Quality product line whereby fish was farmed according to environmentally-friendly practices and not labeled GMO. Ten years later, Carrefour was the first retailer to develop and offer a "responsible fishing" frozen fish product range to consumers, which has since become the Carrefour AGIR Eco Planète range. With 26 references, Carrefour is the retailer that proposes the widest offering of MSC-certified (Marine Stewardship Council) own brand products in France. Following scientists' alerts in 2006, a halt in the marketing of the Mediterranean bluefin tuna was ordered in all European stores of the Group and halted completely in 2008. Since 2007, Carrefour has also been working with the WWF to identify the best sources of supply.
- Twelve years of commitment to forest protection:** Engaged since 1997 in an approach to control the sourcing of wood supplies, Carrefour has been working with the WWF since 1998 to privilege FSC (Forest Stewardship Council) certified wood. Thus the Group Purchasing Office assortment of outdoor furniture consists exclusively of FSC-certified products and Acacia, a species that is not included on the International Union for the Conservation of Nature and Natural Resources list of endangered species and for which Carrefour's suppliers have engaged in a process of FSC certification with the Vietnam Forest and Trade Network. For its commercial publications, and beyond its policy for the use of paper with reduced grammage, Carrefour is committed to reaching the target of having 100 percent of the paper for European catalogs and consumer magazines ordered by the Group to be made from recycled wood fibers and/or of paper from forests under certified responsible management by 2010.
- First French retailer committed to the responsible use of palm oil in 100 percent of its own brand products by 2015:** Within the framework of its participation in the Roundtable on Sustainable Palm Oil (RSPO) since 2006, Carrefour is committed to promoting a production process of palm oil that respects environmental protection criteria and small producers. In 2009, Carrefour was still the only French retailer that was a member of this initiative. After an awareness-raising campaign among its own brand suppliers and an inventory of the presence of palm oil in its own brand products in 2007, Carrefour proceeded in 2008 to substitute the palm oil included in its own brand chips marketed in France (representing the withdrawal of a third of the total volume of the palm oil used). In 2009, the first amounts of responsible certified palm oil through the RSPO system became available on the market. Thus Carrefour has committed to using only certified oil in all of its own brand products by 2015. Henceforth, Carrefour's position toward the suppliers of its own brand products is to request that they substitute the palm oil when it is technically possible and when it represents a nutritional interest.

# COOP NATURALINE – FASHION & FAIRNESS

naturaline  
BIO COTTON



By Emma Arvidsson and Simona Matt

Coop launched its Naturaline brand in 1993. Today, the company is one of the world's largest retailers of Fairtrade organic cotton.

Coop has worked with REMEI AG since 1994. Together, they have developed a set of social and ecological requirements for fashionwear. This longstanding partnership received the Business Award for Sustainable Development Partnerships at the 2002 United Nations World Summit in Johannesburg. Sustainability runs through the value chain like a continuous thread, from the farmer right through to the finished fashion garment. Coop ensures organic cotton production, ecological processing, and fair working conditions along the entire supply chain.

The organic cotton for Naturaline textiles is grown in bioRe® projects in Maikaal (India) and Meatu (Tanzania). Today, over 8,000 farmers in India and Tanzania are involved. Organic farming enables the farmers to escape the spiral of debt, as they do not have to take out loans to purchase expensive chemicals and GMO seeds. In addition, organic farmers use techniques such as crop rotation and produce compost and natural pesticides to achieve good yields. Organic farming also stabilizes



ecosystems, while renouncing monocultures prevents a loss of earnings in case of drought or pest infestations. What is more, the farmers receive an organic premium and a purchase guarantee for their organic cotton harvest, hence attaining greater added value.

#### Fair working conditions

The social criteria for farming include: training and consulting services; an organic premium; a purchase guarantee; farmers' representation and

co-determination; workers' rights and absence of discrimination; capital build-up and reinforcement of organizations; and initiation of and support for social projects.

Coop works together with the Business Social Compliance Initiative (BSCI) in textile processing. In 2005, the BSCI Code of Conduct replaced the textile codex that had been in force since 2000. All direct suppliers in developing countries are involved in the audit process, which is supported and supervised by Coop and REMEI AG. Compliance with

SA8000 is the long-term goal for all Coop Naturaline business associates. The social criteria include:

- freedom of association and the right to collective bargaining are respected
- no discrimination is practiced
- child labor is prohibited
- legal minimum and/or industry standard wages are paid
- working hours are compliant with national laws and do not exceed 48 hours regular plus 12 hours overtime
- there is no forced labor or disciplinary measures
- the workplace is safe and healthy
- the environment is respected
- a social accountability policy is in place
- an anti-bribery and anti-corruption policy is enforced
- statutory and international conventions are upheld

### Ecological processing

Naturaline products protect textile workers from toxic chemicals, substances, and colors during processing. Precise threshold values are defined for textile production. In particular, no chlorine or formaldehyde is used in processing. Moreover, further optimization is achieved thanks to effective input management and controlled wastewater treatment.

For Coop, REMEI AG, and bioRe® India and Tanzania, traceability means the entire production process is fully documented and certified sustainable – in both ecological and social terms. Every Naturaline bioRe® garment is therefore marked with a numeric code that enables every single production step to be traced all the way back to the region where the cotton was harvested.

### Social projects for farming families

The bioRe® Association is responsible for implementing social projects in India and Tanzania. The Coop Sustainability Fund supports these bioRe® projects. They include:

- **Agricultural Training Centers:** At bioRe® Training Centers and during on-the-field training, farmers learn all the skills they need to be successful in organic cultivation.
- **Animation Schools:** The aim of animation schools is to enroll children in a school who up to now have been deprived of their right to education. Animation means that the community and, in particular, the children's par-



## CO<sub>2</sub>-NEUTRAL NATURALINE PRODUCTS BY 2013

"We decided to implement our own CO<sub>2</sub> project to improve the living conditions for farmers locally," says Jürg Peritz, head of Marketing/Purchasing Business Unit, vice chairman of Coop Executive Committee. Coop and REMEI AG are planning a shift to CO<sub>2</sub>-neutral production of all Naturaline textiles and cotton-wadding products by the end of 2013. Several pilot projects were launched as a first step. In 2008, 80,000 CO<sub>2</sub>-neutral Naturaline T-shirts were produced in India and 20,000 in Tanzania. Coop and REMEI AG's CO<sub>2</sub> projects are pioneering, and are a prime example of the fruits of longstanding cooperation. As of spring 2010, the entire Naturaline t-shirt standard range is being progressively switched over to CO<sub>2</sub> neutrality. How is CO<sub>2</sub>-neutral production achieved? The first step is to cut CO<sub>2</sub> emissions in the production chain. Any remaining CO<sub>2</sub> emissions are then compensated for by local projects. For instance, farming families are given financial support to build biogas plants for their homes. These systems turn the manure produced by their cattle into gas, which is used as household fuel. This not only reduces CO<sub>2</sub> emissions by 2 to 3 tons per household annually – it also means healthier farmers and a better ecosystem.

ents are made aware of the importance of education and establish a village school together.

- **Mobile Health Unit:** Where doctors were previously unavailable, the Mobile Health Unit brings relief today.

In 2008/2009, REMEI AG produced more than 1.5 million garments for brands including Coop, Greenpeace Magazine, Mammut, and REWE. Nonetheless, Coop continues to be REMEI AG's most significant and reliable customer. Coop Naturaline is a range of around 450

articles made from organic Fairtrade cotton. These range from basics such as T-shirts and pajamas to seasonal, trendy garments. At Coop, annual sales of Naturaline textiles and cotton-wadding products have risen from an initial 3 million Swiss francs to reach 65 million Swiss francs in 2009. Today, the partnership between Coop and REMEI AG is flourishing to such an extent that the Naturaline brand is also sold under license outside of Switzerland. Distribution partners are located in France, Finland, and Belgium. ■

# GLOBAL WARMING AND RISK MANAGEMENT

Recognizing that climate change has become a worldwide challenge, Copagaz made this a priority. A signatory of the UN Global Compact since 2003, in 2008 Copagaz became a member of the Caring for Climate initiative. In 2009, at the United Nations Leadership Forum on Climate Change, held by the Global Compact at UN headquarters in New York, Copagaz also became a signatory of the Copenhagen Communiqué on Climate Change, conceived at Cambridge University and led by Prince Charles of the United Kingdom.



*By Elizete Neto Tavares Paes and José Pascowitch*

Copagaz is a company that is concerned about its performance. A pioneer in its field with respect to sustainability, the company has guided efforts to improve its internal processes on the way toward responsible management that is based on mitigating its environmental impacts and strengthening its relationship with its principal stakeholders.

In this sense, climate change constitutes one of the underlying issues for Copagaz that will be guiding its activities in the coming years. This article will recount some of the internal initiatives that the company has been implementing to improve its management and bring it into alignment with an economy of low emissions. These efforts have been geared primarily toward the logistics involved in the distribution chain, and some of the results can be reviewed below.

Copagaz Distribuidora de Gás Ltda. is a large-scale, privately held Brazilian company that is a traditional and family enterprise. It operates in the segment that bottles and distributes liquefied petroleum gas (LP Gas), and is the fifth

largest company in this industry in Brazil. Founded in 1955 by its current president, Ueze Elias Zahran, Copagaz has established a trajectory of solid and continuous growth, based on an awareness of the fundamental importance of its product in the everyday lives of its clients. With a presence in nineteen of Brazil's states and Federal District, Copagaz directly employs 1,246 staff members.

## **Renewal of the fleet**

The Department of Logistics has undertaken to develop and implement programs and actions that achieve effective logistical, financial, and commercial results for the company while they help to improve its performance in sustainability. The main initiatives that have been implemented are related to the modernization of its fleet with more efficient vehicles, and the creation of programs to optimize distribution processes and reduce distances traveled. These actions help to improve the quality of life for drivers, minimize the risk of

highway accidents, reduce freight costs and, primarily, mitigate environmental impacts related to the emission of pollutants.

Since 2005, the market has been adopting as a standard tank trucks with a greater capacity of 30 tons. Having observed this trend in 2008, Copagaz invested approximately R\$ 6.48 million (US\$ 3,7) in the purchase of 18 new tank trucks of this specification, bringing about a reduction of approximately 392 trips a year on the central-western route in Brazil alone.

In a forward-looking and preventive fashion, Copagaz inaugurated a policy of fleet modernization in 2001 whereby its vehicles would have to be replaced every six years. This target for truck replacement has not only been implemented successfully, but it has also been exceeded, considering that, as of now, the average age of fleet vehicles is three years. Beyond this, the new fleet purchased at the start of 2005 is part of the generation of Euro 3 electronic engines, which in Brazil means that they

are in compliance with the resolutions of the National Council on the Environment (Conama – Conselho Nacional do Meio Ambiente).

The logistical team is also working to improve the levels of the fleet's productivity through training (economic guidance), optimization of routes (fewer kilometers driven per ton delivered), and having dealers raise clients' awareness by arranging deliveries during off-peak hours, particularly in metropolitan areas.

### Mapping of vehicles

Since 2008, all Bob-Tail trucks for the transport and delivery of LP Gas in bulk are equipped with a Global Positioning System (GPS), enabling them to verify the truck's position en route, and to make adjustments to the itinerary after the trip is over, thereby increasing environmental efficiency and effectiveness in the execution of services.

This system makes it possible for the Department of Logistics to constantly evaluate and monitor the route taken by vehicles, thereby enabling staff to reorganize and restructure itineraries if they detect any sort of inefficiency or see opportunities to optimize routes. Another major factor is that the program has significantly reduced the number of overtime hours worked by drivers, which has added up to a reduction of costs for the company while improving the quality of life and lowering the risk of highway accidents.

Conceived by the Committee on Business Sustainability and imple-

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*Right:* Small Truck Bob-Tail – for to serve historic and cultural heritage cities.

*Bottom:* LPG Plant in Mauá, São Paulo

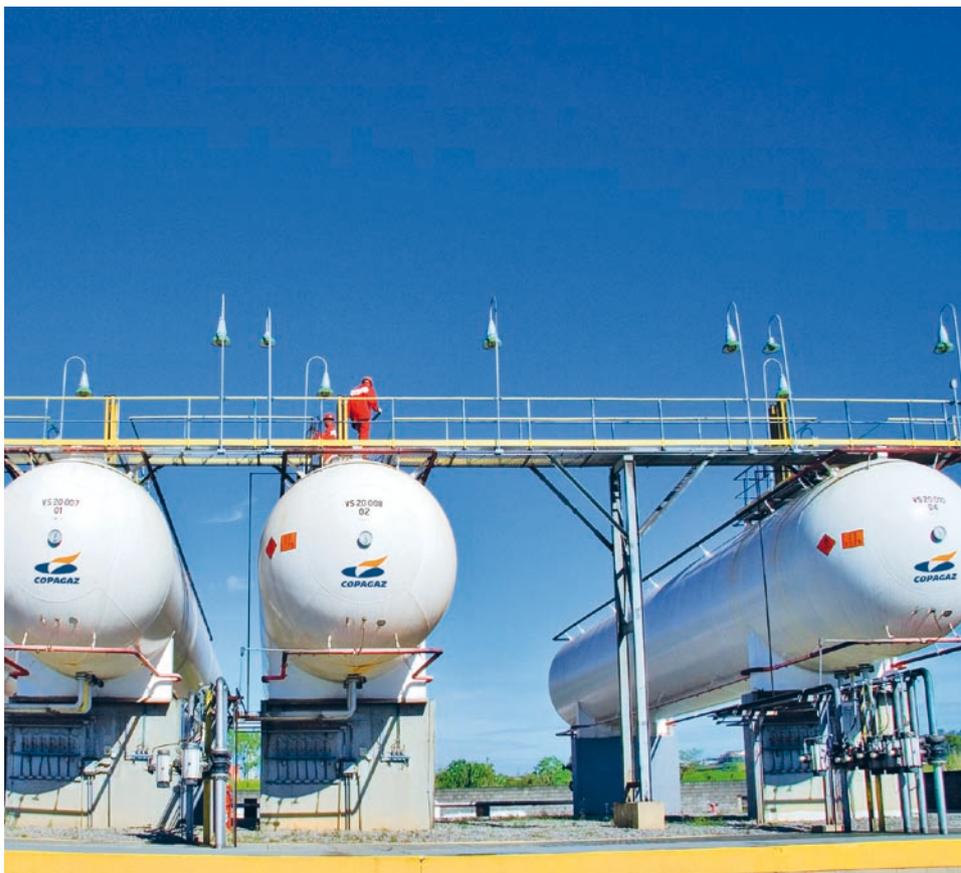
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mented with the support of the Logistics, Sales, and Industrial departments, the mapping of the vehicle fleet was carried out during the second half of 2009. Nearly 4,000 people were involved in the execution of the work. In total, more than 4,500 vehicles were registered, including cars, motorcycles, utility vehicles, and trucks.

This action will make it possible for Copagaz to establish specific strategies for risk management relating to the environmental impacts of its activities. The mapping consists of an initial phase to improve the process for measuring emissions resulting from all distribution activities, which can then be extended to the company as a whole. Beyond this, from a risk-management perspective, Copagaz can work more closely with this strategic constituency – and from a position of greater strength – by developing initiatives to reduce environmental impacts and aligning itself with a low-carbon economy.

It is important to emphasize that the mapping initiative seeks to keep Copagaz in alignment with the commitments it has undertaken with the UN Global Compact to disseminate its Ten Principles, as well as the Caring for Climate initiative, aimed at reducing emissions in the production process. ■



# IMPLEMENTING UNGC PRINCIPLES IN OUR CSR

By Francesca Carnesella



COPEINCA ASA is focused on producing fishmeal and fish oil, and covers the entire fishmeal value chain from trawling to distribution. The company operates vessels that catch anchovy off the coasts of Peru. This raw material, along with anchovy bought from third parties and its administrated fleet, is processed into fishmeal and fish oil in the six plants owned by COPEINCA, all of which have high-quality standards and operate under national environmental regulations. Over 85 percent of the company's finished products are exported throughout the world.

COPEINCA considers sustainability as part of its everyday business. The company strongly believes that to guarantee business sustainability, there is an indispensable requirement in assuring that the ethical principle of respecting persons and the environment should be fulfilled by acting in accordance with the social responsibility guidelines of our organization as well as the Principles of the Global Compact, which we have belonged to since February 2007.

We have defined our Corporate Social Responsibility strategy – aligned with our strategic objectives and the Global Compact Principles – and based it on our experiences and the world's best practices. With this strategy, we have been able to manage properly our stakeholders' needs while addressing our sustainability challenges. Moreover, the company considers the triple

bottom line in all of its decisions: economic growth (Profit), social development (People), and conservation of the environment (Planet). The company seeks to strengthen and put into universal practice the principles and values of social responsibility into all of the processes, operations, and areas of the company. COPEINCA was the first Peruvian fishing company to publish an audited Sustainability Report in 2005.

Since then, there has been a second report for the 2006 - 2007 period, and a third one for the 2008 - 2009 period, which was published in May 2010. All of them are available on our web page: [www.copeinca.com](http://www.copeinca.com). These reports reflect the company's development concerning environmental, social, and economic indicators as well as the programs and activities that are carried out according to the social responsibility strategy. ■



# OPERATING IN COMPLIANCE WITH ETHICAL PRINCIPLES



CAMPOSOL is an agro-industrial company involved in the sowing, harvesting, processing, and export of asparagus, avocados, piquillo peppers, mangoes, and grapes. These products are sold fresh, frozen, or preserved in jars or cans. In 1997, operations began with the purchase of the first strip of land and by the end of 1999, the first items had been exported. Today, the company has more than 25,000 hectares on the northern

Peruvian coastline and has become a leading Peruvian agro-industrial company, annually occupying first place in agro-exports and generating (during high seasons) more than 8,000 direct jobs.

The company understands that Corporate Social Responsibility is a practice performed by those organizations that decide voluntarily to contribute to a better society and to an environment that is suitable for future generations.

Along this line, CAMPOSOL initiated a process to formalize its sustainable development strategy in 2008. In the first step, we carried out a study with PricewaterhouseCoopers, which allowed us to identify our stakeholders, to design our sustainable development strategy, as well as to check best practices of the industry in Lima and worldwide. This effort resulted in a Social Responsibility Plan for 2009 and is aligned with the Global Reporting Initiative indicators and the Global Compact Principles. The results will be available in the first CAMPOSOL Sustainability Report for 2009, which was made available in May 2010 and can be found on our web page: [www.camposol.com.pe](http://www.camposol.com.pe).

The objective of this report is to reflect in a transparent and systematic way the main indicators that show the environmental and social performance of the company, as well as the programs and activities that are carried out in terms of social responsibility. The company takes into consideration the issues of economic growth, social development, and conservation of the environment in all of its decisions. The company tries hard to communicate and put into universal practice the social responsibility principles and values into all the processes, operations, and areas of the company. ■

*CAMPOSOL & COPEINCA belong to D&C Group.*



# CLIMATE PROTECTION AT DEUTSCHE BANK



Companies need to act sustainably to maintain the trust of the societies in which they operate. Climate protection has an important role to play here. Deutsche Bank is active as a financial intermediary, an environmental efficiency manager and a climate ambassador.

As a **financial intermediary** Deutsche Bank contributes to climate protection by providing special services and products and facilitating sustainability-oriented business opportunities. In this area, the Bank is focusing on promoting renewable energies, investing in the energy efficiency of buildings, and intensifying emissions trading. As an **environmental efficiency manager** Deutsche Bank is making great efforts to build an eco-efficient infrastructure, to use renewable energies, and to neutralize unavoidable emissions with the help of certificates. It plans to be completely carbon-neutral in its business activities by the end of 2012. As a **climate ambassador** Deutsche Bank is using its know-how in the area of sustainability to inform all stakeholder groups about the challenges of climate change and to offer practical solutions.

## Banking

Climate protection solutions do not only form an essential part of our CSR activities, but also offer significant business potential. Aggregate investment in the energy sector alone is expected to add

up to roughly \$28 trillion by 2050. Deutsche Bank is one of the leading banks in renewable energies investment. It supports companies that invest in these energies and is financing individual wind and solar power projects (such as the DII GmbH Desertec Industrial Initiative and the largest photovoltaic park in Spain).

Deutsche Bank Global Markets provides strategic advice on financing, risk management, and investment to environmental technology and renewable energy companies and designs bespoke solutions to meet individual needs. Investment products include environmentally oriented exchange traded funds, certificates, warrants, and notes. Products include: the DB Platinum S&P US Carbon Efficient Index Exchange Traded Fund, which tracks the performance of S&P 500 excluding stocks with the largest carbon footprints; the Öko-Dax Certificate, which tracks the performance of the 10 biggest German renewable energy companies; and the S-Box GlobalSolar Certificate, which tracks the performance of the world's 20 biggest solar energy and silicon companies.



DB Advisors, the institutional investment management business of Deutsche Bank's Asset Management division, offers a full range of strategies in both traditional and alternative asset classes. DB Advisors works on the premise that adapting to and mitigating the effects of climate change will require massive capital investment over decades, thereby producing numerous investment opportunities. Through DB Advisors, institutional investors can access these

opportunities, as well as a wide range of strategies that meet their criteria for responsible investments. DB Advisors' climate change-related and other responsible investment solutions combine environmental, social, and governance (ESG) considerations with investors' financial objectives.

DWS Investments — the retail fund business of Deutsche Asset Management and one of the world's largest mutual fund companies with €136 billion in

assets under management in Germany and €256 billion worldwide — has numerous sustainable funds in its portfolio. Among the most prominent are DWS Climate Change, a fund that focuses on all aspects of climate change, and DWS Zukunftsressourcen, a fund that focuses on water, renewable energies, and agriculture.

Deutsche Bank makes markets in bonds and shares of nearly all major companies in the sectors of power gen-



eration, renewable energy, emission-related and environmental technology. It is the leading market maker in shares of renewable energy companies.

### Emission trading

Deutsche Bank has been a leading participant in the international carbon credit market since its inception. The Bank invested in the Prototype Carbon Fund set up by the World Bank in 2000 to kick-start Clean Development Mechanism (CDM) and Joint Implementation (JI) projects and was the first bank to execute an emissions trade under the Umbrella Carbon Facility set up to facilitate Certified Emission Reduction (CER) and Emission Reduction Unit (ERU) trading. Deutsche Bank makes markets in a wide range of carbon credits including European Union Allowances (EUAs), ERUs, and CERs, and has been involved in over 50 CDM projects, including wind power, energy efficiency, landfill gas to electricity and cement waste heat-recovery projects. Deutsche Bank was voted the No. 1 CER trader in Energy Risk's most recent poll of industry professionals.

### Risk management

In the context of Deutsche Bank's climate strategy and sustainable banking approach, risk management plays an essential role. In 2008 the Bank revised its global lending policy, placing even greater emphasis on sustainability. For example, Deutsche Bank does not provide financing for products such as CFC, asbestos, or certain weapons and pays special attention to all transactions regarding rainforests, woods/forests in general, dams, and mining/natural resource production.

### Energy efficiency of buildings

Large cities account for about 75 percent of energy consumption and greenhouse gas emissions worldwide, with almost 40 percent of the greenhouse gas emissions being caused by buildings. Making buildings more energy efficient can therefore

make a considerable contribution to climate protection.

Deutsche Bank is one of the key partners of the Clinton Climate Initiative, which focuses on a green refurbishment of private and public buildings in 15 of the world's largest cities. The most prominent Bank with its numerous buildings is acting accordingly in its own facility management. The best example for this is the refurbishment of the Bank's headquarters. Once completed, the Twin Towers in downtown Frankfurt will be among the most eco-friendly skyscrapers worldwide, reducing CO<sub>2</sub> emissions – and energy expenses – by about 90 percent. Deutsche Bank aims to obtain two certifications for its headquarters: a

certification from the German Sustainable Building Council (Deutsche Gesellschaft für Nachhaltiges Bauen (DGNB)) and a Platinum Leadership in Energy and Environmental Design (LEED) certificate by the US Green Building Council. Deutsche Bank has also put up a list with sustainability requirements for all buildings it is buying or renting.

### Supply-chain management

As many studies have shown, procurement is significantly influencing the overall environmental impact of a company. Ecological criteria play an increasing role in the procurement of goods and services. By including minimum standards in its



## DEUTSCHE BANK'S CLIMATE STRATEGY

Deutsche Bank recognizes the responsibility to act on climate change and we help our stakeholders to take action – in an integrated approach across our business. We consider our climate strategy as an essential part of our forward-looking sustainable business strategy.

### Financial Intermediary

Our core business wants to contribute to climate protection with high-class services and banking products and offers sustainable business opportunities.

- Clean technology
- Energy efficiency of buildings
- Carbon market activities
- Green Infrastructure
- Principal Investments

### Eco Efficiency Manager

We aim to be an industry leader in how corporations should contribute to climate protection.

- Green buildings & IT operations initiative
- Switching to renewable energies
- Offsetting of inevitable emissions with highly regulated certificates
- Carbon neutral from 2013 onwards
- Best practice "Greentowers"

### Climate Ambassador

We strive for being a "knowledge company" and are committed to bring the message across to all of our stakeholders.

- Clients/General public ("Banking on Green", DB Research, mandates)
- Proactive policy and regulatory dialog
- Staff ("A Passion for the Planet", e-learning)
- Shareholders/Investors communication
- Best practice "Solar Impulse"

Deutsche Bank is one of the leading banks in renewable energies investment.



product specifications and defining the requirements to be met by suppliers, the Bank both demands and supports its business partners' commitments to sustainability.

In 2008 Deutsche Bank set up a special unit for global energy procurement, extended the use of sustainability criteria – particularly for global tenders – and further enhanced its Global Sourcing Policy. Currently, the Bank is working on further improving the entire procurement portfolio and monitoring CO<sub>2</sub> emissions in the supply chain with a focus on energy and paper supply contracts.

### Comprehensive commitment

All this, plus activities such as awareness campaigns for the Bank's employees, offers ample proof of Deutsche Bank's comprehensive commitment to climate protection, consistent with the Principles 7 to 9 of the UN Global Compact. As part of its Corporate Social Responsibility and in its own best interest, Deutsche Bank is committed to help prevent significant deterioration of the global climate. ■

Contact Person:  
 Prof. Hanns Michael Hölz  
 Group Sustainability Officer  
 Deutsche Bank AG

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# LIVING RESPONSIBILITY

If one person forgets to switch off the light, it's not the end of the world. But when thousands of employees agree to climate-protection measures, the effects can show a tremendously positive result. If only one customer requests a carbon-neutral transport, it's not going to save the planet. However, when thousands of customers all over the world ask for eco-friendly services, it makes a big difference. Today, it is our employees and our customers who drive our corporate responsibility activities at Deutsche Post DHL.

Deutsche Post DHL

By Rainer Wend



Deutsche Post DHL is the world's leading mail and logistics company with about 500,000 employees around the world. We perceive this market leadership as a special responsibility to use our core expertise in logistics and our worldwide presence to the benefit of society and to continuously minimize our impact on the environment. For us, corporate responsibility (CR) means combining business success with social responsibility. It means actively living responsibility, and fortunately, we can rely on our employees and their know-how, talents, and passion to do just that. "Living Responsibility" is therefore the motto for our corporate responsibility strategy. We divide our commitment into three specific areas: environmental protection, disaster management, and education. With our programs GoGreen, GoHelp, and GoTeach, we connect our business



Deutsche Post DHL is founding partner and largest supporter of Teach First Deutschland.

with our employees and our customers, as well as our investors.

We believe that business success and corporate responsibility go hand-in-hand. Therefore, our CR approach is an integral component of our long-term business strategy, the so-called Strategy 2015. As part of our long-term outlook, we asked customers, experts, and sci-

entists last year about the major issues for the years to come. The results were published in the 2009 Delphi study "Delivering tomorrow — customer needs in 2020 and beyond" highlighting that climate change will be the key driver for a revolution in new products and services. Customers will have new needs, new expectations, and demonstrate new behaviors. Eco-friendliness and conscientious consumption will increasingly determine purchasing behavior.

The study also shows that the logistics industry will set trends and establish new standards for cooperative efforts and an environmentally friendlier business. We want to take a leading role in green activities, in humanitarian actions, as well as in education, taking advantage of our expertise and our worldwide presence.

### Our activities and our progress

#### *GoGreen*

Our GoGreen program is a beacon in the logistics industry. We have set ourselves ambitious targets with a focus on CO<sub>2</sub> emissions as an important factor in our industry. By 2020 Deutsche Post DHL aims to improve the carbon efficiency of its own business activities and those of its subcontractors by 30 percent. In other words, the carbon footprint per item shipped, tonne per kilometer transported, or square meter of space used is to be cut by almost one-third compared to 2007 levels. As an intermediate target, we aim to reach a 10-percent improvement in our own carbon efficiency by 2012. Why do we feel we have a special responsibility to do this? Our core business of logistics services and transportation — and especially road and air transport — has a significant impact on the environment. Therefore, we have developed measures to minimize these impacts. Our approach includes optimizing our air and vehicle fleet, raising energy efficiency, implementing innovative technologies, developing "green" products, encouraging our employees to reduce resource usage and CO<sub>2</sub> emissions, and getting our customers and subcontractors on

board. Our employees play a crucial role in all our attempts to make our business as "green" as possible, and encouraging our 500,000 employees worldwide to join the effort by adopting climate-friendly practices is just as important as driving innovations and using alternative energy sources. To raise awareness among our employees, we developed a training tool comprising a workshop for teams of all levels and areas. Such workshops are based on employee idea management and are implemented step-by-step in our business units. Our employees identify, develop, and commit to measures implementable in the workplace. These measures can be as simple as turning off the lights when leaving the room or only receiving new stationary when returning used material.

Since the introduction of the "green" seminars, thousands of employees have pledged their commitment to environmental measures they themselves have developed, and in doing so, have introduced several climate-friendly ideas into the Group. The resulting action plan is written on a specially designed poster outlining the workshop. Any wider-reaching ideas resulting from the workshop are collected and forwarded to decision-makers.

#### *GoTeach*

GoTeach was established as a CR program to reinforce our global engagement in the area of education. We believe that education is a high-value asset and key to our children's future. And it is key to our companies future as well: As one of the world's largest employers, we are always looking for well-trained, capable staff with different levels of qualifications. With its GoTeach program, Deutsche Post DHL encourages and develops initiatives that support education and help young individuals expand their personal development and skills. Additionally, GoTeach offers employees the opportunity to volunteer in educational projects.

In 2009 Deutsche Post DHL entered a long-term cooperation with Teach First Deutschland in Germany. The idea behind Teach First Deutschland is based

on similar models in the United States and United Kingdom. Before launching into their careers, qualified college and university graduates from various fields (so-called fellows) join for a two-year period as “temporary teachers” in classrooms of junior, intermediate, or comprehensive schools. Teach First Fellows support regular teachers in their day-to-day teaching. The goal is to motivate students, help them achieve more, and to boost their self-esteem.

For the fellows who choose to undertake this special work, the program is equally beneficial. They undergo intensive preparation before starting to work in the schools, they gain additional qualifications, and they gather experiences that might last a lifetime. “I want to show that nothing is set in stone,” explains one fellow. No matter where they start in life, young people can gain new opportunities with the help of others.

In addition, Deutsche Post DHL finances and runs two-week summer camps for young people called “Camp4us.” The company invites managers and employees to volunteer as tutors in the summer camps. They supervise projects in the areas of environmental protection, the media, sports, or theatre, helping students to improve their skills. As of fall 2010, they can also become active mentors for the pupils as well as for individual Teach First Fellows. Participating in a program like Teach First puts both the young fellows and us in touch with reality and gives us the chance to bring schools and the working world closer together.

#### *GoHelp – Disaster management*

Deutsche Post DHL does business in more than 220 countries and territories around the globe. This means we are present almost anywhere in the world. In GoHelp we use this global presence and our expertise in logistics. GoHelp focuses on disaster management and entails a two-fold approach: disaster response and disaster preparedness. In cooperation with the United Nations, we have established two programs providing free-of-charge support to countries in need.



When a natural disaster hits, we mobilize our DHL Disaster Response Teams (DRT). Initiated in 2005, the disaster response program has proven to be an important support in tackling logistical problems that arise after a natural disaster hits. When earthquakes, cyclones, or flooding have devastated a region, help usually comes from the international community. International aid workers and relief goods are flown into regional airports shortly after a natural disaster hits. The regional airports then are quickly congested by the food, medical supplies, and tents arriving from all over the world — all of which are urgently needed in the field. Very often there is no set disaster plan on how to manage such situations. This is where the DHL DRT comes in, always cooperating closely with the UN Office for the Coordination of Humanitarian Affairs (OCHA).

The DRTs rely on the commitment of Deutsche Post DHL employees. They consist of about 200 volunteers worldwide who are trained to handle the challenges

on the ground. The DRTs use their extensive logistics expertise to help handle the logistics of disaster relief goods arriving at the airports. Together with local authorities, they take care of incoming relief goods, set up and manage professional warehousing, including the sorting and inventorying of goods. Deutsche Post DHL has three Disaster Response Teams in place covering most regions of the world that could be affected by natural disasters on a regular basis: DRT Americas in Panama; DRT Middle East / Africa in Dubai; and DRT Asia Pacific in Singapore. After being called by OCHA, the teams are ready for deployment within 72 hours. About 15 volunteers are involved in each deployment.

The most recent DRT deployment was in the wake of the earthquake in Chile. Previously, a total number of 33 DHL volunteers went to Haiti. The teams helped handle over 2,000 tons of international relief aid from over 60 aircrafts in a period of 25 days and ran an inter-agency warehouse, allowing more than

*Left:* After the earthquake in Haiti the DHL DRT Americas provided help at Toussaint L'ouverture International Airport.

*Bottom:* Employees engage for community investment projects and support communities.



25 different aid organizations to benefit from our logistics expertise.

The other disaster program of Deutsche Post DHL is called GARD (Get Airports Ready for Disaster). GARD focuses on disaster preparedness. It was launched together with the United Nations Development Programme (UNDP). Piloted in 2009, the program was built around the need to prepare governments, people, and airports before a disaster strikes. GARD is a supportive initiative in making worldwide relief efforts more effective.

While DRT uses the companies expertise in logistics, GARD is a training program for local people in potential disaster-hit areas. It prepares airports by reviewing airport capabilities and capacities, helping understand coordination requirements, training local people, and helping formulate contingency plans and coordination structures. Deutsche Post DHL has already successfully tested the program at the Makassar and Palu airports in Indonesia.

#### *GoHelp – Local involvement*

Our employees have set up hundreds of projects to support their communities. We know that they understand the needs in their personal surroundings best and can provide appropriate support, for example through fundraising, volunteering, or providing logistics services in cooperation with local non-profit partners. Their projects generate a team spirit that they bring back to the workplace, contributing to the company's long-term success.

To recognize and reward the commitment of employees throughout the Group, Deutsche Post DHL launched its Corporate Responsibility Award in 2009. Employees from all divisions and regions were invited to submit details of projects in the areas of environmental protection, disaster management, and education. The projects included the Xenophobia Disaster Relief Program in South Africa, where employees from DHL Supply Chain ran a warehouse for donated goods and assisted in delivering relief packages to migrants who are victims of racial prejudice and violence. In the Czech Republic, the DHL Information Technology Services pledged to purchase and plant 4,000 trees on six volunteer days to protect the only wooded area in Prague, the Klanovice Forest. "Save a day" is an online calendar where Deutsche Post DHL employees can mark a day on which they want to donate money toward improving the inadequate educational situation of deaf-mute children in rural regions of Nepal. And in the project "Logistics for Jambo Bukoba," employees based in Germany working in different divisions support a sport for development project in Tanzania. These local projects, together with many others, join our Group-wide initiatives in bringing our corporate responsibility to life.

#### **Commitment for Living Responsibility**

For Deutsche Post DHL, corporate responsibility means handling assets entrusted to us in a respectful and sustainable manner as well as upholding the interests of

our employees, our customers, and our investors in benefitting the environment and society. Deutsche Post DHL is committed to "Living Responsibility" and its three key programs. The Group has developed a strategy that meets the delicate balance between economic, environmental, and social interests. The Group-wide programs are constantly communicated, transparently implemented, and continuously evaluated. All this would be in vain, however, without our employees and customers or without the partnerships with nonprofit organizations whose core competencies are to tackle some of the ecological and social challenges the world faces today. ■



**LIVING  
RESPONSIBILITY**

## OUR CR APPROACH AT A GLANCE

### GoGreen

We use resources in a responsible manner and minimize the impact of our actions on the environment.

### GoHelp

We use our core logistics expertise to provide effective emergency aid in areas affected by natural disasters in cooperation with the United Nations.

### GoTeach

We encourage and develop initiatives that support people's education and help expand their personal development and skills.

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# BIG CHANGES START SMALL

Large business corporations are expected to assume ecological and social responsibility and to adopt sustainable business practices. Deutsche Telekom has already fulfilled this expectation for many years and, in September 2009, began to extend its radius of action for the environment and society and to actively involve customers through its communication campaign for sustainability.

By Julija Dietrich



Big changes start small.  
Get your bill online and help  
preserve nature.

There's a lot that you, along with millions of others in Germany, can accomplish with the help of our 'Rechnung Online' service. No other company sends out more online bills than Deutsche Telekom: to date, more than 14 million people have opted out of dealing with all that cumbersome paperwork. They're also conserving precious resources in the process, while helping to avoid the environmental burden generated by the delivery of all those bills.

[www.millionen-fangen-an.de](http://www.millionen-fangen-an.de)

Life is for sharing.



“Big changes start small” is the theme of the campaign for the environment and society, which focuses on presenting Deutsche Telekom products and services with which customers can act responsibly and thus play an active role in backing sustainable development. “This campaign is not about clapping ourselves on the back. We want to show that entrepreneurial action, appropriate consumption and sustainability can be meaningfully combined,” commented Chairman of the Management Board at Deutsche Telekom, René Obermann, at the launch of the long-term campaign, which will be featuring in advertisements in print, TV and online media.

The campaign focuses not on the company itself but on its end consumers, and is based on the following central idea: All our customers can achieve far more in total – if they are adequately informed. After all, together, people can make a bigger difference than individually. The contribution that one person makes individually compared with what they can do as part of a large group is visualized at [www.millionen-fangen-an.de](http://www.millionen-fangen-an.de) (millions of people commence). The site currently presents the topics of online billing, child protection software, download portals and cell phone returns. Online billing can be used to illustrate the calculation of one’s own individual contribution and that of a whole group of customers. The product saves around three sheets of paper per month for each customer, so

that with only one million customers the volume of paper saved would reach a height of 240 meters – higher than the 202-meter Trump Tower. More than 14 million Deutsche Telekom customers already use the online billing service in Germany alone, and more new users will help to bring a major change in paper consumption habits and will save the environment.

More than 13 other topics that illustrate the concept of ecological and social sustainability are planned for the next two years of the campaign. These will include telephone and data conference calls, smart metering, climate-neutral and family-friendly phones and power consumption of Deutsche Telekom, where power in Germany has been supplied completely from renewable energy sources since 2008. The company will also be calling on people to take action from 2010, for example to return their

the automotive supplier industry, for instance, where they would help to reduce the consumption of resources. Furthermore the mentioned sustainability campaign’s Internet platform will be made increasingly interactive for customers. All in all, there are many points at which customers themselves can take action.

A sustainability campaign is, however, only feasible and credible if the company running it itself embraces and practices corporate social responsibility. As a corporate group, Deutsche Telekom has already pursued a policy of sustainable corporate governance for many years and has, for example, conducted returns of old devices since the 1970s. We initiated our commitment to climate protection in 1995 and adopted own climate protection targets the following year. In the year 2000, we were one of the founding members of the UN Global

Compact and, in 2003, adopted our Social Charter to ensure that our employees and suppliers comply with ecological and social standards. In 2007, we were commended by WWF as the corporate group best equipped for climate change and, in September 2009, signed the Copenhagen Communiqué of the European Leaders Group on Climate Change (EU CLG).

This year, it was only logical for us to venture even further into the public eye with sustainability in order to rouse and activate awareness for this important issue and to join with our customers to achieve far more than we would do alone. The fact that many people are already highly sensitized to this issue is an important fundament for moving forward. The changing and growing demand among customers for attractive and sustainable

products from responsible companies offers a major opportunity to promote products and business models that are not only economically viable but, above all, pave the way to a sustainable consumer society. This is an objective that we want to contribute to. ■

**“THIS CAMPAIGN IS NOT ABOUT CLAPPING OURSELVES ON THE BACK. WE WANT TO SHOW THAT ENTREPRENEURIAL ACTION, APPROPRIATE CONSUMPTION, AND SUSTAINABILITY CAN BE MEANINGFULLY COMBINED.”**

René Obermann, CEO Deutsche Telekom

The tilt/shift effect supports the campaign motto: “Big changes start small” What is apparently a miniature view (in actual fact it is all real) makes it clear that big things can be achieved in small steps.

old cell phones for re-use or recycling. Fully functional used handsets will be sent to Africa or Asia and defective devices dismantled in the recycling process. The materials that are retrieved – more than 80 percent of a cell phone is reusable – could be made available to

# ENI'S COOPERATION MODEL FOR SUSTAINABLE DEVELOPMENT

Multinational companies face huge challenges in countries they operate in, from human rights to the growing need for transparency and responsibility, from respect for the environment to the fight against poverty and the promotion of fair labor practices. Oil and gas companies operate in some of the most challenging places on earth, where they can have an important impact on local communities and on the environment due to the nature of their operations. This paper describes the attempts Eni has made to build a multilevel cooperation model, meeting the principles and goals of the Global Compact.



By Sabina Ratti

Eni is the seventh largest international oil and gas company based on proven reserves and production. The company differs from the other major companies due to the greater impact of downstream gas activities in its portfolio, as it is the leading refining operator in the Mediterranean basin. The net sales from operations in 2009 were €83.23 billion with a hydrocarbon production of 1.769 million barrels per day.

## Genuine respect for other cultures

Eni was created in 1953 as an Italian national oil and gas company, and in 1992 it was turned into a public energy company. Its origin are strictly connected to the life and destiny of one man, Enrico Mattei. He was one of the first Italians to develop a frontier business mentality and

a genuine respect for other cultures. He had grasped that no international strategy would be possible without extensive knowledge of the individual countries Eni was intending to explore. Eni's divergence from normal practice was an exception in international business, so much so that, at times, it seemed an affront to common sense.

In 1957, an agreement was made to set up the Italo-Iranian company Sirip. The Italian company agreed to fund exploration while Sirip agreed to develop and exploit any reserves that were found. An additional clause stipulated that 50 percent of Sirip's net profits would go to the Iranian government, and the other 50 percent would be divided equally between Eni and the National Iranian Oil Company. The result was that for the first time an oil-producing country secured for itself a profit of around 75

percent, significantly better than the 50-50 formula already regarded as "revolutionary," and it was also actively involved in the production process. This type of agreement has come to be known as the Mattei Formula.

The legacy of Enrico Mattei is a real intangible value for the company, especially for its way of establishing dialogue with the countries it operates in. CEO Paolo Scaroni recently affirmed that "In Eni, I was taught to remember that oil is not ours, it is theirs. This has always been one of the pillars of our strategy. If we work together, there will be enough wealth for everybody." The spirit of the Mattei Formula is currently applied through Memorandum of Understandings and Agreement Protocols, which Eni signs with institutions and nonprofit organizations in its operating countries to set principles and goals



concerning the economic, industrial, and social development of the country.

The strategic objective is to operate within the country as a Sustainable Development Agency and as a Structural Fund for Sustainability, supporting local governments and civil society, which are constantly involved in defining priorities and goals. Supporting developing countries means respect and promotion of human rights as the prerequisite for sustainable development, fostering dialogue and partnerships among the public and private sectors, using technological innovation as a driver for development and environmental protection, and preventing corruption. Below are some examples of this approach in practice.

#### **Against climate change for local development in Africa**

Eni is the largest international operator in Africa, with a production of about 1 million barrel of oil a day, of which 450,000 come from the sub-Saharan re-

gion, and technical investments of \$ 4.43 billion, representing 43 percent of Eni's total investments of this kind in 2009. Energy access represents a serious problem for African people and companies. At the same time, the practice of gas flaring – widespread in Africa – is a source of local pollution and considered a major contributor to climate change.

The Kwale – Okpai power plant in Nigeria is a good example of how the company fights climate change, creates local development opportunities, and reduces its environmental impact. Okpai IPP is the first independent power plant (IPP) in Nigeria to have implemented flaring reduction initiatives through power generation and incorporating minimal heat emissions by employing combined cycle technology. The plant recovers the gas associated with oil production and uses it for electricity production, benefiting the local economy. The project – started in 2001 and completed in record time – is one of the main projects in the world for reducing gas flaring.

The Kwale – Okpai plant capacity is 480 MW, with the potential to be doubled. In November 2006, Kwale – Okpai was registered as a CDM project – a project based on a Clean Development Mechanism under the Kyoto Protocol, thereby becoming the main African project on this list. The plant currently generates 15 to 20 percent of the power for the Nigerian national grid. Indeed, its contribution to the growth of electricity generation meets the requirements for sustainable development in Nigeria. The success has generated a positive chain reaction, encouraging other private companies to commit to flaring-reduction initiatives via power generation.

Kwale – Okpai is not the only plant of this kind that Eni has built in Africa. In the last few years, Eni has increased its presence in the Congo, developing its business operations in close collaboration with the Congolese authorities. On May 2008, the company signed a cooperation plan that integrates the traditional business of exploration and production

of hydrocarbons, with concrete actions for sustainable development. In December 2008, the capacity of the gas-fired power station at Djeno was doubled, increasing from 25 MW to 50 MW. As a result, the city of Pointe Noire now has access to electricity.

The Memorandum of Understanding with Congolese authorities includes the construction of another 450-MW power station near the Djeno oil terminal, which will generate electricity from gas and contribute over 80 percent of the country's electricity requirements while reducing gas flaring.

### Creating opportunities for people while promoting fair labor

Eni employs more than 78,000 people all around the world. Half of them are not Italian and many of the Italians are "expatriates" working overseas. There were 11,851 people employed in 2009 in Africa, the continent where most of the new employees are settled. The promotion

of labour standards inside the company and alongside its supply chain is a core responsibility for Eni. The protection of equal rights is explicitly embedded in Eni's Code of Ethics, which conforms to the main International Labour Organization (ILO) conventions and international labour standards. The industrial relations system is characterized by a close relationship with workers' representatives, organized in a series of union agreements at different territorial levels.

At the national level, an Industrial Relations Protocol was signed in 2001 by the major union organizations. In Europe, the European Works Council has been active since 1995. At an international level, the Industrial Relations at Transnational Level and Corporate Social Responsibility Agreement was signed with the International Federation of Chemical, Energy, Mine and General Workers Union and Italian unions.

In 2010, a Memorandum of Understanding will be defined between Eni and ILO in order to promote common

initiatives in the field of decent labour promotion in developing countries that will involve Eni's branches worldwide and local suppliers. Respecting labour standards and creating job opportunities for local people is not enough to contribute to sustainable development. A huge percentage of Eni's workforce works and lives outside Italy. In addition, every man and woman of the company – in Italy and abroad – lives within the local communities in which Eni operates. Cultural diversity, in its broadest sense, is a factor that is encountered constantly.

This is one of the reasons why Eni has been engaged in projects of nationalization of managerial positions in many operating countries such as Kazakhstan, Nigeria, Congo, and North Africa, which resulted in a 16-percent growth of local managers during 2008 and a further 7-percent increase in 2009. Eni needs local managers for their deeper knowledge of the local environment. At the same time, these people will play a leading



role in national companies and in their own societies. Managerial and technical development is supported by investments in training, which amounted to € 50 million in 2009.

Furthermore, Eni encourages and promotes the development of the local socioeconomic system by supporting entrepreneurship and strengthening territorial infrastructure. In 2009, actions to improve local content development was carried out in Kazakhstan, Nigeria, Mali, Angola, Australia, Libya, and East Timor. For example, 86 percent of the procurement value of Nigeria came from local suppliers.

### The fight against corruption

The World Economic Forum estimated that the cost of corruption worldwide is about a trillion dollars per year, representing 5 percent of world GDP. This means that corruption represents a great threat to sustainable development. Eni is committed to the fight against corruption. In 2009, the company reorganized its corporate structures dedicated to anticorruption, adopting new guidelines and procedures that allow Eni to satisfy the reporting requirements suggested by the Global Compact. In 2010, further training activities on this issue will be improved for all of Eni's people.

The company is part of the Extractive Industries Transparency Initiative (EITI), which aims to provide transparency surrounding the payments made by the extracting companies to the local governments. The initiative is targeted at both the companies and the governments. The former are expected to disclose the amount paid to governments/state-owned companies, while governments are asked to account for oil revenues.

Eni promotes the implementation of the initiative in the countries that have already adhered to EITI and – in cooperation with the Italian Ministry of Foreign Affairs – is committed to playing a role as facilitator in those countries of relevant interest to the company where governments, while displaying

interest in the initiative, have still not formally signed up for it. Up to now, several countries are already active in EITI compliance: Kazakhstan, Norway, Italy, East Timor, Congo, and Nigeria. Eni's commitment toward transparency is also reinforced by its interest in the Partnering Against Corruption Initiative, promoted by the World Economic Forum, for the application of "Business Principles for Countering Bribery" by Transparency International.

### Human rights, cooperation, and development

The different implications resulting from the impacts of industrial activities on society are often tackled without aiming at a comprehensive solution, which is essential to guaranteeing development. Analyzing energy-related and environmental issues from the standpoint of human rights offers a different understanding of the impacts resulting from operational activities, social norms, and usual practices, thus helping to identify cooperation and development strategies.

This is the reason why Eni has developed a human rights-based assessment system to evaluate its operational and engagement activities. The Human Rights Compliance Assessment (HRCA) process – done according to the methodology proposed by the Danish Institute for Human Rights – is the foundation of a more comprehensive intervention program that will cover all the operational spheres at risk of violating human rights. In 2008, HRCA was tested in Nigeria and Kazakhstan, while in 2009 three new assessments were carried out in Algeria, Egypt, and Congo. The areas of intervention identified as priorities are: security activities, operational and supply issues, diversity management, and local community involvement.

In collaboration with the International Business Leaders Forum, a new initiative has been implemented in order to integrate the key human rights instances in the Social Impact Assessment meth-

odology, so that they will be included in the early feasibility evaluations for new projects. A more extensive training program aimed at security managers has begun and will continue till 2013, and specific clauses related to human rights are being inserted in the contracts with security services providers. Since 2008, assessments on labor rights have been implemented in the procurement area according to SA8000 methodology. With respect to diversity management, in 2009 Eni carried out several initiatives aimed at internationalization and intercultural skills development.

### Conclusions

At Eni, we used to say that the company "Lives in the World." That means establishing long-term relationships with the countries in which Eni operates as well as promoting dialogue and cooperation. This is possible thanks to the evolution of tools such as Memorandums of Understanding, which define the cooperation between the company and public bodies and are aimed at sustainable development goals. But it is also thanks to the people of Eni working all over the world, dealing everyday with cultural diversity and with the need of establishing positive relations with local communities.

Eni considers these elements not only as requisite for a responsible company aimed at having a positive contribution to the society, but also as opportunities of growth and prosperity – today and in the future. This view fully matches with the Global Compact. As UN Secretary-General Ban Ki-moon said: "We need business to give practical meaning and reach to the values and principles that connect cultures and people everywhere."

The examples given in this article – telling the story of Eni's presence in its operating countries and explaining how Global Compact Principles are embedded in Eni's cooperation model – represent the company's contribution to the debate around the concrete application of initiatives in the energy business. ■

# BEING AN AVATAR FOR A SUSTAINABLE WORLD

By Carina Lundberg Markow

**Folksam**<sup>®</sup>

Climate change has become by far the most important environmental issue and will take an increasingly prominent position within the policy discussions in Sweden, the European Union, and the rest of the world in the coming years and decades. In 2009 Folksam launched a project focusing on the energy industry to help lead the way toward a sustainable society.

An enterprise from the planet earth has found a deposit of a valuable mineral, unobtainium, on the planet Pandora, located some distance from earth. What unobtainium can be used for has never been clarified, but company executives are satisfied, as are the shareholders. There is only one minor problem: A population of aliens, Na<sup>∞</sup>Vi, are sustained from the nature around the mineral deposit source. These aliens are fighting to retain their land and their lives and trying to maintain a balance with nature. The film can be seen as an allegory about the critical point in time in which we find ourselves today. Most of our world's production takes place in post-colonial states, to satisfy the West's consumption

needs. What is portrayed in the film is very similar to how the energy issue is handled in the real world.

Because climate change has become the most important environmental issue, companies and fund managers will be forced to develop strategies to reduce emissions, both for cost reasons and as an important part of brand building. Already in recent years, an increasing number of pension fund managers have opted to apply ethical considerations to their management of capital.

In line with the increased prices for their products, oil and gas companies have increased their profits dramatically. The same applies to electricity-producing companies, which have increasing their

profits through emissions trading, assisted by the price of electricity. This means that fund managers (and their depositors) who choose not to invest in the traditional energy sector are likely to miss out on many opportunities because of this decision.

In the coming decades, massive investments in the energy sector will be required. The International Energy Agency (IEA) estimated in May 2005 that the amount needed for investment in the energy sector by 2030 is an unimaginable \$16 trillion. The IEA warns that with "business-as-usual," 85 percent of the world's increased energy needs will be met by fossil fuels by 2030 and carbon emissions will increase by 60 percent. The IEA has found that the operational lifetimes of many coal-fired power plants do not extend beyond 2015/2020 and that an important part of the work to avert climate change relies on technologies that replace coal power.

Folksam has four million customers and manages \$35 billion on their behalf. This gives us a possibility to influence and, over time, change the society. Active corporate governance is among the tools we use. It has become highly important for companies in industries with high environmental risks to have policies and management systems that deal with risk preparedness. During the 2009 Folksam project that focused on the energy industry, Folksam contacted 69 companies through letters, e-mails, and telephone conferences. The results of the dialogue will be published in a public report in 2010. The reason for these questionnaires and dialogues is that Folksam has set high criteria concerning the environment and human rights for all of its investments. As a consequence, we are searching all the investments we have made and are making in the energy sector to make sure that we do not allow investments in any company that would be in breach of these criteria. As a background reference, we use the ratings of the ethical consultants Global Ethical Standards. Their points system includes grading of all publicly accessible information,



Carina Lundberg Markow –  
an avatar for a sustainable world

including annual and sustainability reports, websites, et cetera.

How do companies in the energy sector handle their sustainability work? Is it a way to avoid criticism or is there a genuine desire to take an active part in combating climate change? Is it serious work or more “green wash”? At a time when an increasing number of climate-conscious consumers want to take responsibility, it is becoming more attractive to energy and oil companies to promote their products as being “better for the environment.” Are these companies’ solutions real or false?

All 69 companies in the energy and oil industry that Folksam contacted agreed to discuss sustainability issues. However, they found it very unusual that one of the owners contacted them directly to talk about this subject. Even more unusual, it seems that environmental and climate issue have a prominent role in the communications of financial analysts from banks. For many of the companies, the Global Reporting Initiative plays an important role. It helps them to report on their carbon footprint in a structured way. Many, but not all, also use an independent party to review

the reporting process. Nearly all have set up internal policies as well, consistent with the principles of the Global Compact. They have internal goals and control of its operations but have still not reached a stage where they control their subcontractors.

In the case of NGOs, there are those who actively cooperate with them and those who see them as obstacles. Those who are most hostile believe that NGOs are uninterested or otherwise hard to engage in dialogue. The main goal for the companies is to have short- or long-term goals for the reduction of CO<sub>2</sub> emissions. Almost all companies invest large sums in developing renewable energies. They are investing in wind, solar, and biomass. Renewable energy, combined with the smart use of energy, seems to be the main solution for the climate change issue. But at the same time, the traditional oil-based solutions are the ones that dominate company activities. The most progress has been made in those countries where the authorities have intervened and regulated the market, for example energy companies in California. In Australia the situation is different. Here there is an urgent need to switch from dirty brown coal to natural gas and then to develop alternative energy.

We have to realize that humanity is vulnerable. Businesses and owners must work together to create sustainable solutions. That is what the Global Compact means and what corporate social responsibility should be about. ■

# GRUNDFOS REUSES WASTEWATER



GRUNDFOS BIOBOOSTER

In the future, water supplies will be even scarcer than is presently the case. Action must be taken in order to solve the problem.



Climate change causes a number of different problems. As regards water resources, climate change affects the environment in a number of different ways. Common to them is that they will ultimately be of great consequence to the total amount of clean drinking water.

“Dry areas will become drier and this will lead to a greater pressure on existing water resources. However, the opposite could happen, too. Several areas are suffering from heavy rainfall. This, combined with logging, causes erosion, which allows pollution to enter water streams, thereby aggravating the situation,” says Dan Rosbjerg, lecturer at the Department of Environmental Engineering, the Technical University of Denmark.

It is a Grundfos objective to develop products that will alleviate the growing water stress in the world. With Innovation Intent and the establishment of the innovation platform Rethink Decentralised Water Treatment, we have increased our strategic focus on the development of new water treatment solutions.

BioBooster, Grundfos’ mobile wastewater treatment plant, presents one answer to growing water scarcity. The BioBooster plants are capable of treating wastewater to such an extent that the water may be readily used for, for example, sanitation or irrigation of fields.

## Too little – and too much

Water resources are not distributed equally. In certain parts of the world, for example North America and Europe, water resources are readily available, while Africa and Asia do not have access to similar natural resources of freshwater. Yet, poor utilization of ex-

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Grundfos’ BioBooster wastewater treatment system consists of reactors placed in 20-foot containers. The number of reactors and containers vary, depending on the water to be treated.

## INNOVATION INTENT

Innovation Intent is Grundfos' guiding principle, which gives focus to our long-term innovation efforts. Furthermore, Grundfos' Innovation Intent is to put sustainability first, be there for a growing world, and pioneer new technologies. Every major concept that we will be launching over the next 20 to 30 years should meet all three criteria.

Rethink Decentralised Water Treatment is one of three innovation platforms that make up Grundfos' Innovation Intent and was launched for the purpose of creating a platform for technological and commercial water treatment solutions. The water treatment solutions are used on location, that is, where the water is to be used.

With the innovation platform Rethink Decentralised Water Treatment, Grundfos takes an approach whereby the water is either:

- upgraded to the specific needs of the place where the water will be used,
- treated for the purpose of reusing the water, or
- treated for the purpose of causing significantly less strain on the environment when the water is discharged to the recipient.

isting water resources forms part of the problem, too.

As a result, challenges vary. In places characterized by scarcity of resources, the focus must be on optimum utilization of the available freshwater, while places with plenty of resources must make an effort not to destroy them.

### The advantage of decentralized units

One central, strong point of the Grundfos BioBooster wastewater treatment plant is mobility. Basically, the plants can be installed wherever they are needed. They may be installed directly at the source of pollution or at the place where the water is to be reused.

"There is a growing need for being able to reuse wastewater, as water scarcity is a constantly growing problem. In many places there is a need to be able to reuse water from various processes, and that is why the entire BioBooster concept has some great characteristics,"

says Mogens Henze, director of the Department of Environmental Engineering, the Technical University of Denmark, commenting on the wastewater treatment plants' mobility and numerous applications.

However, speedy utilization of water resources is but one advantage of the decentralized plants. Other possibilities present themselves, too, for example in relation to wastewater surveillance.

"Each plant treats a relatively small amount of wastewater, and in case of fluctuations in water quality, it will be much easier to identify the source of problematic substances in the wastewater, for example from hospitals or industry. This makes it much easier to address these fluctuations," says Søren Nøhr Bak, technical manager of Grundfos BioBooster.

### Ready to roll out

At present, the Grundfos BioBooster plants have shown their superiority in

several areas. For example, the plants have been installed on Italian farms where the treated wastewater was used for irrigation of tomato fields.

At the same time, Grundfos BioBooster has just entered into its first official partnership with a Danish municipality. This, too, can be of great value to both Grundfos and society. Treatment of municipal wastewater constitutes by far the largest part of the total market for wastewater treatment. A breakthrough in this area could be of great importance to the prevalence of the BioBooster technology. Municipal wastewater is characterized by having a relatively similar complexity, and experience gained can easily be transferred to similar jobs across the world. If the water is treated locally, no expenses will be made for the infrastructure that is needed to transport the water from the source of pollution to the central treatment plant in the area. Reduced transport of the water will in itself lead to major energy savings.

The first wastewater treatment plant has already been installed in Viborg municipality in Denmark, and with good experience. Therefore, the municipality will rethink their future wastewater structure, which will imply the closing down of 18 small wastewater treatment plants: "In that case, the BioBooster will be considered as our new alternative," says Finn Køhler, wastewater manager, Viborg Wastewater Ltd.

Several other municipalities, too, see the advantages of decentralized treatment of wastewater: "BioBooster presents an approach to the treatment procedure that is completely different to the existing procedure. The modular construction that may be scaled up or down allows us to make adjustments according to need. And the mobility means that the plant can easily be moved if needs change. This is innovation in the true sense of the word," says Jacob Andersen, head of section, Hjørring water company, Denmark. ■

[www.grundfos-biobooster.com](http://www.grundfos-biobooster.com)

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# BRINGING THE WORK TO THE PEOPLE

HATHAY BUNANO  
হাথ বুনানো  
BANGLADESH

By Gerd Pfitzenmaier

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Why would Bangladeshis, of all people, make better entrepreneurs? Samantha Morshed of Dhaka, Bangladesh, the British CEO of nonprofit enterprise Hathay Bunano, has the best answer to her own question. Because the number of CEOs in Bangladesh is still rather small on the whole, Hathay Bunano has committed to creating sustainable rural employment.



Samantha Morshed had \$ 500 in start-up capital and twelve female employees when she persuaded her husband Golam, to found the social enterprise of Hathay Bunano Proshikhan Society (Hathay Bunano, for short) with her. Her daring choice was conceived as an economic counterexample to the distinguished ideas of world-famous Bangladeshi Muhammad Yunus, winner of the Nobel Peace Prize. Some twenty years before, Yunus had publicized the theory of eradicating global poverty through the concept of microcredit: tiny loans of start-up capital to help the poor establish small businesses. Through these loans, Yunus hopes to populate the world with business experts who can banish poverty "to a museum," as he has declared in his books and speeches.

### Desire for Work

Samantha Morshed was skeptical of microcredit. Even if these tiny loans could turn the poor into entrepreneurs in theory, in practice the people would still remain dependent, left to the tender mercies of the market and the economic situation in their very local areas. She aims to turn Yunus's school of thought inside out: "The vast majority of people [in rural Bangladesh] want a job," she says, "jobs are what people want and jobs will eradicate poverty. At the same time, however, the approaches to creating employment and eradicating poverty are fundamentally different. Morshed's simple but clear message is that people

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The products of Hathay Bunano in their proprietary "Pebble" brand line are certified fair trade.

need work — but the work must be available where the people live.

She criticizes employers in both the industrial and the developing world for assuming that people will put up with any amount of strain for the privilege of selling their labor. Their willingness to reduce themselves to the level of migrant workers seems voluntary: indeed, there are many countries where economic migrants will stream en masse to wherever employers locate their factories. Such choices impoverish societies and rip apart families. This type of work often breaks social ties, destroys marriages, and leaves fatherless children and single parents in its wake, with all of the negative consequences for the social fabric that these entail.

### A 10-Minute Walk to Work

Morshed's idea is different: her social enterprise brings the jobs to the remote villages of Bangladesh where the people live. She believes that women in the villages should be able to make the walk to work in 10 minutes. And of this she is convinced: "Factories are located in areas convenient to factory owners....A workforce located in their own villages, workers living in their own homes, would likely bring much greater benefit in poverty reduction to a larger number of people." Her idea is working; today 3,500 women in 32 rural cooperatives work for Hathay Bunano and help to support their own families.

The women sew, knit, and embroider, faithful to the company name: Hathay Bunano translates literally to "hand-made." Its employees produce high-quality, handcrafted clothes and toys. Their products are aimed at children and infants from birth to six years of age. What's more, the organisation with their proprietary "Pebble" brand line is certified fair trade, and Morshed and her husband are currently working towards SA8000 certification. Hathay Bunano exports its products worldwide, with major markets for the flourishing corporation in the United States, Great Britain, Australia, Europe, and the do-



32 rural cooperatives work for Hathay Bunano and help to support their own families.

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mestic market of Bangladesh. Sales are booming: today the women of Hathay Bunano ship some 30,000 items to customers per month.

This principle, of putting the firm first so as to put the profits into tackling poverty, is part of the "creative capitalism" approach that multibillionaire and Microsoft founder Bill Gates proposed at Davos in 2008. Corporations like Morshed's fit the bill of creative, engaged capitalism perfectly. According to Gates, the business ideas from Samantha Morshed and her cohort can help to plug the gaps in this era of economic and financial crises, when poor countries can no longer sufficiently provide for their citizens. Even Queen Elizabeth has recognized the importance of what Morshed is doing: in 2009 she honored the British entrepreneur from Bangladesh by awarding her a "Member of the Order of the British Empire" (MBE). ■

# SUSTAINABILITY STRAIGHT TO YOUR MOBILE

The growth in world population and the steady increase in the average standard of living call for a radical reassessment of our production methods and consumption patterns. To drive change in the laundry detergent and household cleaners sector, we draw on our many years of experience and our leading role in the field of sustainability.



By Christine C. Schneider

Our innovations are used daily in millions of households, and therefore offer great potential to actively help to shape the sustainable lifestyles of tomorrow. We work to develop products that enable customers and consumers to make more efficient use of valuable resources such as energy and water. Our laundry detergent ActicPower, for example, is based on technology that enables enzymes to act at low temperatures, and therefore performs effectively even at 15 degrees Celsius. And our dishwasher detergent Somat 9 delivers excellent cleaning performance at just 40 degrees Celsius. Energy savings of up to 20 percent are achieved over comparable programs that require temperatures of 50 or 55 degrees Celsius.

## Working together for innovative, sustainable consumption

Sustainable consumption can only be achieved if we all work together. Communication with our consumers is therefore just as important as the development of sustainable products. Through the "Quality & Responsibility" logo that has

been printed on our laundry detergents and household cleaners since 2008, we aim to make it easier for consumers to reach responsible purchasing decisions. The logo indicates to consumers that, by buying this product, they will not only obtain superior performance but a sustainable solution as well. As the first company in the consumer goods sector to do so, beginning in 2010, Henkel will use Quick Response Codes to stimulate responsible product use.

Henkel has been using ingredients based on renewable raw materials for decades. The active washing substances (surfactants) in our laundry detergents and household cleaners, for example, are derived from renewable raw materials such as palm kernel oil. Since 2003, we have therefore actively participated in the Round Table for Sustainable Palm Oil (RSPO). In 2008, we were the first company worldwide to purchase certificates for sustainable palm kernel oil – for our Terra Activ brand products. As a result, palm kernel oil from sustainably managed plantations was integrated into the supply chain for the production of surfactants for the first time. We now

plan to build on this by aligning our overall product portfolio to certified sustainable palm oil and palm kernel oil by 2015.

Direct access to Henkel's CSR Internet site using a mobile phone





# TAKING ACTION FOR SUSTAINABLE FISHING

Tropical shrimp were thrown out and eco-labeled fish and a select range of tuna were put in. Those were some of the actions of Swedish food retailer ICA toward achieving a more sustainable fish assortment in 2009. For a retail group with high goals for sustainability, education, transparent information, and clear policies are crucial.

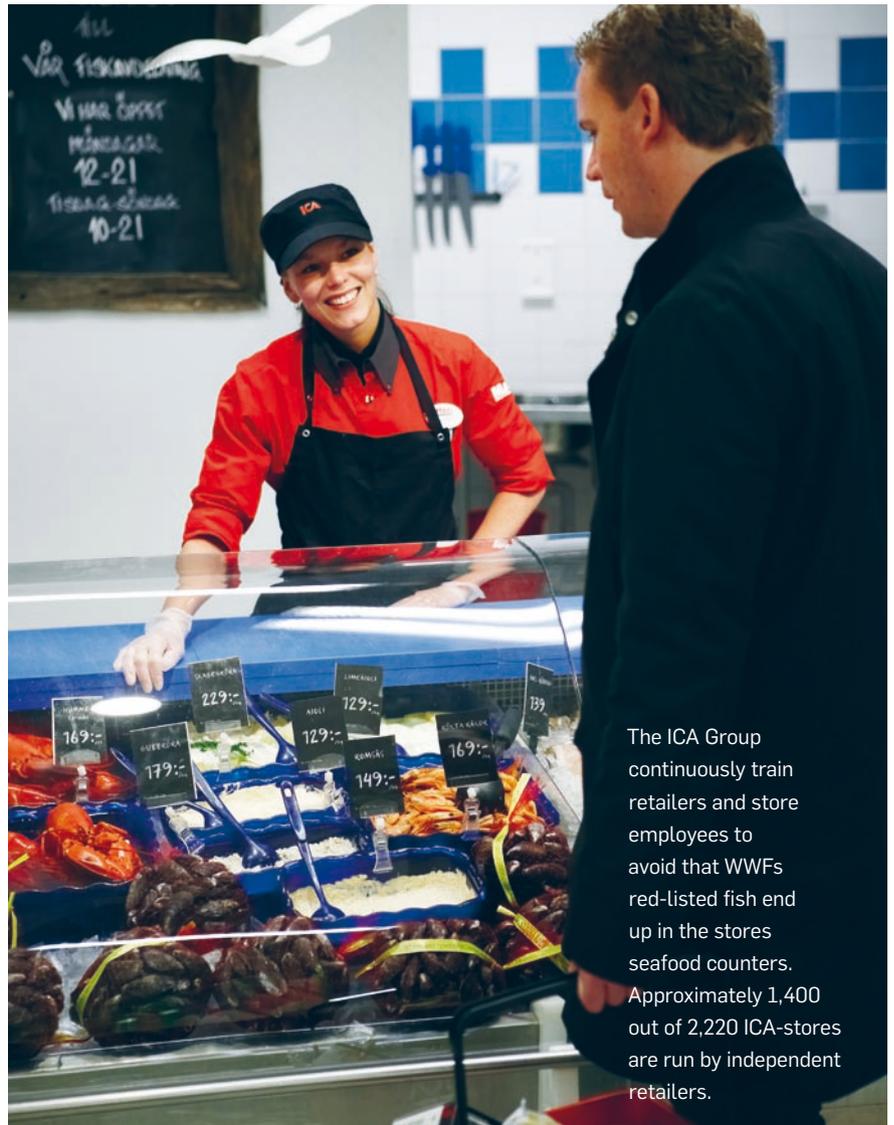


By Magdalena Sekkenes

For food retailers selling fish and seafood to consumers these days, one of the “trickiest” questions is how to ensure that the world’s oceans are not overfished. For ICA, a market leader in Sweden that also operates in Norway and in the Baltic countries, this is an issue of great concern. The question became more urgent in 2009 because the media, environmental organizations, and customers expressed great concern about sustainable fishing.

In 2009 ICA offered almost 200 fish products as part of its private-label food assortment. The method for determining which types of seafood should be sold is done by evaluating each species individually. In doing so, ICA chooses to listen to the opinions of, for example, the World Wide Fund for nature (WWF), and the International Council for the Exploration of the Sea (ICES).

The aim is not only to stop selling certain types of fish and seafood products but also to find ways, if possible, to improve the environmental situation.



The ICA Group continuously train retailers and store employees to avoid that WWFs red-listed fish end up in the stores seafood counters. Approximately 1,400 out of 2,220 ICA-stores are run by independent retailers.

## Following WWF's fish guide

During the first six months of 2009, ICA Sweden's fish assortment contained two red-listed (do not eat) products according to WWF's fish guide: plaice and tropical shrimp. The suppliers of the wild and farm-raised tropical shrimps were carefully reviewed, as is mandatory. Changes in the buying criteria from the suppliers in combination with internal discussions about sustainability aspects led to a decision by ICA to stop carrying the products. Since approximately 1,400 of the ICA Group's 2,220 stores are run by independent retailers, ICA encouraged the retailers to do the same.

"There are plenty of companies selling tropical shrimp to stores but besides taking the products out of our assortment, we recommended that the retailers avoid tropical shrimp from other suppliers until there is a certifiable and credible standard for farming tropical shrimp. The WWF is close to establishing such a standard and ICA is carefully following their work," says Kerstin Lindvall, Senior Vice President



Kerstin Lindvall, Senior Vice President Corporate Responsibility at ICA Sweden AB.

Corporate Responsibility at ICA Sweden AB. At the same time that ICA took action and removed the tropical shrimp, plaice — which to this day has been the only red-listed fish sold under the ICA brand name — suddenly was approved by Marine Stewardship Council (MSC). In mid-2009, the red-listed fishes had been removed from the main assortment. In addition, ICA decided to replace the yellowfin tuna with skipjack tuna, which has a more sustainable stock.

## Important training

Cod is another fish that a retailer has to be attentive of when it comes to origins. Since 2004, all cod in ICA's main assortment is caught in the Barents Sea, where it is considered sustainable and has been given a green light (recommended) in WWF's fish guide. But very close by Sweden in the Baltic Sea it is not considered sustainable to catch cod everywhere.

"ICA's main selection still contains no cod from our nearby Baltic Sea. And we strongly recommend retailers who buy their own fish to make sure that the cod harvest don't come from western stocks in the Baltic Sea and only accept fillets bigger than 30 centimetres from the eastern stocks", says Kerstin Lindvall.

The ICA Group continuously trains retailers and store employees to avoid having WWF's red-listed fish end up on store seafood counters. "We also provide a checklist for retailers to use when they buy fish and shellfish directly from suppliers," adds Lindvall.

In 2009 ICA provided training in sustainable fishing to its largest direct suppliers of fresh seafood. The WWF and the Swedish Society for Nature Conservation assisted in the training.

## Letting consumers trace origins

For consumers, ICA provides information on the product labels about where the fish is caught. In addition, consumers can trace where ICA's private-labeled products of cod, haddock, and Pollack are caught through the company's website: [www.ICA.se](http://www.ICA.se). ■

## ICA'S GOOD BUSINESS

ICA's corporate responsibility work is built on a foundation of seven position statements called ICA's Good Business. These position statements are in line with the Global Compact's Ten Principles on human rights, labor standards, the environment, and anti-corruption.

With ICA's Good Business, we mean that ICA will:

- be driven by profitability and high ethical standards
- listen to customers and always base decisions on their needs
- nurture diversity and growth among its employees
- maintain an open dialogue internally and with the community
- ensure quality and safe products
- promote a healthy lifestyle
- adapt sound environmental practices and promote sustainable development

An intranet-based interactive training regarding ICA's Good Business practices is mandatory for everyone within ICA.

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# BETTING ON ENVIRONMENTAL SUSTAINABILITY AND BALANCE

ISA is the biggest energy transport company in Colombia and also present in Peru, Bolivia, Brazil and Central America. Through its affiliates and subsidiaries, the company develops a range of activities such as design, construction, administration, operation of lineal infrastructure systems in electricity, telecommunications connectivity and road concessions with the project “Autopistas de la Montaña”.



*By Ana María Naranjo Alzate and Jimena Maria Toro*

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ISA's social responsibility business model has experienced remarkable advances during the last years, especially in environmental and occupational health international standards, highlighting sustainability as its management axis. It is manifest in the management through balanced relationships with the interest groups and supported through a set of values, practices, and liabilities that add value, generate confidence, and contribute to the sustainable development of the societies where ISA is present.

According to its business policies, ISA develops its operations in a sustainable environmental development framework: 1) through an administration that is oriented toward managing environmental risks and contingencies; and 2) that is supported through effective planning of its electric assets in the areas of design, construction, operation and maintenance, and dismantling.

### **Progress from ISO 14001 certification and integral management system**

ISO 14001 certification represents the company's concern with adjusting to international standards that facilitate the accomplishment of its environmental policy and facilitate an advancement in Principles 7, 8, and 9 of the Global Compact. To reach this goal, since 2008 the company has been following a path that involves environmental authorities, a board of directors, collaborators, and suppliers — all of whom have been exceptionally relevant in guaranteeing project success and assuring the identification, evaluation, prevention, mitigation, control of, and compensation for environmental impacts.

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ISA: Linear infrastructure systems that promote the continent's development

### **Most relevant impacts identification – the first step to mitigation**

Essential elements of the energy transport business are the operation and system maintenance activities, which have a high impact within the wide operation zones in which the company works. To help identify the environmental issues and the most significant impacts, the company developed a methodology based on the ISO 14001 standard. The methodology includes: 1) environmental planning; 2) annual objectives, goals, and improvement programs identification; 3) efficient management measures; 4) permanent operations control; 5) deviations identification; and 6) indicator measures.

Through this recording information-mechanism, the company is conscious of consumption and/or use of natural resources and, based on this data, develops — along with its employees — awareness activities to improve management.

### **Resource consumption and employee awareness**

The levels of resource consumption in the company for paper, water, electricity, as well as waste integral management was noted. To address the issue, the campaign El Vaso del Día (glass of the day) was set up, which was intended to transform 120,000 plastic units into approximately 30,000 eco-friendly units (paper pulp). Twenty days from the start, the recorded consumption was reduced by nearly 30 percent. In addition, composting management represents at the moment 50 kilograms of organic material per day, which comes from the restaurant, the coffee machines, and the gardens.

### **Progress of dangerous residual management**

Environmental risks in the energy transmission process come from the use and manipulation of chemical products — with oil, in all its forms, being the main one. As a leak-prevention method, ISA built or adapted collecting pools to four

zigzag transformers. The company treats the contaminated oil, which is equivalent to 0.3 percent of the total amount of oil, with PCB. During the period, it generated 9.7 tons of contaminated oil. It was then handed over to LITO, the company in charge of its final disposal at its EKOKEN incineration plant in Finland.

### **To control greenhouse gas effects**

Greenhouse gas management is an enormous concern to the company. Since 2008, ISA has been working with an SF6 management program which, in 2009, enabled ISA to reduce gas purchases as a result of the improvement in maintenance processes and helped solve outflows problem, reducing the amount of SF6 lost to 0.47 percent.

### **Support to regional institutions**

Supporting the work of 10 autonomous regional corporations and with direct and committed participation with the impacted communities, ISA has intervened and had a positive effect on nearly 1.1 million hectares of strategic regional ecosystems.

### **Supplier linking**

One of most relevant issues is supplier linking. The commitment is based on three fundamental pillars: 1) procedure adoption and modification; 2) clean technologies adoption; 3) implementation of dispositions based on occupational health and environmental norms.

### **Closing: articulated work**

We are proud of the certification process in addition to having raised environmental management standards. We have improved the feedback processes and, as a consequence, strengthened the company, its collaborators, and suppliers. We have strengthened mutual relationships, generated room for sustainable development, in addition to increasing performance optimization and our overall business position. ■

# PUTTING OUR SKILLS TO WORK IN PURSUIT OF THE MDGS

By Lord Hastings of Scarisbrick CBE



KPMG people are involved in citizenship projects all over the world. By harnessing the professional skills we bring to bear with our clients every day and applying them to some of the world's most pressing challenges, we can work alongside governments and civil society in pursuit of the Millennium Development Goals.



James Woodward from KPMG in Australia, with the Headteacher at the Familia Moja Children's Centre in Kenya



“THROUGH THE GLOBAL DEVELOPMENT INITIATIVE WE WILL APPLY KPMG’S SKILLS, KNOWLEDGE, AND RESOURCES TO HELP ACHIEVE THE MILLENNIUM DEVELOPMENT GOALS, BY WORKING WITH LOCAL AND INTERNATIONAL

DEVELOPMENT AGENCIES AND INSTITUTIONS TO TACKLE EXTREME POVERTY AND INEQUALITY THROUGH BUILDING LOCAL CAPACITY.”

Lord Hastings of Scarisbrick CBE,  
Global Head of Citizenship and Diversity, KPMG International

Responsible business practices, which are at the heart of corporate citizenship, help build trust and contribute to development and sustainable markets. In today’s challenging world, business must move beyond good internal governance, compliance, and ethical behavior toward becoming committed actors collaborating with other organizations to tackle global social and environmental issues.

Citizenship is embedded in the KPMG values and our firms have the scale, influence, professional skills, and business knowledge to make a significant and positive contribution to the issues affecting our communities.

This short article seeks to set out one of the key areas of focus for KPMG’s approach to corporate citizenship and highlight just a few examples of how KPMG Partners and Staff are putting our values into action.

### Our strategy and role

KPMG is aligning its global citizenship strategy with both the UN Global Compact’s Ten Principles and the Millen-

nium Development Goals (MDGs). The strategy focuses on the following three key components:

1. Global themes
  - a) The Global Development Initiative (GDI): Our global response to tackle world poverty
  - b) The Global Green Initiative: Our global response to the challenges of climate change and environmental sustainability
2. Global policy issues relating to corporate responsibility: KPMG is a signatory to the UN Global Compact and participates in global policy discussions through the World Economic Forum and other key global multi-stakeholder coalitions
3. Leadership action to tackle country and community concerns through member firm programs

### The KPMG Global Development Initiative

The sense of urgency to bring an end to world poverty has never been greater

than in these critical last five years leading up to the 2015 MDG target date. KPMG believes that the private sector has a critical role to play in the achievement of the MDGs, and should work alongside governments and civil society. KPMG’s GDI is an innovative program designed to take our commitment to corporate citizenship to a new global level. It can be defined as “putting our skills to work in pursuit of the MDGs.”

Through the GDI, we use our skills and resources to become fully involved in finding sustainable solutions to complex and entrenched social issues. We strive for wide participation from Partners and Staff across KPMG member firms and for maximum impact. The GDI aims to:

- put our skills to work in pursuit of MDGs 1, 2, and 3 (those MDGs being most closely aligned with our values, knowledge, and experience);
- develop solutions to bring about systemic change that addresses the root causes of poverty;
- develop solutions that can be replicated and scaled up;
- participate in public-private networks that act against extreme poverty;
- act as a catalyst and advisor for increased action from others.

The positive societal impact of KPMG’s GDI has continued to grow throughout the years. KPMG people have contributed to the MDGs both by collaborating with NGOs and UN entities and also by directly assisting those in need.

Following are four examples of collaboration across the continents that give an insight into the wide range of impacts of KPMG’s citizenship work.

### The Millennium Cities Initiative

KPMG’s Transaction Services practices have been providing economic and commercial due diligence to support the Millennium Cities Initiatives’ investment reports. The reports on cities in Ethiopia, Ghana, Kenya, Malawi, Nigeria, and Tanzania are being used to encourage investment to lift the local economy.

Member firms in Ghana, India, Japan, Kenya, Malawi, the Netherlands, Nigeria, Russia, Tanzania, and the United Kingdom are engaged with the Millennium Cities Initiative to support the delivery of the reports. KPMG in the United States has also provided a secondee to the Millennium Cities Headquarters.

These reports have begun to lead to tangible improvements in the lives of people experiencing poverty. For example, with the assistance of the Initiative in Kumasi in Ghana, the following results have been achieved:

- A viable supplier of palm fruits for a palm oil project has been identified in cooperation with the Millennium Villages Project and investment pledges have been secured.
- Following the production of bamboo bikes at The Earth Institute at Columbia University and a successful pilot program in Kumasi, a Ghanaian investor is expected to commence production of bamboo bikes in Kumasi in June 2010.
- In 2009, the Ghana Investment Promotion Centre opened a regional office in Kumasi to promote the Ashanti region and the city of Kumasi to investors.
- Preparations are under way for an investment promotion training workshop for city officials.
- The Kumasi Metropolitan Authority has committed \$100,000 toward the Kumasi Investment Initiative and further fundraising activities are under way.

#### **Familia Moja (One Family)**

When James Woodward, a graduate who works for KPMG in Australia, volunteered at an orphanage in a Nairobi slum, he was so moved by the horrific conditions that he committed his professional skills and resources to provide for the children.

James established the Familia Moja Children's Centre and registered it in Kenya with the help of KPMG's local office while also establishing Kickstart Kids International as a supporting char-

ity in Australia. With the help of KPMG colleagues, James is chairing the boards of both charities in Australia and Kenya, preparing budgets, implementing financial controls, working with government agencies in both Australia and Kenya, preparing financial accounts for audit, hiring staff, purchasing land, and managing the income-generating projects.

The 29 boys and girls are now attending school (MDG 2) and 16 have achieved results placing them in the top ten of their classes. Their nutritional status has improved (MDG 1) and the new premises will soon be carbon-neutral with water collected on site, waste treated on site, and local food production as well as all materials (construction and ongoing) locally sourced (MDG 7).

#### **SIFE**

Students of Free Enterprise (SIFE) brings together a diverse network of university students, academic professionals, and industry leaders around the shared mission of creating a better, more sustainable world through the positive power

of business. SIFE mobilizes university students to make a difference in their communities while developing their skills to become socially responsible business leaders. More than 30,000 students across 1,500 universities participate in SIFE worldwide.

KPMG has supported SIFE since 1996 and has played a pivotal role in helping SIFE go global. Today, KPMG member firms support SIFE in about 30 countries in three main areas.

- **Launches** – They provide front-end operation support to help set up national SIFE operations and provide introductions to businesses, universities, students, etc.
- **Coordination and expansion** – They use existing communication networks to help share information, updates, and best practice ideas internally and externally. They host receptions for business communities and present SIFE partnership at internal leadership meetings.
- **Timing and resources** – They provide finance, venue, and people support for

“SIFE TEACHES BUSINESS ETHICS, MARKET ECONOMICS, TEAMWORK, AND COMMUNITY SERVICE, WHICH MIRROR KPMG'S CORE VALUES. ITS PROJECTS PROVIDE EXCITING OPPORTUNITIES FOR KPMG PEOPLE TO BE INVOLVED WITH MEANINGFUL ECONOMIC DEVELOPMENT WORK, AND SIFE STUDENTS ARE THE KIND OF PEOPLE WE LOOK TO HIRE ACROSS THE GLOBE – QUESTIONING, COMMITTED, AND CARING. OUR RELATIONSHIP WITH THESE AMAZING SIFE STUDENTS REMINDS US OF THE GOOD THAT CAN RESULT FROM FREE ENTERPRISE.”

Timothy P. Flynn, Chairman of KPMG International



The Brazil team at the 2009 SIFE World Cup in Berlin

national and regional SIFE operations. KPMG member firm Partners support SIFE by being national, regional, and international judges and sit on various SIFE advisory boards.

Following are three specific examples of member firm involvement:

1. The chairman of the KPMG Foundation in India is the vice chairman of SIFE India, and three KPMG employees support the regional coordination for SIFE in Bangalore and Delhi to promote and increase SIFE activities in India. KPMG also provides judges, mentors, and verifiers for the regional

activities. In addition, KPMG in India has initiated a KPMG-SIFE Business Ethics grant, which is offered to teams that exhibit a proper understanding of business ethics and have also incorporated a strong ethical element into their projects.

2. KPMG in Brazil has been supporting SIFE Brazil for ten years. The chairman of KPMG in Brazil plays an active role in the new Council Board of SIFE in Brazil. Also, KPMG in Brazil was a main sponsor of the 2008 National Competition; three KPMG Partners were judges at the event; and a KPMG audit manager and supporting team member helped to coordinate and audit the processes for credibility.
3. Since 2002, KPMG in Nigeria has been providing bookkeeping services, internet access, payroll administration, and sponsoring the logistical aspects of the annual national competition.

#### KPMG in India's Partner school program

Our initiatives in education span schools and colleges across India. Through programs such as SIFE and KA India, we provide a platform for school and college students to build their understanding of the business environment around them. Both these programs are dynamic tools for our Staff to engage actively with the citizens of tomorrow and shape their outlooks.

During the past year, we began our Partner school program, which seeks to strengthen the infrastructure, IT, and teaching inputs in selected schools. We strongly believe that a sound educational framework plays a key role in furthering community development and creating a valuable human resource network.

#### Partner school program

Expansion of our involvement to the primary and mid-level education sectors was a natural progression of our commitment toward encouraging and fostering academic excellence. This program is in addition to our other education pro-

grams, and we hope to make a tangible difference in the lives of children in our communities.

Our current partner schools, both with classes for students from kindergarten to the 10th grade are:

- *Literacy India, Delhi:*  
Literacy India started in 1996 with the objective of empowering underprivileged children and women. With a diverse range of programs, Literacy India works with women and children in villages to impart basic education, and also to help them develop skills in performing arts, science, and technology.
- *St Joseph's High School, Colaba, Mumbai:*  
St Joseph's High School was founded in 1929 by the Convent of Jesus and Mary. The school aims at imparting education for the overall development of a child's personality, and lays emphasis on outdoor activities and physical training.

#### Hospice Africa

KPMG in Ireland wanted to reach out to people in the developing world living in extreme poverty. When the charity Hospice Africa established a Dublin support office, KPMG Ireland's CEO made it his responsibility to help them by seconding a director to act as interim CEO, whose job it was to advise and assist the Board for six months in developing the vision, goals, processes, and procedures for the organization. This skills-based support will leverage a cash donation from the Irish firm to fund a new clinical building in Uganda over the next three years, which will be a center of excellence in palliative care. Its benefits will stretch internationally as medical staff will be invited to share learning and best practice to take back to their own countries. In September 2009, KPMG's work with Hospice Africa won the Chambers Ireland CSR Award for best international project, providing public recognition for the project as a leading example of corporate social responsibility. ■

# 10 YEARS OF HELPALLIANCE

In September 1999, 13 Lufthansa employees (called Lufthanseat in Germany) from all divisions of the group founded “HelpAlliance e.V. – Lufthanseaten engagieren sich” (Employees Lend a Helping Hand). In 2009, the employees’ politically independent and non-denominational organization celebrated its 10th anniversary. The organization is looking back on more than 60 successfully finished or still-running projects and numerous supporting operations. Emergency aid, such as for the 2004 tsunami disaster, is also part of HelpAlliance’s short history.

By Ralf Steuer



Since its founding 10 years ago, HelpAlliance has initiated, coordinated, and assisted in a total of 19 long-term projects, 24 short-term projects – so-called supported projects – as well as 19 emergency relief projects. Every HelpAlliance member is personally involved in one or more projects, for example supporting business start-ups, projects for street children, schools and educational institutions, orphanages and bush hospitals. The operational areas are concentrated on the southern hemisphere in Africa as well as in Asia, South America, and also in Romania. Almost all projects are typically supported by a charity registered in Germany, with the applicant being a member of the board. This applies to HelpAlliance members as well as to Lufthansa employees who apply for funding.

The projects of the aid organization include long-term HelpAlliance projects, supported projects – for which any Lufthanseat can apply to in order to fund specific measures – as well as emergency relief projects after natural disasters. HelpAlliance focuses its work

on providing education, health, and nutrition to children and youngsters. “The best way to escape the poverty trap is access to education or a job training,” says Rita Diop, HelpAlliance’s chairwoman since 2005. This often means that the aid organization has to accommodate basic needs of the people first, in order to pave the way for education.

HelpAlliance focuses on assisting those who do not even have the bare minimum available to support themselves or their families – especially in developing countries. Collecting donations and assigning them in a meaningful manner is the major task of this non-profit organization. In order to substantially improve the living conditions of the needy, all measures follow the guiding principle “Helping people to help themselves.”

## Variety of projects

HelpAlliance supports a broad range of long-term projects. The absence of reliable water supplies is among the prob-

lems frequently encountered. In Africa, HelpAlliance has already bored wells and established water supply systems for educational institutions. In a joint venture with the HelpAlliance project “Orphan Aid Nigeria” at the Lagos lagoon – where the association also supports a school – a well was put into service that provides the inhabitants of the island of Iba with clean drinking water. The same goes for the construction of the girls’ hostel in Djougou, North-Benin, where a well was bored first. Without water, this construction would not have been possible at all. However, the neighbors of the project and the herdsmen passing the grounds with their cattle also benefit from the newly exploited water source. A pumping system feeds the water into big storage tanks on the roof of the hostel. A steady water supply was also established for the Blue Bell kindergarten project at Mtwapa, Kenya, in 2008. 170 children now have unrestricted access to water fit for drinking or sanitary purposes. Rain is also being collected in two water tanks, each holding 4,000 liters. The



*Left:* Children in drought ridden Central India take a simple bath.

*Right:* Lufthansa employee Ralf Schmitt visits a typical well in Dogon country, Mali.



water is purified in filter systems to ensure the necessary quality level for drinking water.

In Mali, West Africa, a Lufthansa Technik employee supported by HelpAlliance looks after a school project in Dogonland, which is located in an extremely dry and rocky region. Dryness plagues the country and causes regular crop failures. The school did not possess a steady water supply until a few months ago, after a well-boring project was finished. There used to be a large clay jug in each classroom that had to be filled on a day-to-day basis with water from a distant well. The children helped themselves with a ladle, which eventually posed health risks due to germs infecting the water. Then HelpAlliance funded the well-boring project near the school. The terrain is extremely difficult and the well had to be blasted out of massive rock one bit at a time. The main purpose is not only to make drinking water available for the children and their families, but to allow for trees to be planted in order to provide shade and to facilitate the

provision of school lunches through the cultivation of vegetables.

#### How are the projects chosen?

HelpAlliance's activities mainly focus on children, because children are in special need of protection. To help them to the best of its ability, HelpAlliance's work is based on the principles of the UN Convention on the Rights of the Child as well as the Ten Principles of the United Nations Global Compact. "We always put emphasis on an in-depth dialog and we cooperate with the persons concerned to find solutions that suit the social environment best," says Diop.

In order to guarantee the success of the projects, experienced and reliable partners offer on-site support for the Lufthansa employees. As a general rule, the aid organization does not accept external applications, as it cannot be verified whether funds are spent according to the rules; the same goes for projects in war zones. "As we cannot check what happens to the money in

these cases, we will not accept any risk," clarifies Diop.

#### Lufthansa support

The Lufthansa group has been supporting HelpAlliance from the beginning. The company has reassigned the chairwoman and another staff member from their full-time work along with a flight attendant to support HelpAlliance 10 days per month for administrative assignments and to assist in managing the on-board collection program. In addition, the association is provided with office space and the necessary IT equipment at Lufthansa's base at Frankfurt Airport. Most importantly, Lufthansa supports the humanitarian engagement of its employees by providing free transport capacities. "If we had to pay for the transport of relief supplies ourselves, we would not be able to work the way we do," sums up Diop. In addition, the company participates in the production of the annual report on the activities of the aid organization. ■

# EMPOWERING WOMEN FOR MORE SUSTAINABLE COMMUNITIES

As a global organization with a presence in 82 countries and territories, Manpower Inc.'s employees, associates, clients, and candidates are naturally diverse. Diversity brings a broader range of perspectives and capabilities to our organization, as we continue to be innovative by remaining open to the ideas of all. Manpower's core mission is to provide the best possible talent for our clients, and that means tapping into all populations and including those that have traditionally been underrepresented. Diversity is essential to maintaining our role as an expert in the changing world of work.



*By Jeff Joerres*

In many parts of the world, women are still regarded as second-class citizens. Their inferior role in some societies means they are socially, politically, and economically disadvantaged, making them vulnerable in everyday life. When communities are disempowered by events outside of their control, these inequalities are even more marked. For instance, women are often disproportionately impacted by natural disasters due to rigid cultural practices and attitudes. Those who work often hold low-paid jobs in agriculture and other industries profoundly affected by catastrophe. As the primary care-givers for the vulnerable in society – children, the elderly, and the infirm – their mobility in search of new livelihoods is limited.

The devastating Indian Ocean tsunami of 2004 is a prime example of the type of disaster that hits women the hardest. In India's Tamil Nadu State, many families lost their primary wage earners – men – leaving widows and orphans. Along with loss of homes, jobs in fishing and agriculture were also wiped out. Increasing the participation of women in the local workforce came with unique challenges. As in many rural Indian districts, the population observed strict social traditions and were steadfastly resistant to change. Rarely allowed to come out of their domestic arena, women's lack of qualifications typically reduced them to grueling manual labor and poor wages. The situation was worse for women from certain religious com-



munities and those who were widowed, divorced, or deserted faced further discrimination.

Following the disaster, vital first-response donations and aid naturally poured in, but it quickly became apparent that full recovery from the devastation would require broad systemic change. Manpower's core expertise — connecting people to employment opportunities — allowed us to create paths to sustainable employment to enable survivors to feed their families and rebuild their communities. Manpower, in partnership with HOPE Worldwide, built two vocational centers in the towns of Nagapattinam and Tharangambadi to train those whose lives had been decimated by the tsunami and help them find new, sustainable sources of income.

In the five years since the establishment of the Manpower Vocational Training Centers (MVTCs), no cross-section of the community has been more positively impacted than the women. In order to break down the barriers that have limited women for centuries, the MVTCs leveraged Manpower's extensive global footprint and intricate knowledge of custom and heritage, which gives us sensitivity in approaching the obstacles we face in each initiative.

Peer women volunteers were trained as field workers to motivate families to send women and girls for much-needed training; modern technology was introduced to reduce physical drudgery and

increase output; and special events were scheduled to involve families in MVTC activities and sensitize them to women's rights. In addition, counseling services were interwoven with vocational training to help women overcome trauma due to domestic violence, loss due to the tsunami, and to give them advice on family and personal issues, and on how to balance their social and economic productivity.

Since their inception, the MVTCs have helped transform the lives of local women. Almost 2,000 women have been trained in alternative employment. Of these, over 300 have been trained and employed in traditionally male-dominated industries such as masonry and mobile telephone repair, and women masons are now entrepreneurs earning equivalent salaries to their male counterparts. There has been a 26-percent increase in female enrollment compared to the first year, and 56 percent of all trainees are women compared to 30 percent when the doors first opened. Most encouragingly, the accomplishments of the MVTC female graduates are having a halo effect among women in the surrounding communities. As they see the MVTC graduates breaking down barriers, more women are approaching the centers to explore the opportunities the training might open for them.

Manpower's MVTCs and similar models around the world make good economic sense, as redressing the balance between women and men in the

workforce is also essential for development. According to the Organization for Economic Co-operation and Development, India's GDP would rise by 8 percent if the ratio of female-to-male workers increased by 10 percent. And because women reinvest 90 percent of their income in their families and communities, when women are empowered, we all benefit.

At Manpower, we are committed to providing women with the best possible opportunities to reach their full potential — not only via the initiatives and programs through which we help disenfranchised women globally, but also within every level of our organization and for our talented female candidates, who we place in permanent and temporary positions with our 400,000 clients worldwide. Five of the 13 members of our executive management team are women, as is nearly 60 percent of our leadership team worldwide. Our female leadership brings a diversity of thought and perspective, setting a pace and tone that energizes our entire organization.

Our efforts to increase the engagement of women in the workforce are not based solely on gender parity concerns, but on practical issues. We must satisfy the needs of our clients with the most qualified people, as talent is becoming the competitive differentiator. Our research shows that despite the difficult economic climate, 30 percent of employers worldwide are having difficulty finding the workers they require to fill available jobs. This talent shortage will only be exacerbated as the economy improves and as the global workforce shrinks due to aging populations. A very real prospect exists of there not being enough qualified workers to fill the jobs that will drive growth. Therefore, it is in everybody's best interests to tap into populations that have traditionally been underrepresented in the workforce — including women — as we have been doing for over 60 years. ■

*Jeff Joerres is Chairman and CEO of Manpower Inc.*

# BUILDING SOCIAL WEALTH THROUGH EDUCATION



By Walid Nagi

About one out of every three Egyptians above the age of 15 cannot read or write. Despite various efforts of national literacy initiatives, as well as those organized by the many nongovernmental organizations and private enterprises operating in the country, Egypt still ranks 132<sup>nd</sup> worldwide in terms of literacy.

Although the need for education is explicitly stressed only in Article 26 of the Universal Declaration of Human Rights, we observe that without education, it is impossible for individuals to know, declare, and claim all other human rights to which they are entitled. It is no accident that H.G. Wells declared history to be a race between education and catastrophe. It is a race, and it is one that we cannot afford to lose.

It is by this logic, and with a resolve forged within that conviction, that The Mansour Group has committed itself to the development of education as a vital social resource. This is also why,

day after day, we try to find the means by which we can help empower the growing minds of our nation with the desire to know.

Even before formalizing this commitment with the United Nations Global Compact, we at Mansour prided ourselves on our dedication to fair practices, to the transparency of our interactions, and to the social welfare of our community. Furthermore, the framework of the Global Compact has provided us with additional opportunities to collaborate with like-minded people and organizations – all with a clear intent to improve our social environment and the lives of our children.

## **Mansour has had a long history of social commitment.**

We decided to get involved with the SKOOOL project several years ago. The idea – as many great ones tend to be – seems simple enough in retrospect; the constant content availability provided by the Internet and the ongoing proliferation of the Internet in Egypt would provide a channel ideally suited to function as an educational platform. SKOOOL does just that by providing an online presence that allows educational content to be distributed through a simple, accessible interface that is available to anybody, anywhere, on demand.

SKOOOL is now used to provide online users of all ages with access to the entire Egyptian curriculum for all



school grades, both primary and secondary. The SKOOOL website was launched in late 2008, and in the first year alone we have seen it serve over 300 thousand visitors who have accessed almost 2.5 million pages of educational content. We have been very excited to observe the number of monthly visitors to the site grow from 10,000 in November 2008 to over 60,000 by November 2009.

Each one of those SKOOOL visits represents a moment where somebody somewhere – at home, at a school, or maybe even at an Internet café – has logged on to the site and made a conscious choice to learn. These moments

are very precious to us, and each and every single one of them represents a stepping stone to a better future for our children, our society, and our country.

Another program that we have been very excited to take part in is the addition of Intel PC Classmate computers to public schools in Egypt.

The Intel Classmate PCs, like those of the One Laptop Per Child program, are ideal for school environments. They are portable and rugged, and their interface is specifically designed to make them



Training teachers on the usage of the classmate PC and SKOOOL website

fun and easy for children to use. They provide a great platform and provide teachers with the means to distribute digital content to students while providing children with real-world computing and software skills. They are also trouble-free for school administrators, since they require minimal setup and maintenance requirements and come preloaded with education-focused software.

By the end of 2009, The Mansour Group had contributed over 350 Classmate PCs, 11 carts, and 11 smart boards to 6 public schools — bringing the digital education platform to over 1,500 students. This was done in collaboration

with the INJAZ (Arabic for achievement) initiative through the Save the Children Program.

The benefits of the Classmate project for students are twofold; on the one hand, students who might not have had the chance to gain familiarity with computers and their operating systems are introduced to digital technology through a hardware platform designed specifically to ease that path, and they are in turn empowered to access and make use of the online SKOOOL program along with all its associated benefits.

Although these projects are powerful initiatives in and of themselves, they also naturally complement each other and provide students with not only the educational content they need but also the means by which to access that content.

Through INJAZ, employees of Mansour, along with those of other companies, volunteer one hour of their time every week to go to public schools and teach the children basic skills, thereby providing the students with practical life experience and working skills. INJAZ also coordinates and supervises the placement of the Classmate PCs in the schools and are therefore able to ensure proper monitoring and reporting of their usage by the students and the progress of the project as a whole. The volunteers also make use of these

PCs in order to teach children and aid in their education.

Nothing should stand between a student's thirst for information and the means of acquiring it.

We hope to participate in the creation of a society that is not only knowledgeable but also intimately comfortable with information technology. We hope to see a society that is ultimately empowered to discover, create, and diffuse even more knowledge.

In the right environment, students quickly learn a wonderful lesson that often fills them with awe: that education, that the actual act of learning, is not merely useful, but is also a great pleasure and an excitement of thought and understanding, a splendor in and of itself.

We know this about education: that it is necessary; that it is vital; that it is the foundation on which nations are built and without which they come to ruin; that a mind exposed to knowledge yearns for more of it, seeks more of it, creates it, and flourishes with it; that once touched by education, a mind will forever awaken and never again rest, will always question, and never tire. It is with great pleasure that we aid in this process, and it has been more rewarding than we could ever have imagined.

Working on education has been, and continues to be, an absolute delight. ■

## FACTS

The core business today of the Al-Mansour Holding Company for Financial Investments is focused on the manufacture and distribution of FMCGs (Fast Moving Consumer Goods) as well as electronics, retailing, and services. It employs over 7,000 people and has an annual turnover of more than \$1 billion. It is affiliated with international companies and also manufactures its own labels. The Al-Mansour Holding Company was one of the pioneering companies to join the UN Global Compact in Egypt in 2003. It has shown great commitment to the Principles and has acted as a major advocate for the Global Compact and corporate social responsibility in the country. In 2008, the Mansour Group became a focal point for the Global Compact in Egypt.

# THE PULAU TIOMAN PROJECT

Malaysian Resources Corporation Berhad (MRCB) is a leading urban property and infrastructure developer. The Group specializes in civil, environmental, and energy infrastructure, including beach rehabilitation projects, road works, road concessions, educational colleges, hospitals, and power plants. It is also the nation's biggest developer of high-voltage transmission networks.



Pulau Tioman (Tioman Island) is a world-renowned tourist destination famed for its breathtaking, scenic spots, crystal clear waters, and white sandy beaches. Lying some 56 km off the coast of Pahang State, Pulau Tioman is about 38 km in length and 19 km at its widest point, with its main center at Kampung Tekek – one of the nine idyllic villages on the island.

With tourism as its main source of income, its success as a major tourist center directly threatens this income. Unchecked erosion caused by increasing environmental pressures from the growing number of visitors and expanded development has damaged its coastline, beaches, and rivers. This includes development of private properties as well as public infrastructure. The erosion has already damaged the biodiversity of the island and contributed to the loss of sandy beaches as the shoreline has retreated inland. Chalets in the northern end of Teluk Tekek, Tioman Island, have also suffered loss of business as the sandy beach frontage has been transformed into a rocky shoreline due to the loss of sand.

Realizing the urgent need to rehabilitate and preserve Kampung Tekek's pristine coastline and biodiversity, the Malaysian government – through its



agency Jabatan Pengairan dan Saliran (JPS) – has initiated the rehabilitation project. JPS has engaged and appointed MRCB Environment Sdn Bhd (MESB), a subsidiary of MRCB, to design, construct, and rehabilitate the coastline using MRCB's proprietary Pressure Equalization Module (PEM) system. Recognizing the sensitivity of the location in terms of biodiversity and its remoteness to sources for supplies, MRCB developed a holistic approach in ensuring minimal impacts in restoring and conserving threatened biodiversity. At the same time, the process maintains the existing

naturally-occurring ecosystem, communities, and native species.

## Construction stages

With this perspective in mind, the entire project was studied in detail to ensure that precise management and handling took place to minimize damages to the surrounding environments. A detailed impact-analysis was carried out during pre-construction of the project involving impacts on aquatic life and coral, soil, marine water, drainage and flooding, noise, air, the local business and



*Left:* The now scenic night scene of the rehabilitated Sg. Tekek *Above:* The once clogged and polluted river mouth of Sg. Tekek has been deepened and cleaned allowing whole year accessibility to local fisherman.

resident communities. Environmental training was provided at the start of the project to brief all parties involved in the project on the environmental awareness at the project site. The training covered the specially designed Environmental Management Plan (EMP) and best management practice on site, and involved participants from all relevant JPS staff, site supervision staff from MRCB, and all senior site staff of the sub-contractors.

During the construction stages, the EMP was prepared and put in place by an environmental consultant to address potentially significant environmental impacts that may arise during construction. All materials were sourced from outside the island so that the ecosystem of the environment on the island was not disturbed. A thorough Environmental Impact Study was carried out and included a detailed mapping of the coral habitat in and around the rehabilitated areas. Anti-pollution measures were strictly enforced to control pollutants from entering into the sensitive marine ecology. Double-layered silt curtains were installed prior to every work task to ensure no sedimentation or construction debris flowed out to the sea or had a major impact on the coral nearby. No work could start until the silt curtains were

checked every morning and confirmed to be in working condition. If there was a tear, work would stop immediately and maintenance was quickly conducted to reduce the impact of sedimentation.

Apart from the above, barges carrying construction materials landed only during high tide and had to follow the approved route to ensure no coral was damaged in the process of landing. MRCB also conducted an environmental awareness campaign on the island to highlight the importance of cleanliness, recycling, and environmental preservation.

#### Evaluation and monitoring

With the completion of the project, MRCB instituted a rigid system of evaluation and monitoring to ensure the bio-system of the marine ecosystem returned to its normal state and flourished with the improved bio-system. A detailed monitoring system is in place to examine the physical environment as well as the biological and socioeconomic impacts on Teluk Tekek in Tioman Island. The study includes research on the physical environment, the hydraulic circulation, coastal evolution, river mouth, as well as water quality, drainage, and flooding. The biological aspects of the monitoring include coral, aquatic species, macro-invertebrate, macro-benthos, and plankton ecosystems.

The socioeconomic aspects include the community and the tourism industry as well as areas for improvement concerning lifestyles, better business prospects, improved tourism, better infrastructure/mooring facilities, and navigation for the fishermen. MRCB found that all aspects mentioned have improved significantly.

Villagers were affected by the ongoing construction activity as it disrupted their tourism activities. However, since the completion of the project, the village has been transformed into a tourist haven with more tourist facilities such as a wider main road, a modern jetty with walkway, lighted gardens, and modern, convenient cafes.

For the fishing community, the main advantage is the availability of 24-hour navigation for all the boats as well as for those involved in tourism boat activities due to the successful rehabilitation of Sg. Tekek and Sg. Batang Sabut. Before the project commenced, the river mouths were not accessible for several months each year, which impeded valuable earnings for the villagers.

Like the villagers, the tourists will find a new, comfortable, and convenient tourist location at Kampung Tekek with all new and modern facilities. The availability of systematic boat berthing will improve the convenience and facilitate a comfortable arrival for tourists while other new “tourist” facilities such as the modern jetty, lighted gardens, and modern cafes only add more convenience and comfort for tourists coming to the island.

#### Tourism for local community and nation

Since tourism is the main economic activity of Kampung Tekek, the project design took into account the coral and marine communities, which were the main aspect and attraction for the island. Due to the sensitivity of one 700-meter stretch, a beach nourishment method was evaluated but later omitted from the plan because of the high density of healthy coral growing on the nearby shore. Huge efforts were taken in the installation and maintenance of the silt curtain concerning tidal fluctuation effects at the river mouth and beach area during construction to ensure the work would not damage the coral and marine life, which, as a main tourist attraction, is the main source of economy for the local community. ■

# CSR – A PHILOSOPHY OF LIFE



By María del Rosario García and Soledad Burbano

For Mutualista Pichincha, corporate social responsibility and the Ten Principles of the Global Compact go far beyond the realm of traditional institutional and professional behavior. They constitute a way of life and a new manner of doing things in all aspects of our entrepreneurship. They must become the engine that drives all our actions at work and at home; with our children, friends, and colleagues; on the streets as well as during public events and all of our daily activities. We simply need to accept the fact that we cannot be socially responsible citizens only during working hours and that these compromises are a full-time endeavor.

In order to fulfill this major objective, our efforts have been directed toward creating a culture of social responsibility in the organization and – through this culture – generating a socially respon-

sible consciousness in our employees. We are certain that if this culture takes root in their attitudes toward life, it will make a significant difference and influence their behavior at home, with

clients and suppliers, and help in creating a blast wave that will influence our entire society, helping it to become conscious about assuming responsibilities to overcome future challenges.

But creating “an organizational culture” is not an easy task. Thus, we have begun by institutionalizing practices and principles, by developing policies and strategies, by pursuing the control of processes, and by designating responsible leaders. However, along the way we have been constantly asked and we have asked ourselves: How do we move from theory to practice? How do we clearly identify the meaning of “Social Responsibility as a life philosophy”?

In the search for a practical manner of resolving these questions, after a thorough internal analysis process within the Human Resources area, we decided to implement a campaign called “Social Responsibility Marathon,” which focused on fostering environmental preservation and respect. We chose the environment because it defined a scope less-known by the majority of the employees, somewhat



Employee's children participating in reforestation activities

“ethereal” in nature and difficult to put into practice, thus creating a difficult challenge.

A steering committee filled by personnel from the human resources and client service areas led a process for about five months. The “marathon” objectives were as follows:

- To increase and encourage the significance and awareness of environmental protection and respect as one of the major strategic axes of Corporate Social Responsibility and as the driver of three of the Principles of the Global Pact.
- To motivate and encourage — through games and positive competition — thought, research, and learning about nature and its impacts in our lives and our environment.
- To strengthen teamwork between company areas.
- To promote the principles of respect, trust, and honesty; to encourage and reward the attitude of making things correctly; to focus on the subjects and not concentrate solely on the financial rewards.
- To increasingly involve employees’ families in these activities.
- To create new habits and to demonstrate, with results, how positive these new habits can be.

### The “marathon” process

As a starting point, a slogan was created through a company-wide competition. The chosen slogan read: “Because the construction of a better tomorrow begins today” and it was judged to be a “leitmotiv” for the inspiration and motivation of all. The institution and the campaign adopted this suggestive and inspiring expression.

Next, the committee defined the multidisciplinary teams. For each of the teams, the main activities to be developed and the specific objectives were drawn up, as well as the basis and operative mechanisms for the contest.

The marathon consisted of a set of activities that assigned grade points

for achieving each one. The team that accumulated more points, at the end, would be the winner of the marathon. In all activities, relatives of employees were invited to participate.

During the five months, the institution was filled with billboards, messages, and posters motivating employees to recycle and to reduce consumption of water, energy, and paper. In the process, people learned about the dangers and perils we will facing if we do not take care of and respect the environment. Literally, the institution got dressed in “green.”

## FACTS

Mutualista Pichincha was founded in 1961 and is the largest mutual institution and the second-largest mortgage issuer in the Ecuadorian financial sector. Visit our web page for further information about our organization:

[www.mutualistapichincha.com](http://www.mutualistapichincha.com)

### Results

- Employees demonstrated and gained great understanding of environment-related subjects.
- Electrical power consumption was reduced by 18 percent in five months.
- 2,880 kilograms of paper, cardboard, newspaper, plastic, and scrap iron were recycled.
- A methodology has been developed to continue recycling. Now, such responsibility falls within the company administration’s purview and so the process continues.
- More than 2,000 trees nationwide were planted by our employees.

- Some of the institution’s branch offices invited and included clients in recycling and reforestation activities, thus expanding the influence wave.
- Several branch offices coordinated reforestation activities with local municipalities, thus promoting a public-private project for the benefit of the community.
- Several branch offices chose not to participate in reforestation activities in exchange for redoing the green areas and park spaces of the many housing projects built by Mutualista Pichincha, thus creating new value for the clients.
- After the marathon, employees had learned much more about climate change, global warming, and the perverse effects of human activity upon nature.
- Relatives of employees participated actively and several received positive comments from their daughters and sons. A very nice example is a comment from a teenager who said to his father: “Finally Dad, your company is making interesting things.”
- Many of the implemented activities exercised during the marathon have continued. For example, a symbolic economic fine has been enacted to “punish” those colleagues who leave their lights on when they go out of the office.

For our management, the marathon has been a revelation. On one hand, it has been a suitable mechanism to promote teamwork, participation, positive competition, motivation, responsiveness, training, and goals fulfillment. It has also provided a space for thought, investigation, and creativity.

On the other hand, it has inspired a human group that is now totally committed and willing to work and to learn about the principles and concepts of social responsibility. Our efforts and management’s objectives toward Corporate Social Responsibility are, therefore, not in vain, and as the marathon has demonstrated, we have been seeding in fertile ground. ■

# SILVOPASTORAL DAIRY FARMING IN SOUTHERN COLOMBIA



**Nestlé**

**Creating Shared Value**

Nutrition | Water | Rural Development

By Daniel Suarez

Nestlé believes that for a business to be successful in the long term, it must create value not only for its shareholders but also for society, including farmers who play a vital role in local communities across the world. Nestlé calls this Creating Shared Value and focuses efforts in three key areas: nutrition, water, and rural development.

Nestlé has a long history of helping farmers become more prosperous suppliers, and therefore it is impacting the incomes and health status of large numbers of people in rural areas. The company's commitment to working directly with farmers in rural development is central to its business strategy: to ensure a stable, high-quality, and safe supply of agricultural raw materials. This is particularly true for our two major ingredients of milk and coffee, but also for other important crops.

## Southern Colombia

Since its arrival in this southern region of the country more than 35 years ago, Nestlé has been the main dairy company permanently active in Caquetá. The area was identified as a region with high potential for milk production and has since embedded dairy culture in the community.

Milk purchasing began in 1974 and a pre-condensing plant was built in Florencia (Caquetá's capital) in 1978. To cope with the increasing number of



collection points, cooling tanks were installed at strategic points in 1995 and, in 1999, 170 new units belonging to the local dairy associations were installed. The region has now evolved into a dairy district, where Nestlé works closely with farmers to provide advice on the latest technologies, animal nutrition, animal genetics, and farm infrastructures.

Cattle farmers of Caquetá have their milk permanently collected by simple but ingenious means such as animal-drawn carts, trucks, or canoes, and have now managed to consolidate one of the most promising dairy districts in the south of Colombia. Importantly, livestock farming also constitutes the main source of legal income in a region suffering from armed conflict and narcotics cultivation.

### Silvopastoral System

With the aim of increasing fresh milk production volume, reducing the amount of land use, and introducing environmentally sustainable practices, Nestlé Colombia started to work with 13 pilot Caquetá cattle farms to gradually introduce a new system called “Silvopasture”.

This system protects the soil and the environment by combining pasture land with trees and shrubs, increasing profit for the farmer along with milk quality and quantity (liters/hectare).

Furthermore, the introduction of leguminous shrubs to the traditional grasslands brings a multitude of benefits: enhances the productivity of the land without increasing livestock borders; improves pasture fertility because the trees extract water and nutrients from soil horizons; and provides direct benefits such as fruits, firewood, and timber. Additionally, tree cover offers a favorable microclimate for the animals — keeping them cool and therefore maximizing productivity.

### The project so far...

This project is currently in its first phase, with 234 acres across 13 farms in environmental reconversion. These farms have

made strong environmental commitments: to not deforest, to generate new pasture areas, and to correctly manage their water supplies.

The initial results speak for themselves:

- Milk production per cow has increased from three- to five-and-a-half liters per day.
- The average number of cows per hectare has increased from 0.6 to 1.3.
- Overall milk production has increased from 1.8 to 7 liters per hectare.
- The average liters per farm has increased from 117 liters/day to 203 liters/day, increasing milk production across the 13 farms by 74 percent.
- Each of the 13 farms has been able to employ an average of two new staff.
- The monthly increase of farm profit is \$650, equivalent to a 47-percent rise.

Nestlé is looking to expand the project to 130 farms in the second phase over the next two-and-a-half years — if the conditions are appropriate for the development of shrubs — and to ultimately work with more than 1,300 farms to implement the Silvopasture System across southern Colombia.

The Silvopasture System works at three levels of vegetation: first are the pastures, second the shrubs, and third the trees. We can see that the advances in levels of vegetation in the first stage are:

- Level 1: 100%
- Level 2: 50%
- Level 3: 98%
- Total: 82%

Nestlé has invested more than \$140,000 in this project already, providing technical support and credit loans for the small cattle farmers. Over the next 10 years, the project aims to increase milk production by 242 percent and jobs by 50 percent in the Caquetá region. Nestlé will work closely with local farmers to achieve this ambition and will encourage farmers to use the support and knowledge on hand from the Center for the Investigation

in Sustainable Systems of Agricultural Projects (CIPAV).

This project Creates Shared Value, as we can identify benefits for all:

- Farmers enjoy increased milk production per hectare with enhanced nutritional content and microbiological quality. Improved milk has the added benefit of improving the weaned calves' weight.
- There is an improved environmental impact due to the reduction of pre-Amazonas deforestation, the slowed advance of the agricultural border (loss of fertile land), the reduction of erosion, and enhanced biodiversity.
- The local community profits from a sustainable dairy farming market in a region suffering from armed conflict and narcotics cultivation.
- Nestlé experiences the tangible increase in quantity of milk collected without having to match the increase in pasture area.

As a consequence, more milk can be collected per kilometer traveled.

### UN Millennium Development Goals and Global Compact Principles

The project contributes to the realization of the United Nations Millennium Development Goals by providing jobs and sustainable income in one of the poorest regions of Colombia (MDG 1), as well as helping to ensure environmental sustainability by reducing biodiversity loss, soil erosion, and expansion of the pre-Amazonas livestock borders (MDG 7). It also implements the spirit of the UN Global Compact's environment principles.

Around the world, Nestlé is helping farmers in 32 markets improve earnings and ensure the supply of quality raw materials in the Sustainable Agriculture Initiative Nestlé (SAIN) programs and dairy districts. ■

For more on Nestlé's commitment to sustainable rural development, visit: [www.creatingsharedvalue.org](http://www.creatingsharedvalue.org)

# BLUEPRINTS FOR CHANGE – THE SUSTAINABILITY IMPERATIVE

By Susanne Stormer



50 – 50 – 50. By 2050 there will be 50 percent more people in the world, and we will have been responsible for reducing global carbon emissions by 50 percent. A seemingly simple equation, yet a tall challenge. It makes it painfully clear that sustainable development hinges on our ability to manage growth sustainably and not only make up for the harm we inflict on the global ecosystem, but also to effectively decouple economic value creation from environmental degradation and social inequality. Sustainability is no longer just about restoring balance – survival for the long term requires that the global community collectively is able to generate and accumulate positive societal value.

In the face of this scenario, what is our response as businesses and as global citizens? Our brains have been conveniently programmed with two reaction patterns: flight or fight. In this case, it seems we have only one option.

Imagine for a moment that, like the globe we know, you are living an active life, in mid-life, and with a family that depends on you. Not everything is perfect, but overall your life is good, until one day you are diagnosed with type 2 diabetes – a progressive and irreversible condition that will, slowly but surely, degrade your health and life, if left unattended.

Diabetes is a metabolic disorder affecting the way our bodies use digested food for growth and energy. The prevalence of type 2 diabetes is closely associated with unhealthy lifestyles – sedentary habits and diets rich in fat, salt, and sugar. Hence, lifestyle changes and exercise are the first step in a treatment regimen, which will eventually require lifelong therapeutic treatment to effectively lower blood sugar levels and help people with diabetes to get it under control.

With such an outlook, no wonder most people are paralyzed when confronted with the diagnosis. But there is

another way: reorientation. A balanced lifestyle. Through a combination of effective self-management and support by family and professionals, a person with diabetes is not only able to lead a near-normal life, but can in fact be a role model for healthy living.

## Addressing the sustainability disconnect

This analogy makes it strikingly clear that we have to chart a different course. Already today we are punching well above our weight, using 50 percent more than the earth's capacity allows for, yet the warning signals are too often dismissed, and certainly not acted upon with resolution. The sustainability disconnect is evident: While a majority of corporate leaders say that sustainability would have an impact on their businesses, only a few of them have developed business cases for sustainability. Collectively, we are acting like a patient who knows that taking medicine will be good for them, and still we refuse to take it.

So how can we begin to understand the implications of the increasingly unsustainable and imbalanced global development: economically, socially, and environmentally? And once we do, how will we ensure that our business decisions consider all of these dimensions and seek to take a balanced view, weighing short-

Fabian Wenger from Germany (right) has type 1 diabetes, while his twin brother does not. Their future depends on our actions today.



term against long-term, and individual interests against the common good.

One way to start is to face the facts: The call for change is much more than a popular political slogan; it is an imperative that business leaders must come to grips with. Global sustainable development is our business, too. Secondly, frame a compelling vision of a more attractive future and identify the building blocks that will get us there. Then, set a time-bound target and allocate sufficient resources to make it achievable. And finally, monitor and measure progress — in terms of both societal progress and business benefits.

At Novo Nordisk defeating diabetes is our business and at the heart of our promise to actively promote sustainability. Improved access and quality of treatment and care, timely diagnoses, and effective prevention are our strategic priorities, for the benefit of people with diabetes and their families, people at risk, society at large — and the long-term viability of our business. We see no contradiction here. On the contrary, in our experience an inclusive view to doing business correlates well with corporate profitability. We build this argument on facts, captured in robust business cases and evidenced by consistently solid performance — in financial terms as well as non-financial. Case by case we will present a blueprint for change, inviting stakeholders to engage with an aim to challenge or replicate.

At this juncture, marking the first decade of the Global Compact, this is the essence of our immediate challenge as a global business community: How do our achievements — as individual businesses — stack up in the big scheme of things? How do we know that we are making progress? In building a new era of sustainability, more than ever we need to bring into play what businesses do best: drive performance against ambitious and challenging targets. And what target can be more rewarding than ensuring that “plus 50” and “minus 50” does not result in a zero sum, but on the contrary, adds up to a healthy future with a positive balance. ■

## FACTS

Novo Nordisk is a global healthcare company with 87 years of innovation and leadership in diabetes care and leading positions within hemophilia care, growth hormone therapy, and hormone replacement therapy. Headquartered in Denmark, Novo Nordisk employs some 30,000 employees in 76 countries, and markets its products in 179 countries.

Novo Nordisk strives to conduct its activities in a financially, environmentally, and socially responsible way. This “triple bottom line” approach makes it possible to deliver long-term value to the business and contribute to the global society. The strategic commitment to sustainable development, underpinned by an active commitment to the UN Global Compact since 2001, has brought the company onto center stage as a leading player in today’s business environment, recognized for its stakeholder engagement and performance within sustainable development. Novo Nordisk has been consistently rated gold class in the Dow Jones Sustainability Indexes. For more information, visit [www.novonordisk.com/sustainability](http://www.novonordisk.com/sustainability).

# CARING BY NATURE



Océ is focused on creating value for all stakeholders by realizing profitable, sustainable growth. The Océ strategy aims to optimize business processes, strengthen its product portfolio, and boost distribution power. Sustainability underpins these strategic aims. A strong performance in sustainability contributes to efficiency, stronger product propositions, and provides a powerful market image. It is no coincidence that Océ embraced sustainability as part of its core proposition decades ago.

By Sandra David



Océ has a long history of environmental awareness. The company was founded in 1877 in the south of the Netherlands by a chemist called Lodewijk van der Grinten, who invented a completely natural coloring agent for margarine so that everyone, not just the well-off, could enjoy something healthy and appetizing on their bread. Earlier that same year, Mr. van der Grinten had investigated the quality of drinking water at the pumps in the town where he lived and the quality of the flour used by local bakers for the local health authority. These innovative practices have been handed down throughout the history of Océ: This commitment to environmental and social responsibility that the Océ founding fathers demonstrated in the mid-19th century is just as strong today.

## Contemporary commitments to people and the environment

Since 2002 Océ has subscribed to the Global Compact of the United Nations. Océ addresses the principles of the UN Global Compact continuously in both its product development and its own operations.

In 2009, Océ made progress in each of the Global Compact stipulated areas by joining the Electronic Industry Citizenship Coalition (EICC). The EICC promotes an industry Code of Conduct for global electronics supply chains to improve working and environmental conditions. This Code of Conduct outlines standards that ensure working conditions in the electronics industry supply-chain are safe, workers are treated with respect and dignity, and that manufacturing processes are environmentally responsible. The UN Global Compact Principles were instrumental in the preparation of the EICC Code of Conduct.



Reusing machines and parts is beneficial to the environment.

manufacturing sector, is an integral part of sustainability. Not only does reuse save precious resources, it also minimizes landfill waste.

Océ products are typically built for long, intensive use under difficult circumstances. Designers at Océ develop products with a total lifecycle in mind. When a lease period for a machine (often between three to five years) comes to an end, a machine does not end up on the scrapheap, but its parts are refurbished and readied for reuse. Parts and modules are not type-specific and are designed to be used in a broad range of different printing systems.

Used machine parts from customers are recovered in special remanufacturing facilities, creating a constant stream of parts and units. These components are suitable for reuse as service parts and in new machines. Complete machines can also be refurbished and returned to market. In 2008 the company launched a series of remanufactured machines under the Océ Prémia Class label. In 2009 the popular Océ Prémia Class program was enhanced with the addition of new models. These remanufactured machines are equipped with new and popular functionalities that use fewer materials and less energy, which reduces carbon emissions during the production processes. An Océ study in 2009 revealed that the CO<sub>2</sub> footprint for producing a remanufactured system is almost half that of a newly-produced system.

In 2008 Océ set a corporate target on the reuse of materials: "By 2010 the amount of reused parts in Océ-developed products will be more than 20 percent." In 2009 the total use of materials for Océ-developed products amounted to 4.5 kilotons — 22 percent of which con-

sisted of reused materials. This means Océ reached its target ahead of schedule. Additionally, Océ supplied approximately 12,000 refurbished service parts (150 tons) to customers. The increase in reuse is a result of optimizing Océ's remanufacturing activities. In 2010 this will be continued by shifting several local remanufacturing activities, such as workshops, to centralized asset-recovery facilities.

### Intrinsic values

Building an ever evolving sustainable business has always been one of the core business principles of Océ. We do this by developing products and services that add value to the document processes of our customers while minimizing environmental impact. And we conduct our business activities in a socially responsible manner aimed at preventing health, safety, and environmental risks. These philosophies are truly part of the DNA of the company, as they were already practiced when Océ was founded in 1877. Sustainability has been a driving force throughout the years — and will continue to be so, going forward.

### About Océ

Océ is one of the world's leading providers of document management and printing for professionals. The broad Océ offering includes office printing and copying systems, high-speed digital production printers, and wide-format printing systems for both technical documentation and color display graphics. Océ is also a foremost supplier of document-management outsourcing. Many of the world's Fortune 500 companies and leading commercial printers are Océ customers. With headquarters in Venlo, the Netherlands, Océ is active in about 100 countries and employs some 22,000 people worldwide. Total revenues in 2009 amounted to €2.6 billion. ■

For more information on Océ, visit [www.oce.com](http://www.oce.com) or [www.sustainability.oce.com](http://www.sustainability.oce.com).

Océ is committed to progressively aligning itself with the provisions of the EICC Code of Conduct. In order to encourage and support first-tier suppliers to also become aligned with the Code of Conduct provisions, Océ sent its suppliers a Supplier Declaration on the EICC Code of Conduct and invited them to show their commitment to the EICC by signing. The three principal Océ manufacturing sites in Venlo (Netherlands), Pöpping (Germany), and Vancouver (Canada) included their major suppliers, thereby covering 78 percent of their total supply base expenditure. By the end of 2009, half of the addressed suppliers returned a signed declaration. This translated into 47 percent of the total supply base expenditure of Océ being aligned with the EICC Code of Conduct.

### Maximizing reuse

Operating in a sustainable way is embedded in Océ's way of working. The ability to reuse materials, particularly in the

# FACTORY OF THE FUTURE – THE OTTO GRAMEEN TEXTILE COMPANY

*otto group*

By Andreas Streubig

Over two million people work in the textile industry in Bangladesh, with women accounting for 80 percent of the workforce in clothing factories. The clothing industry is one of the region's key employers and plays an important role as a source of income for the poorest strata of society. These people need the jobs, yet all too often they have to work in textile factories under poor safety conditions for wages that do not even cover their basic needs.

Several Western retail companies are working to prevent such labor conditions in their production facilities; one of these is the Otto Group, headquartered in Hamburg, Germany. The Otto Group's commitment to social and environmental responsibility has a long tradition. Environmental protection was established as a corporate aim way back in 1986. What is more, the individual company OTTO integrated a Code of Conduct into its supplier framework agreements in 1996; this Code has since been expanded to include all Otto Group companies. It is an integral part of the Group's contractual relationships with its suppliers and forms the basis of the Otto Group's internal monitoring program and Social Management System.

## The first "Type II" social business

Good working conditions as well as the health and safety of workers in the supply markets are of the utmost importance to the Otto Group. As a sign of their commitment, the Otto Group and Grameen

formed a joint venture in 2009 to establish the Otto Grameen Textile Company. The "Factory of the Future" will be set up in Dhaka, the capital of Bangladesh. Along with producing clothing for export under socially and ecologically sustainable conditions, it is intended to serve as a beacon project for this form of sustainable business practice.

Dr. Michael Otto, chairman of the Otto Group Supervisory Board, is confident about the venture: "The Otto Grameen Textile Company will show that it is entirely possible to harmonize ecological and social criteria with economic aims."

The social entrepreneur and Nobel Peace Prize winner Professor Muhammad Yunus is a project partner. He is committed to creating a poverty-free world. As such, the Otto Grameen Textile Company is a so-called "Type II" social business, meaning the profits generated by the company are not paid out as a dividend to investors, but are used to improve the living conditions of the workers, their families, and the communities.



In November 2009, Dr. Michael Otto, chairman of the Otto Group Supervisory Board, and Nobel Peace Prize winner Prof. Muhammad Yunus agreed to form the joint venture to establish the Otto Grameen Textile Company.

All aspects of the company are sustainable – from the ecologically optimized building and exemplary working conditions to its social involvement in the region. The Otto Group is of-

fering an interest-free loan to cover the investment costs, with the start-up capital being repaid over a period of 10 to 15 years from the profits of the Otto Grameen Textile Company. As soon as the social business is self-financing, the profits generated — overseen by the Grameen Otto Trust — will be used for the long-term improvement of the living conditions of the region's poorest people.

### Ecologically optimized factory building

It is anticipated that the Otto Grameen Textile Company will commence operations in 2011 and produce around 250,000 to 300,000 articles per month for export. The textiles will be produced in an ecologically optimized, CO<sub>2</sub>-efficient factory building equipped with the latest insulation, energy-saving lighting, and

optimized ventilation systems.

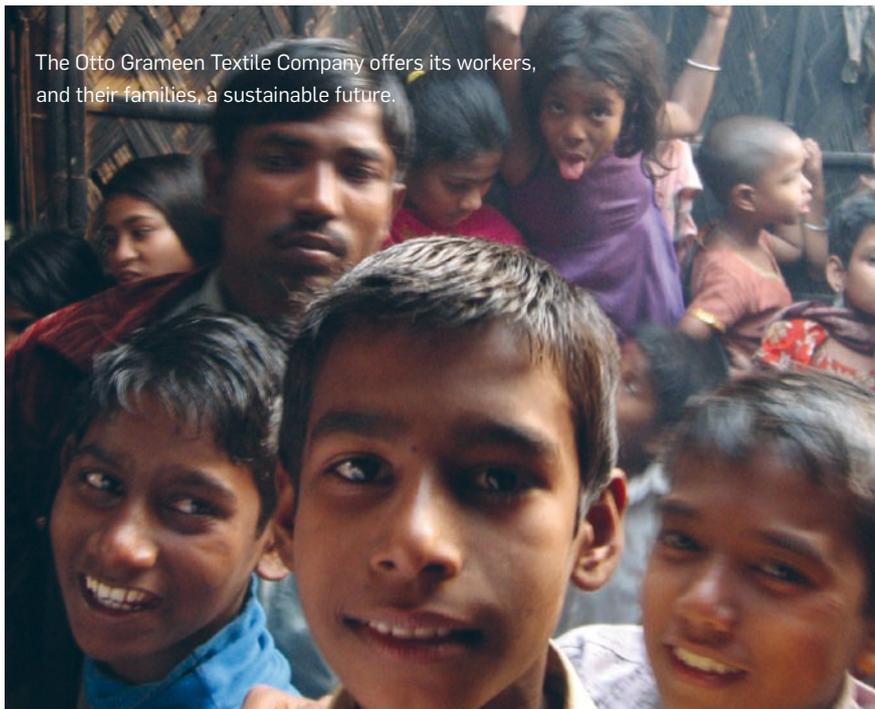
### Exemplary social benefits

The Otto Grameen Textile Company offers the region's poor the opportunity to free themselves from poverty. "Poor people are not asking for charity, as charity is not a solution for poverty. They want to work to earn their livelihood. Our company will provide an example of how to tackle poverty in the world," explains Professor Yunus. Fair wages, good working conditions, and social benefits are the cornerstones of the social program for the 500 to 700 workers. T-shirts, sweatshirts, and underwear will then be cut, sewn, pressed, and packed at the Otto Grameen Textile Company.

Workers will be offered further education and training opportunities as well as healthcare, and will receive a healthy lunch. During working hours, their children will be looked after in a workplace daycare center offering pre-school classes. In a second stage, assistance will also be provided to neighboring communities in the form of educational offers, healthcare, and the setting up of sanitary facilities. The focus of the efforts will primarily be on fostering individual, community, and social progress by offering extensive educational offers.

### Emulation welcomed

"Opportunities for the workers to gain qualifications, the introduction of high environmental protection, and work safety standards are an example of how the UN Global Compact Principles are being implemented in practical terms. The Otto Grameen Textile Company should serve as a model for further textile factories in Bangladesh, and prompt the entire industry to take similar action," says Dr. Johannes Merck, vice president Corporate Responsibility of the Otto Group, summarizing the venture's goals. The plan is to extend the factory in Dhaka in the second phase of the project, with possible long-term expansion of the concept within Bangladesh and to additional countries. ■



The Otto Grameen Textile Company offers its workers, and their families, a sustainable future.

## SOCIAL BUSINESS

The purpose of a social business is not to maximize profits; rather, the highest priority is on pursuing social and often ecological aims. There are two types of social business: the so-called Type I business gives the poor access to affordable food, products, healthcare, and education. The company does not have to generate a profit — it just has to cover its own costs. In contrast, a Type II social business is profit-oriented. However, the profit is not paid out in the form of return on capital, but is used for the benefit of workers in the form of a social return on investment. The objective here is to make a lasting improvement to the local population's living conditions. Grameen Otto is the world's first Type II social business.

# PETROBRAS DEVELOPMENT & CITIZENSHIP PROGRAM



The Petrobras Development & Citizenship Program brings together the company’s principal investments in social projects in Brazil. Designed to have a long-term vision, the program is aligned with the company’s Social Responsibility Policy and has the same time horizon as the Petrobras Business Plan. The program invests in social projects that contribute to promoting development with equal opportunities and harnessing local potential.



With a investment of R\$ 1.3 billion by 2012, the Petrobras Development & Citizenship Program possesses a set of performance indicators and goals that enable integrated monitoring and evaluation of the results of the social projects supported throughout the country. The projects fall into three categories: generating income and job opportunities; education and professional training; and guaranteeing the rights of children and teenagers.

The program holds an annual public tender to select social projects, thereby ensuring both transparency and democratic access to its steadily increasing sponsorship resources. Every year, a request for proposals document is issued, inviting social organizations from throughout Brazil to propose projects to tackle poverty in the country in partnership with Petrobras. The submitted proposals are analyzed by in-house and external evaluators.

UNICEF Stamp Project – Approved Municipality,  
Location: Brazilian Semi-Arid Lands

Requests for sponsorship are welcomed from NGOs, government entities, community organizations, universities, and other institutions in all states of Brazil.

Proposals involving the Rede de Tecnologia Social (Social Technology Network) organization are prioritized. Preference is also given to projects developed through interaction with the community, featuring replicable methodologies and effective solutions for social transformation that could be adopted as public policies.

By means of a widely publicized and transparent process, submitted proposals are sorted, administratively and then technically, before being evaluated by a committee composed of Petrobras workers and renowned professionals from the third sector, the media, and academia.

Over the course of 2009, Petrobras worked to implement a Systematic Study of Social Investments, incorporating the analysis, selection, approval, monitoring, and evaluation of all social projects supported in the country. As part of this, around 350 Petrobras technicians and 498 social organizations from all Brazilian states received training at the Petrobras University in Rio de Janeiro.

The Petrobras Development & Citizenship Program has a strategic, transformational philosophy that entails not only transferring financial resources, but also strengthening autonomy, organization, and work integration with the co-participation of the community. Continuous monitoring and evaluation results in improvements to the projects' management, processes, and methodologies, as well as the systemization of social technologies that can be shared to strengthen public policies.

One initiative that warrants highlighting in the "generating income and

job opportunities" category is the "Arassussa: Sustainable Araçuaí" project. Developed in Vale do Jequitinhonha, a rural region, the project tests different social technologies in a convergent manner with the aim of building sustainable cities. The project works simultaneously with a wide range of initiatives including bioconstruction, permaculture, rainfall collection, medicinal plant gardens, hydroponics, the establishment of cooperative, sustainable craft workshops, energy production, and carbon capture.



Sculpture workshop during an event of the Project named Juventude que Samba, Trabalha e é Feliz (Youth Dancing the Samba, Working and Happy), Location: Rio de Janeiro, RJ.

Petrobras is also carrying out a project in partnership with the United Nations Children's Fund (UNICEF) to guarantee the rights of children and teenagers in the semiarid region of Brazil, an area known for its extreme poverty. Through the UNICEF "Approved Municipality" certification project, communities and public officials are being trained and invited to contribute to promote better living conditions for young people in the region.

In the last edition of the project, approximately 1,130 municipalities from 11 states in the semiarid region applied for the UNICEF approval, and of these, 262 obtained certification. One of the results is that the rate of child malnutrition among children under the age of two has halved, which means that around 291,000 infants were spared malnutrition. Access to prenatal care has risen 21.2 percent and disparities between age and school grade have diminished 63 percent.

Petrobras is also a partner of the Portela, Salgueiro, Vila Isabel, Beija Flor, and Rocinha samba schools in building "Olympic Village" sports centers and providing youth training for the carnival industry. These projects create job opportunities not just in the hangars where the samba schools make their floats and costumes, but in related industries such as fashion, the arts, entertainment, beauty, children's parties, jewelry, and crafts, throughout the whole year.

Around 6,470 young people from poor communities in Rio de Janeiro and Nilópolis have already participated in courses in carnival costumes, information technology, and citizenship, as well as sports activities in the Olympic Villages. Of these, 694 worked on the 2009 carnival. A further 30 former participants set up a cooperative hired by Salgueiro samba school to make a portion of their costumes for the 2010 carnival. ■

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# PETROBRAS ENVIRONMENTAL EXCELLENCE CENTER



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CEAP Amazonia (Centro de Excelência Ambiental da Petrobras na Amazônia; Petrobras Environmental Excellence Center in Amazonia) – one of the most outstanding projects by Petrobras in the north region – has a crucial strategic importance, since it will decisively contribute to the reduction of oil industry intervention-related risks in Amazonia.

A Petrobras launch makes its way through the waters where the Solimões and Negro rivers meet in Amazonia.



CEAP Amazonia was introduced at the Amazonas Theater on July 5, 2007, with a stated premise of social-environmental self-sustainability. The initiative brings together the technological vanguard and scientific knowledge plus the commitment to social and environmental responsibility necessary for the company's sustainable operation in the region.

CEAP Amazonia implementation has a strategic relevance, primarily for reducing oil industry intervention-related risks in Amazonia. The Center is also a management tool for Petrobras' strategic partnerships in the region including universities, survey institutes, governmental bodies, nongovernmental organizations, and economic agents. The initiative management is undertaken by a commission comprising three Petrobras sectors: Health, Safety, and Environment (HSE); the Research and Development Center (Cenpes); and Social Responsibility Management, which integrates the Institutional Communication.

### Ongoing projects

Approximately 15 projects comprise CEAP Amazonia's portfolio, with investments above R\$ 500 million by 2012 and more than 100 surveyors from different institutions. The idea is that the Center shall continuously contribute to the integration, cooperation, and synergy within the diverse social-environmental networks in operation in the Amazon region and with a positive impact on the networks inside and outside Petrobras.

The Center is a binder of data obtained through surveys carried out in Amazonia. The Center compiles, for example, information on safety plans and river modeling in the region, oil spillage environmental sensitivity maps, and contingency strategies. Such knowledge provides support for the exploration and production operations, fluvial transport, and refining, so that we may act safely and without environmentally impacting the region.

At CEAP Amazonia, all research projects by Petrobras are classified into thematic cores. This arrangement enables

## MAIN GOALS OF CEAP AMAZONIA

- Consolidate Petrobras' commitment as a social and environmentally responsible company.
- Recognize the company as a leader in the operation in complex ecosystems (humid tropical forests).
- Increase the company's investments in science and technology in a sustainable way.
- Widen Petrobras' institutional relationships with the academic world, the government, and other society organizations and optimize the strategic partnerships with these institutions in Amazonia.
- Have the oil industry intervention-related benefits come to light in the region with the consequent risk reduction.
- Contribute to Brazil's geopolitical position concerning the issues of sovereignty and implementation of the commitments assumed by the country in the international scenario and in human development conventions.

a better resource application, greater synergy among the projects, and more easily accomplished resource-raising. CEAP Amazonia consists of a multidisciplinary human, technological, knowledge, and information network to manage Petrobras' project portfolio in Amazonia and at universities and survey institutes it partners with.

### Forecasts for 2011

Last February, a group comprising 17 experts of ATC (Technical and Scientific advisory council to CEAP Amazonia) visited Coari municipality, located 363 km from Manaus, to improve their knowledge of the activities developed at the Coari Waterway Terminal, improve knowledge of the local communities' habits, and list proposals for new surveys on the region to be implemented by 2011. There are 26 titles currently being voted on by the ATC commission to be further approved by the CEAP Amazonia Executive Commission.

The technical advisory council is composed of representatives of Cenpes and of the institutional communication; exploration and production; gas and power; and international areas as well

as of Petrobras Distribuidora, HSE, and Transpetro.

### Social and environmental commitment

CEAP Amazonia complements the company's mission very well, since it combines business strategies with the commitment to social and environmental responsibility. The Center counts on a wide network of partnerships, including several Brazilian and overseas institutions. This organizational framework results in CEAP Amazonia to be considered as a benchmark in the pursuit of sustainable development in Amazonia.

CEAP Amazonia's structured and integrated operation supports the geopolitical position of Brazil in issues concerning sovereignty and implementation of the commitments assumed by the country in the international scenario and in human development conventions. Finally, from the regional point of view, it enables the incremental scientific production and the creation of a solid infrastructure at the universities and research centers, allowing for the qualification and retention of human resources in Amazonia. ■

# PUMAVISION



By Dr. Reiner Hengstmann and Stefan D. Seidel

At the beginning of 2009, we introduced our sustainability concept, PUMAVision, to manifest and provide a practical framework for our long-standing work and efforts in Corporate Social Responsibility. At PUMA we believe that our position as the creative leader in Sportlifestyle gives us the opportunity and the responsibility to contribute to a better world for the generations to come. A better world in our vision – PUMAVision – would be safer, more peaceful, and more creative than the world we know today.

Through the programs of puma.safe, puma.peace, and puma.creative, we are providing real and practical expressions of this vision and 2009 saw many initiatives, projects, and activities that contributed to protecting the environment, raising awareness for peace worldwide, as well as supporting artists and their work.

In May, PUMA and the Global Reporting Initiative (GRI) announced that PUMA had become the first member of its Global Action Network for Transparency in the Supply Chain. The central purpose of the Network is for large companies to provide support to their small and medium enterprise suppliers in measuring and reporting on their economic, environmental, and social performance – known as sustainability reporting. Through PUMA's membership in the Network, its suppliers will benefit from capacity-building through GRI-certified training to prepare a GRI sustainability report. PUMA nominated 10 suppliers in Bangladesh, China, Pakistan, Portugal, and Turkey to receive training on the transparent measurement and reporting

on their sustainability performance using the GRI G3 Guidelines – the most widely-used framework for sustainability reporting. This project is the logical development following 10 years of compliance auditing at our suppliers by the puma.safe team and a successful pilot project on sustainability reporting in South Africa, in which three South African PUMA suppliers have already produced their own sustainability reports in preparation for the World Cup 2010.

September 21 was a historic day for PUMA: In support of the peace initiative Peace One Day, we shook hands with our competitor adidas for the first time in six decades and as a sign of joy and amicable cooperation. Employees of both companies played football together on United Nations Peace Day, raising awareness for this day globally. Further Peace games were held under the puma.peace initiative “One Day, One Goal” in all 192 UN member states.

In November PUMA became the first major sportswear company to join the Climate Neutral Network of the United Nations Environment Programme. We



Historic Handshake: Adidas CEO Herbert Hainer and PUMA CEO Jochen Zeitz shake hands during a joint football match on World Peace Day, September 21.

*(The two companies had not engaged with each other since the founding brothers Adolf and Rudolf Dassler split up 60 years ago.)*



Striking Solar Power: Photovoltaic cells integrated into the facade of the PUMA Store at the new PUMA Vision Headquarters in Herzogenaurach, Germany

announced this partnership at our 7th annual stakeholder meeting, “Talks at Banz,” at the Banz monastery in Germany. The cooperation is in line with our sustainability concept, PUMAVision, and underpins PUMA’s efforts to contribute to a low-carbon society.

PUMA will reduce its carbon footprint by converting to green energy such as solar power and other renewable sources, optimizing travel and logistics to reduce transport-related emissions and leasing more fuel-efficient cars for its company fleet, among other measures.

In December we opened our new company headquarters, the PUMAVision Headquarters, in Herzogenaurach, Germany. Through numerous innovative energy- and electricity-saving strategies, we were able to cut down on our carbon footprint and reach our ambitious goal to make our PUMAVision Headquarters the first carbon-neutral-operated headquarters in the Sportlifestyle and sporting goods industry. Doing good for the world around us also made perfect business sense for PUMA as a company. Thanks to the use of solar energy, rain water in rest-

rooms, motion sensors to turn off lights, and concrete core temperature control, we are not only cutting our carbon emissions but also our costs, thereby effecting substantial financial savings.

Our company and brand must, however, face the reality that neither our business nor our industry are currently sustainable in a way that does not affect future generations, the climate, or the biodiversity of our planet. We must make our contribution to ensure that both our environment and our heritage survives so that future generations can experience it, learn from it, and be inspired by it.

To ensure that PUMA follows this path, to stay focused on our ultimate goal, we have established the 4Keys – the principles that guide us in everything we do, how we go about our business, and how we treat our employees, business partners and, ultimately, the environment around us. It is the key of fairness, the key of honesty, the key of a positive attitude, and the key of creativity. These keys provide us with an ethical framework to overcome any obstacle

that stands in the way to the commitment we have made to do more than just what is expected, and to go beyond what is merely required. We have already started to find innovative ways to reduce our carbon emissions, to curtail wasteful transportation, recycle and reuse available materials, use water sparingly, become paperless to save nature, and stand ready to adapt to challenges that will present themselves as we work toward the goal of becoming an exemplary example of sustainability.

PUMA has made solid steps in working toward being a sustainable company. In this process we have learned that we will not only leave the possibility to future generations of having the material resources to maintain a standard of living as good as our own, but also the consciousness to continue living in a way that protects our world and continues an ethic of responsible consumerism. In addition, it makes perfect business sense by effecting financial savings. We now understand that through sustainability, not only can we help our customers to look and feel good, but at the same time we can also do good for our world and for the returns of all our stakeholders. So we will become strong by affecting good, we will become successful by inspiring responsibility to our planet, we will provide wealth by pushing every boundary of accountability of our actions, and we will survive, as we know that our survival depends on the survival of all and everything around us – now and into the future. ■

For more information please visit:  
<http://vision.puma.com>

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# PROTECTION OF STEPPE BIRD SPECIES

Minimizing environmental impacts and preserving biodiversity have been areas of concern for REN for a long time now. This is why REN tries to manage its activities in accordance with, among other things, the Ten Principles of the Global Compact. REN is responsible for the management of Portugal's electricity system, including the quality and security of supply, which are essential to Portugal's economic and social development. During the infrastructure planning phase, REN's concern for finding solutions that would minimize environmental impacts is very clear, especially when developing new grid and network infrastructures.



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As business should support a precautionary approach to environmental challenges, Environmental Impact Assessments are carried out for most of REN's projects in order to guarantee that every environmental aspect is taken into account. Therefore, the Alqueva-Balboa interconnection with Spain, in the Portuguese section, was no exception to this rule. The Environmental Impact Statement that was issued in July 2004 established the implementation need for certain compensatory measures regarding the protection of steppe bird species (Crane and Little Bustard). The fact that this line crosses a Special Protection Area (SPA — Moura/Mourão/Barrancos) may create negative impacts in this protected area. The compensatory measures aim

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One of the main threats to these species results from the collision with power lines. REN has accepted responsibility for preventing and mitigating the impacts of this threat, as far as possible, and is convinced that, with this support, it will be able to:

- learn more about the impacts of electricity transmission activities on these species;
- learn more about the dynamics of bird movements and identify the most important areas for the conservation of the species that should be taken into account during project development;
- take action to minimize and offset negative impacts;
- help increase the population of steppe birds.

at protecting the aforementioned species by compensating the habitat losses and the excess mortality created by the presence of this line. These measures entailed a combined cost of €840,000 over three years.

### Goals of the project

The objective of this project can be typified through the compensation of the Little Bustard and Crane population losses in the SPA due to the line crossing that area. To achieve this objective, the measures carried out look for the increase of quantity and quality of the steppe habitat and the reduction of bird flights crossing the overhead line, between roosting and feeding areas, thereby also reducing collisions with the overhead cables.

After a previous monitoring period, in order to identify and quantify the intervention areas, REN established, in November 2007, a methodological protocol under the Environmental Impact Statement with PROCESL – Engenharia Hidráulica e Ambiental, Lda. in order to guarantee the implementation and monitoring of these measures.

### Compensatory measures

To accomplish these goals, some measures have been undertaken, including the allocation and management of agricultural areas, in order to improve

biological value for the abovementioned species. In the Little Bustard's case, it was not possible to fully reject the possibility of an exclusion effect caused by the power line in this steppe bird population. Therefore, habitat management measures were implemented, which were intended to improve the availability of feeding and roosting areas, and to compensate for population losses by increasing the carrying-capacity of the steppe areas. The total area that needed management was evaluated at 500 hectares. The partial areas are non-forestral areas and oak areas without understory vegetation but which contain cereals and/or grassland. The breeding and wintering areas that were used as compensatory measures for the Little Bustard had the following composition:

- 200 ha. of wheat
- 250 ha. of stubble or fallow
- 50 ha. of winter Leguminosae
- 50 ha. of spring Leguminosae

The adequacy of the crops to sow was previously agreed between the landowners and the project coordinators, taking into account specific soil analyses.

In the case of the Crane, it was also not possible to fully reject the possibility of an exclusion effect caused by the power line and thus, having a precautionary approach in mind, habitat management-measures were also implemented. With the objective of improving

the availability of feeding areas for this species, 100 ha. were sown with wheat in a 260 ha. fenced property, clearly improving the Crane's feeding area. It is important to mention that the initial measure only included an area of 190 ha., and therefore this area increase went beyond the one initially proposed, with obvious gains for the Crane.

In these 260 ha., it is also possible to find two weirs that were managed with the objective to create new roosting areas for the Crane. This measure aims to ensure the reduction of crossings between the feeding and the roosting areas. These two weirs were managed in specific locations while taking the following into account:

- minimum disturbance levels (absence of cattle and people during sunset and dawn)
- absence of physical barriers
- minimum distance to the power line of 1000 m
- absence of dense vegetation nearby
- absence of hunting activity

### Monitoring process

In order to monitor the Little Bustard population movements, some Bustards were captured and marked with a Platform Terminal Transmitter, which uses either Doppler effect or GPS for localization. Although there is no quantitative data available yet, the marked birds reveal some consistent use of the intended areas. In the case of the Crane, the monitoring is done by direct observation.

During the last years, the implementation of these measures has been followed closely by REN and it has been observed that the new feeding areas are being used by both species. Regarding the weirs, although they are not yet being used as permanent roosting areas, occasional use has been observed.

These are some of the many initiatives that REN is carrying out to prevent possible major impacts on the environment that may result from its activities. ■

# CLIMATE PROTECTION – AT THE CUSTOMER AND IN THE FACTORY

By Dr. Wolfgang Bloch and Ralf Pfitzner

Climate protection is a global challenge. To meet it, responsible industrial companies must take a holistic approach that combines innovative products for their customers with eco-friendly systems at their own production facilities. A look at Tangier, Morocco, and Regensburg, Germany, shows how this approach works in practice.

Tangier: At one of the largest ports for container ships in North Africa, a giant crane lifts containers from a storage area on the dock and lowers them one by one onto waiting trucks – a common sight at container ports around the world. Only this time there is a difference. The crane in Tangier consumes only half as much energy as its conventional counterparts. The result: less damage to the environment from CO<sub>2</sub> emissions and lower costs for the operator.

How is this possible? Siemens – together with Danish port operator APM Terminals – has developed a process that enables container cranes to recover the energy released when loads are lowered and recycle it back into their own energy supply systems. Sophisticated software – developed in cooperation with Delft Technical University especially for this energy management system – cuts energy consumption and turns conventional RTG (rubber-tired gantry) cranes into advanced ECO RTGs that meet the requirements of both modern global freight transport and active environmental and climate protection.

Today, 26 container cranes in the port of Tangier are equipped with this innovative Siemens technology. There are another 28 ECO RTGs in operation in the Spanish harbor of Algeciras on the European side of the Straits of Gibraltar and more than 100 in other parts of the world – including ports in China and India. And the number is increasing constantly.

## Part of the Environmental Portfolio

The ECO RTG is part of Siemens' Environmental Portfolio, which contains products and solutions along the entire energy conversion chain: from power generation to power distribution to energy consumption for both private households and industrial applications. The Portfolio also boasts energy-efficient products and advanced water treatment and air pollution control systems.

In 2009, products and solutions from the Environmental Portfolio helped Siemens' customers reduce their CO<sub>2</sub> emissions by 210 million tons – an amount equal to the total annual emis-

sions of New York, Tokyo, London, and Berlin, and 50 times the amount of CO<sub>2</sub> that Siemens generates through its own business activities. Encouraged by these figures, the company has raised the bar for 2011. With its Environmental Portfolio, it wants to help customers cut their CO<sub>2</sub> emissions by the end of next year not, as previously planned, by some 275 million tons but by a whopping 300 million tons – roughly the same amount of CO<sub>2</sub> now generated by New York, Tokyo, London, Singapore, Hong Kong, and Rome combined. Siemens-internal standards for environmentally compatible product development, innovations to grow green markets and efficient communication with customers and suppliers will make it possible to reach these ambitious CO<sub>2</sub>-reduction targets by further increasing the energy efficiency of products and solutions.

## From monsters to micro-components

A change of scenery: from an international port in Morocco to one of the world's

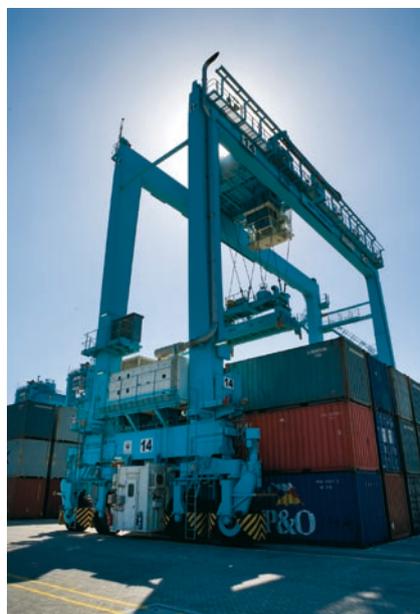


Above: Design diversity and energy efficiency. The reception building at OSRAM Opto Semiconductors facility in Regensburg is fully equipped with LEDs.

Bottom: A 50 percent cut in energy consumption – The ECO RTG container crane

most advanced factories in Germany – from giant cranes to tiny electronic components, so-called opto semiconductor chips. Only a few millimeters in size, these chips are the centerpiece of light-emitting diodes (LEDs), the innovative luminaries that are being increasingly used in dashboard instruments and car headlights, in architecture and street lighting, in traffic lights and display walls. The chips are produced in an OSRAM Opto Semiconductors facility opened in Regensburg in 2003.

Here we meet Martin Stange, head of the facility's plant management. Standing in front of a green, head-high machine, he explains to a group of environmental officers from other OSRAM locations how the device works. It is an absorption refrigerator. "Using the hot exhaust air generated in the emission control process, the machine converts hot exhaust gases, which have a temperature of 120°C, into the 'cold' needed to drive the cooling system," says Stange. This saves the energy that would otherwise be required for refrigeration.



The absorption refrigerator is part of a holistic energy concept for optimizing energy efficiency at the Regensburg facility. The concept was developed while the plant was still in the planning phase and then rigorously implemented during construction. The results are impressive: annual energy savings of roughly 17.5 million kilowatt-hours, which would be generated otherwise by gas and electricity, and a 5,200-ton reduction in environmentally harmful CO<sub>2</sub> emissions.

But the concept not only benefits the environment. The cost of its implementation – €1.7 million – was recouped in just two years.

Ideas like the holistic energy concept in Regensburg are some of the reasons why the greenhouse gas emissions at Siemens' production facilities are very small compared to those at other industrial companies. In 2008, the company's CO<sub>2</sub> emissions totaled 4 million tons – an 8 percent decrease over the year before.

But that is no reason to sit back and relax. Further progress is essential. For Siemens' production facilities worldwide, this means intensifying the focus on climate protection. By 2011, the company intends to raise its environmental performance in the areas of energy efficiency and CO<sub>2</sub> emissions by 20 percent on a revenue-adjusted basis.

### The big picture

The further development of the Environmental Portfolio and improvements in operational environmental protection at production facilities are part of Siemens' current Environmental Program, which – by cutting energy consumption and CO<sub>2</sub> emissions – is also a climate protection program. The monsters in Tangier and the production of micro-components in Regensburg are both examples of how this program, which is supported by worldwide environmental management and monitoring, works in practice: climate protection for the customer and in production – with the help of its holistic approach, the Siemens Environmental Program aims to achieve both. ■

# “WE’RE NOT JUST CHASING WINDMILLS.”



SKF technical development focuses not only on wind turbines as tomorrow’s clean energy source, but also on helping the traditional power generation industries reduce their impacts on the environment. It’s a balanced approach enabling new low-carbon technologies to develop while providing energy-saving processes, parts, and services to help today’s plants and equipment become more efficient. An interview with SKF CEO, Tom Johnstone.

*Mr. Johnstone, you have seemed very supportive of the climate change initiatives over the past several years, but from your recently published comments, I take it that you are skeptical of the potential of wind energy as the cornerstone of a low-carbon future?*

Not at all! In fact SKF has made significant investments both in research and development and in our manufacturing capabilities to meet the growing demands and new technologies required by the wind turbine industry. Investments have been made in bearings, seals, lubrication, services, and on-line monitoring to support this development. We have several recent examples of how integrating SKF technology has enabled our wind energy customers to develop and improve their products. In addition we have made significant capacity investments in our operations in Europe and the United States and built two new factories in China and India to support this growth.

But we must have a balanced approach. Wind energy will be an important source of energy for the future, but the traditional power generation industries will still supply the majority of our needs – at least in the foreseeable future. So we must work in parallel. We



SKF is a leader in developing solutions for the wind turbine industry, but wind power is not the only answer to today’s energy and environmental challenges, according to their CEO Tom Johnstone.

must focus on new energy sources such as wind while helping our customers improve the efficiency of their traditional energy-generation plants. In addition we must also help our customers using this energy to improve their efficiency and reduce energy use in their manufacturing and processing operations.

*So you are saying you don’t see any one single path or technological solution as the answer?*

Exactly. We must develop and introduce new technologies for power generation, including wind, solar, and tidal, and for newer, more energy-efficient equipment. But that is not the only path because these “clean tech” solutions will fall far short of meeting long-term carbon reduction targets for one simple reason – the tremendous worldwide installed base of plants and equipment.

Let’s consider the current installed industrial equipment. It is designed to have a long serviceable life span, and energy-related facilities such as power plants and refineries can have a planned operational expectancy of over 30 years. This presents a tremendous challenge and opportunity – here SKF can con-

tribute in two ways. The first is by providing solutions that improve efficiency and save energy in the sub-systems of these plants — pumps, compressors, motors, turbines, and other support systems. Examples include eliminating compressed air and steam leaks, better balancing of the equipment, and reducing friction through proper lubrication. This will effectively reduce the amount of energy the equipment needs to do what it does today. The second method is by proactively replacing or upgrading components. This can include adding advanced monitoring, maintenance, and protection systems and thus improving overall equipment safety, reliability, and plant performance. By improving efficiency, eliminating waste, conserving, and recycling, we can make important incremental improvements against a broad base of today's industries and ap-

standards such as the Leadership in Energy and Environmental Design (LEED) standard. But if you consider that SKF today has over 110 factories around the world, then we cannot simply afford to suddenly replace all the thousands of existing machines in these factories. Just imagine also the energy needed to make this new equipment. However, we can make these existing machines more energy efficient. That's the way you reverse the trend in the short term. You take the most recent advances — such as more energy-efficient bearings or improved maintenance practices — and apply them to today's existing capacity, in parallel with developing and introducing completely new clean solutions.

These parallel approaches are critical because new types of energy-generation technology will take time to implement, and we must remember that

same resources, or produce the same output with decreased resources. For me, this is the best strategy to reduce emissions.

*Why are you confident that you, or any other company, can rise to the technical and operational challenges that such a transformation will require?*

Within SKF I have seen how — with the right strategy, resources, and priorities — business can combine with technology to make significant improvements. It has been five years since we started to implement our BeyondZero strategy, and in this time I have seen how we have applied our engineering and application knowledge to deliver significant reductions in energy use and emissions. This has been achieved not only in our own operations, which is one part of the BeyondZero equation, but also with our customers, in their plant operations, and in their new equipment designs.

Carbon emissions from SKF manufacturing sites have been reduced by a net total of 27 percent over the past four years through initiatives focused on improving energy efficiency and reducing the carbon intensity of energy supplies. New plants and offices will give us the opportunity to apply even more extensive environmental-impact reduction strategies. The new factories we will open this year in Ahmedabad, India and Tver, Russia have been built in accordance with the LEED standard and will be one of the first of their kind to be opened in these countries.

*So is a sustainable future really possible?*

Yes it is, I believe. But it won't come from any one silver-bullet solution or single technical innovation or power source. It will take a dedicated, long-term, and systematic effort to introduce new, more environmentally-friendly ways of producing energy, reducing energy usage, and reducing waste. From an industry viewpoint, by developing paths for future new technologies, as well as for improving our huge installed base, we will contribute to a future that we will be proud to leave to our children. ■

## BEYONDZERO

The BeyondZero strategy is simple: to reduce negative environmental impacts and increase positive impacts in everything we do, so that the balance is increasingly positive. In 2005, SKF launched this program for sustainability by challenging the limitations of conventional environmental targets, which drive for reducing the negative impacts. In combination with our internal efforts on reducing negative environmental impacts, we aim to exceed the "zero" target by contributing positively to the environment by providing our customers with energy- and resource-saving products and services and engineering knowledge.

plications. These are clearly responsible steps in the right direction.

*But if you are committed to action, why not simply replace your current plants and equipment?*

Firstly, in all our new plants and new investments, we are putting in the latest technology. In addition, we have built our latest factories and offices following tough, globally recognised

the demand for energy in the world is continuously increasing. Even reaching a level of 20 to 30 percent from renewable and low-carbon energy sources will still leave us with a high dependence on fossil fuels. So, in the short term we should focus on making this percentage more energy efficient while we introduce new energy sources and new clean solutions. Together, these two paths or approaches can help us increase output with the

# GREENING OF SALINE AND ALKALINE SEDIMENTS



TATA CHEMICALS LIMITED

By Sabina Ratti

Tata Chemicals Limited (TCL), which was established in 1939, today is the second largest producer of soda ash in the world with manufacturing facilities across four continents. TCL's journey as a synthetic soda ash manufacturer began in Mithapur, on India's west coast of Gujarat. For many years Mithapur represented the sum total of TCL's soda ash manufacturing.

Over time TCL's Mithapur production volume has grown from 80 tons per day in 1944 to its current level of 2,400 tons per day. The volumes of wastes generated from its operations have grown as well. Solid waste disposal was one of TCL's biggest concerns. Before setting up the cement manufacturing plant that converts these effluent solids into cement in 1993, all the solid waste generated was stored in a corner of the factory site called Malara. Loss of land, dust emissions, poor aesthetics, public discontent, and regulatory pressures were the triggers for finding sustainable solutions. In course of time, people inhabited areas close to the site and the dumpsite became a point of discontent with the new residents due to dust constantly flying about, as high wind speeds prevail in these areas. To avoid the menace of dust, many attempts were made to reclaim the dumpsite through plantations, but the attempts were in vain.

A team was formed to work on alternative ways to improve things. The team came up with an innovative solution: The

use of bio-fertilizers and bio-remediation techniques to remediate the solid wastes and develop a green cover. It has resulted in the effective utilization of the waste generated to grow the plantations and, hence, contributed to the improvement of the environment. Simultaneously, TCL developed techniques for filtration of effluent solids and its subsequent use for cement manufacturing in solids generation.

## Nature is the best teacher

Nature is the best teacher — this was true for this project as well. Team members observed certain types of plants/grasses surviving in saline and alkaline lands in pockets of Mithapur, but their distribution was quite sparse. When their roots were studied in microbiology labs with the help of the TERI team (The Energy and Resources Institute, New Delhi), it was observed that a special group of microorganisms established themselves on the root system, thereby helping the plants/grasses to extract soil nutrients to

survive and defend themselves against the natural adversaries it faced in that area. The TCL team engaged the services of TERI's Centre for Mycorrhizal Research, Biotechnology and Management of Bioresources Division for the identification and isolation of observed special microorganisms, and to make pure culture samples of them in their laboratory. TERI was also engaged in establishing and maintaining the green belt.

The compatible bacterial and mycorrhizal consortiums were brought in and the plants' (saplings) root systems were inoculated. Sediments were also treated and with that the plantation was completed. It was a success. The plants resisted the harsh sediments. The microorganisms helped the plants to extract the insulated nutrients that were not available and the plants survived and have since grown. Today, the dry and lifeless dumpsite has been transformed into a lush green plantation with about six varieties of plants and three varieties of grasses. About 22,000 plants and an equal number of grasses are growing



### Reception and impact of the innovation

All over the world in landlocked soda ash industries, the solids settle in the sediment basins (settling ponds) and after these reach a certain height, they shift to the next set of ponds. The settling ponds remain as mounds of solid wastes. Those soda ash industries that are on the seacoast discharge the effluents into the nearby sea. These unsustainable practices have led to limitations in operation of soda ash facilities in many countries due to environmental issues related to disposal of solid wastes. No new plants are being proposed in the developed world due to the difficulty and cost associated with the solid waste management.

The current innovation provides an opportunity to all those industries that have piled up large quantities of solid wastes to recover the dumpsite areas. Lifeless substrata can be converted into lush green belts.

Due to overexploitation of groundwaters, saline waters are moving into inland areas. Monsoons, loss of traditional groundwater replenishment basins due to urbanization, and change in rainfall patterns (rain intensity) have resulted in rainwater runoff instead of replenishment. Moreover, the lack of groundwater management is lead-

with few support systems. A whole chain of biodiversity has started its life.

Once upon a time, no species could survive and now plants, ants, snakes, insects, butterflies, and a variety of birds flourish in that area. Once upon a time, the sediments were considered as a waste and a nuisance and now they

have turned into a substratum upon which one can cultivate cash crops like vegetables during favorable seasons with some management support. Growing plantations on inorganic chemical sediment without using soil and using saline water for irrigation was a dream come true for horticulturists.

## SEDIMENT ANALYSIS ZERO TIME AFTER FOUR YEARS OF BEING COLLECTED FROM RECLAIMED SODA ASH SOLID-WASTE-LADEN SITES

	EC (dSm-1)	pH	OC (%)	N (%)	P (ppm)	K (ppm)
<b>Initial status (Zero stage)</b>	74.1	11.45	0.25	0.01	4.74	67.47
<b>After 6 months</b>	45.25	8.65	0.56	0.22	6.54	125.65
<b>After 1 year</b>	30.15	8.5	0.75	0.28	9.15	145.62
<b>After 2 years</b>	15.36	8.25	0.78	0.27	9.55	152.65
<b>After 6 years</b>	9.26 - 19.8	8.32 - 8.93	0.0596 - 0.2898	0.0045 - 0.0112	29.6 - 200.8	61.5 - 183.5

ing to severe groundwater depletions. Transfer of saline water into the coastal areas is a serious problem. Farmers that depend largely on groundwater for their farming are losing productivity year on year due to soil chemistry change (increasing salinity). However, the current technology will pave the way for restoring those degraded lands and restoring productivity.

Many industries (distilleries, thermal power plants, etc.) that end up with large volumes of non-hazardous solid waste mounds can now process their wastes much more efficiently and create lush green belts or even cash crops, depending on their geo-climatic conditions using this unique mycorrhizal-based technology.

Climate change can be addressed by converting the coastal semi-arid/arid/fallow lands etc., into green belts. Plants that can survive in harsh conditions (dust storms, sand storms, and saline water irrigation) can be chosen and cultivated. They can become large sinks for carbon dioxide over a period of time.

Areas that had lifeless substrata can now be converted into green fields rich in biodiversity. A variety of flora and fauna should be chosen, which is very necessary in depleted biodiversity conditions.

Today, of the 30 acres of the dump-site area, 22 acres have been converted into lush green belts, and the area that was recently a barren wasteland is now rejuvenated and yields vegetables in favorable seasons.

### Why was it an innovation?

No horticulturist could ever believe that a plantation could be grown without using any natural soil and by using saline water for irrigation on alkaline and saline sediments. (graphic p. 81 – Zero time sediment analysis report). The substratum is an inorganic chemical sludge (nutritionally sterile) and after reclamation, it was converted into normal soil. Today, we observe secondary growth at the plantation (seeds fall, germinate, and grow), which was once an impossible task.

All over the world, the synthetic soda ash manufacturing industry had adopted the Solvay – Ammonia process, which was developed 150 years ago. About 250-350 kg of solid wastes are generated per ton of soda ash manufactured, and conventionally either they are discharged into the nearby water body (river / sea) or they are stored in stockpiles 7 to 40 meters high. Nowhere in the world was anyone able to convert the solid wastes into something useful.

The current project challenged the fundamental principles of biological science and made a near impossible thing a reality. No successful case studies were known whereby plants could survive and grow on such highly alkaline and saline sediments. This will help other similar industries to innovatively manage their solid waste problems. This will also pave the way to reclaiming saline-affected soil productivity in countries along coastlines.

### Aligned aspirations

Tata Chemicals approached the problem of a reclamation of stored solids in a 30-acre area and started with a pilot project of 2.5 acres. Since the previous attempts were not successful, technological intervention was required. The TERI team offered technological assistance to the TCL team. Both teams approached the problem and jointly worked together for nearly eight years with full enthusiasm and toward a common goal. Now it serves as a solution for many such industries. With its broad expertise and experience in providing sustainable technological solutions to the environmental problems faced by industries across the globe, TERI was a great support to TCL. Tata Chemicals was convinced that while addressing the local issue, the solution had wider national and international applications.

Since this project was the first of its kind, certain guidelines were set by the team itself, which really made the project unique. The team decided not to use normal soil for plantation, chemical fertilizers, fresh water (scarce availability),

and any external species (biodiversity issues). The team also decided that they should depend on and use:

- plant/grasses that are halophytic (saline resistant)
- not palatable to cattle
- domestic solid waste as manure (treated STP sludge)
- suitable microorganisms for sustainable plant growth (to learn from nature)
- encourage more biodiversity through careful plant selection

The challenge of growing plantation on a lifeless substratum without using soil and fertilizers was a daunting task. Coordination between the TCL team and the TERI team was very important so that trust could be established and that they could work toward a common objective. Progress on the project was shared in a monthly review meeting, wherein any problems were solved in a short time. Apprehensions about the success of the project were projected even after five to six years of project implementation. But the team kept the hope that it would happen.

### Conclusion

Withstanding all the hurdles and pressures, the TCL and TERI teams proved their mettle, and the proof of this can be seen today with the success of the green belt cover over several sites in Mithapur and Padli near the TCL factory. These green belts testify to the years of cooperation and research that both teams have given to the project to make the area a better place to live. This project has set a benchmark for industries across the world to improve their triple bottom lines and thus move toward the global of sustainable development.

Sanjay Choudhary, Chief Technology and Sustainability Officer at Tata Chemicals aptly says “this project is a modest effort to integrate the chemical plant operations with the biological supply chain and mimic nature for sustainable solutions ■

# The Whale Shark Campaign

One of India's most successful and internationally acclaimed conservation projects, the Whale Shark Campaign, is a collaboration of Wildlife Trust of India, the International Fund for Animal Welfare, Tata Chemicals Limited, and the Gujarat Forest Department. The campaign was initiated in January 2004 to spread awareness and to educate and change perceptions about the world's largest fish among specific target groups in the western Indian state of Gujarat.

Whale sharks are the world's largest fish and were slaughtered in large numbers on the Gujarat coast until the species was listed under Schedule I of the Indian Wildlife (Protection) Act, 1972 (under sub section (1) of section 61) on May 28, 2001. The effectiveness of the whale shark campaign in Gujarat has proven to be outstanding, as the turnaround recovery period for this brutally hunted species has come within the first four years of the campaign's initiation. Close to 100 trapped



## BACKGROUND

Whale sharks are the largest fish in the ocean and can grow up to 45 feet in length. In India they are found most frequently in the Arabian Sea along the shores of Gujarat in western India. Unfortunately, here it was hunted by the hundreds for its liver oil to waterproof boats and also for its meat, which was exported. In 2000–2001, over 500 whale sharks were estimated to have been massacred along the Gujarat coast. Other than the fishermen who hunted it, few people even knew that whale sharks existed in Gujarat waters. Whale sharks were called "barrels" here, as empty barrels were used as floaters to mark and capture them after harpooning.

Each hunted whale shark brought fishermen US\$1,125 – 2,250, making it a lucrative catch. Legal until 2001, whale shark hunting was banned after it became the first fish to be listed under Schedule I of the Wildlife (Protection) Act, 1972, under sub section (1) of section 61, on May 28, 2001. The following year, persistent efforts by India and the Philippines got the whale shark placed under Appendix II of the Convention for International Trade in Endangered Species.

However, the whale shark remained vulnerable on these shores. A survey done indicated low awareness of this hunted species and prompted the need for a campaign among the fishing community and other stakeholders to conserve these "gentle giants" and ensure their longer-term survival.

whale sharks have been voluntarily released by fishermen since the start of the campaign.

It would normally take about 10 years for the conservation of a commercially exploited species to kick in, but here we have managed to cut through time and limited resources to activate a response in four years on the strength of the concept of the campaign. It was a combination of key ideas: We provided information on the species; created a flagship with a life-size inflatable whale shark that drew people wherever it was taken; the spiritual ambassador, Morari Bapu, connected emotionally to the traditional and cultural ethics of local people and fishing communities. A huge groundswell of support was generated from young people and schoolchildren and the effects of the campaign were consistently and professionally surveyed. Today, all those who collaborated on this effort can finally hope that whale sharks in India are in safe waters. ■

# CLIMATE PROTECTION THROUGHOUT DIFFERENT PROCESS CHAINS



THE LINDE GROUP

By Dietlind Freiberg

The Linde Group is a world-leading gases and engineering company with almost 48,000 employees working in around 100 countries worldwide. In fiscal year 2009, it achieved sales of € 11.211 billion. The Group comprises two main divisions: Gases and Engineering. The extensive portfolio of the Gases Division ranges from the production of industrial gases to the delivery of processes, plants, equipment, and services for the widest scope of gas applications. We supply many different industries in almost 100 countries across the globe. Our Engineering Division builds plants to process and convert raw materials, also applying its wealth of process know-how to advance the field of renewable energies.



Blast furnace in a rolling mill.  
Oxyfuel technology saves energy  
and reduces emissions.

In our Corporate Responsibility and SHEQ policies, we make a firm commitment to protecting the environment, offering safe, eco-friendly products and services and pursuing research and development into particularly sustainable products, services, and technologies.

We regularly measure and evaluate company processes that have an impact on the environment and climate, publishing the results in our annual Corporate Responsibility Report in accordance with internationally approved standards. Measures to support climate protection are in place in both divisions, albeit at different stages of the respective process chains.

Hence lagging indicators (such as the absolute number of patents registered in a fiscal year) do not really capture the big picture. So we have also introduced an Environmental Innovation Perform-

ance leading indicator to benchmark our innovative contribution to environmental and climate protection.

### Environmentally sound gas applications

The deployment of our industrial gases and process technologies offers numerous opportunities across a wide variety of industries to help customers to reduce the impact of their operations on the environment and climate.

Linde's oxyfuel technology, for example, which uses almost pure oxygen instead of air for combustion processes, helped one of the world's largest steel companies to garner the 2009 Energy Achievement Award from the Association for Iron and Steel Technology. The award is presented annually to an individual or organization to recognize their deployment and use of innovative new technologies or practices that result in significant energy conservation improvements in steelmaking. The project with our customer reduced fuel consumption by 60 percent. In addition, over the last two years, Linde's oxyfuel technology has reduced nitrogen oxide and CO<sub>2</sub> emissions by 92 percent and 60 percent respectively. Moreover, it has given the company the chance to increase material throughput by 25 percent.

### Gases Division: Resource-efficiency

However, climate protection in the production facilities of our Gases Division focuses primarily on our most energy-intensive plants: air separation units and HyCO plants.

Linde engineers have always looked for new ways to operate air separation plants efficiently by saving energy. Our aim is to continue optimizing energy efficiency so we can reduce indirect CO<sub>2</sub> emissions. This has been a major driving force for us in recent years.

A HyCO plant is a collective term for different plants that produce hydrogen and carbon monoxide. The common methods of hydrogen production is steam



Refuelling coupling for filling compressed gaseous hydrogen

reforming of natural gas. Our HyCO plants primarily generate direct CO<sub>2</sub> emissions through hydrogen synthesis and the use of fuel to reach the reaction temperature required to produce gas. Also here we strive to constantly optimize our production processes.

### "Green" hydrogen

But Linde's long-term objective is to generate hydrogen more and more from renewable energy sources using ecologically sound processes. Although natural gas is the main hydrogen feedstock at present, experts are looking for green ways of producing this promising fuel. Biologists, for example, are focusing on cyanobacteria as a way of harnessing photosynthesis to generate hydrogen. Linde's hydrogen experts on the other hand have developed an innovative process for obtaining hydrogen from glycerine, a byproduct of various processes, including diesel refining.

In addition, Linde has always been a pioneer in the evolution of hydrogen technologies and is committed to further advancing commercialization of this environmentally sound energy carrier. Our expertise today spans the entire process from hydrogen production from fossil and renewable energy sources, through compression and liquefaction,

storage, and transport right up to fueling vehicles with compressed and liquefied hydrogen.

To achieve our goals here, we work closely with the automotive industry and fuel companies within the framework of numerous national and international collaborative projects.

### Engineering Division: Environmental friendly technologies

In our Engineering Division, climate protection is integrated at management level. Here, climate protection is covered under the Quality, Health, Safety, Environment management program. At the core process level, the spotlight is on the preparation of tenders and plant planning.

The Engineering Division has defined the so-called Health, Safety, Environment (HSE) Essentials, which include central HSE documents that must be completed during the planning phase of every plant engineering project; HSE requirements for construction sites; procedure in the event of unacceptable risks for Linde engineering employees at construction sites not managed by Linde; as well as the use of environmentally-friendly technologies.

This means whenever possible, our Engineering Division offers tried-and-tested process technologies that extend beyond the customer's Request for Quotation and/or local environmental regulations. Here we always undertake to advise our customers of the benefits of these solutions and demonstrate how they could be integrated in the relevant project to reduce the environmental footprint. This undertaking is an example of how our policies are being put in practice.

Further downstream, our engineering and environmental safety department ensures that the plant is engineered in accordance with customer specifications, applicable laws and statutory regulations, established guidelines and standards, and the latest advances in engineering and environmental safety. ■

# THE TMS GROUP'S GREEN CAMPAIGN

In 2009 The TMS Group launched an ambitious program entitled the TMS Green Campaign, which is designed to create awareness of significant environmental and energy conservation issues by promoting the “glocal” concept of “think globally and act locally.” Furthermore, the objective is to transform the awareness into actions and encourage employee-driven conservation practices within their workplaces, homes, and at the grassroots level in their communities.



By Jeffrey Revels

Research shows that energy use in commercial buildings and manufacturing plants accounts for nearly half of all global greenhouse gas emissions and nearly 50 percent of energy consumption worldwide. This is consistent within most developed nations and higher levels are foreseeable for developing nations. With workers spending an average of eight hours a day or more at their places of employment, the work environment offers a unique and prime opportunity for people to make a significant impact in energy conservation and to personally contribute to minimizing climate change.

Hence, the first phase of the TMS Green Campaign initiates action at the grassroots level with individual contributors in the workplace. Simple actions by employees can make a big difference in the overall energy performance of a single building and within the enterprise as an entity. Energy conservation activities are promoted across the enterprise and offer concrete solutions in the following ways:

1. *Save energy while reducing carbon emissions and costs, and minimize impacts on global warming.*
2. *Save resources and reduce waste through behavior changes and establishment of recycling practices.*
3. *Other opportunities to reduce the carbon footprint of our operations.*

The primer serves as an overall guide to establishing the concepts, vision, and agenda of the Green Campaign. Furthermore, delineated from the primer is a structured 6-Step approach for the successful implementation of the energy conservation program.

## **Step 1: Commit to Continuous Improvement**

The TMS Group targets both environmental and financial enhancements from well-managed energy resources in an effort to continuously improve energy performance. The program's success must be based on a regular as-

essment of energy performance and implementation of steps to increase energy efficiency.

■ Appoint a Key Focal Person and establish Energy Teams — these are cross-functional teams from all levels within the company, duly empowered to execute energy management activities across different parts of the organization and to ensure integration of best practices across the enterprise.

## **Step 2: Measure Performance**

Identifying and assessing current and historical energy consumption is the critical link in targeting “quick wins” and leveraging long-term opportunities to maximize energy performance and gain optimum financial benefits.

■ Assessing performance includes the periodic process of evaluating energy use for all major facilities and functions in the organization and establishing a baseline for measuring future results of efficiency efforts.

### Step 3: Establish Realistic Goals

Performance goals drive energy management activities and promote continuous improvement. Establishing attainable and measurable goals is critical for understanding intended results, developing effective strategies, and reaping benefits from energy financial gains. Well-stated goals guide daily decision-making and are the basis for tracking and measuring progress. Communicating and posting goals can motivate employees to support energy management efforts throughout the organization, and potentially lead to the development of a competitive spirit.

### Step 4: Develop a Plan of Action

The developed action plan must ensure a structured process to implement energy performance measures. The action plan becomes a “living document” with semi or annual renewals and is designed to reflect attainment of major milestones, changes in performance, and realignment of priorities.

### Step 5: Execute the Plan of Action

Achieving the desired goals will rely heavily on the awareness, commitment, and capability of the people who will implement the projects. The entire employee base within the enterprise is the key to any successful energy conservation program. The support and cooperation of key people at different levels within the organization are important factors for successful action-plan implementation in many organizations.

### Step 6: Evaluate Progress

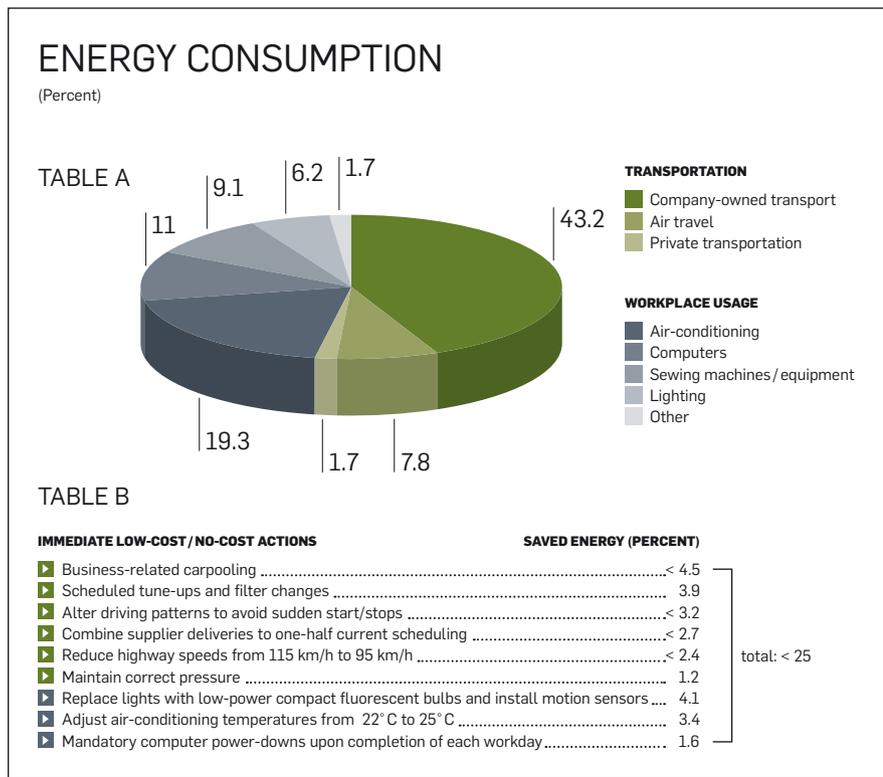
Evaluating progress includes the formal review of both targeted performance goals and actual energy use data and the activities carried out as part of the plans. Evaluation results will drive the creation of new action plans, proliferation of best practices, and enhanced performance goals.

Utilizing the primer concepts with the 6-Step process as the foundation, The TMS Group initiated the TMS

Green Campaign, emphasizing a global approach with the aim of minimizing carbon emissions. This specific area was chosen based upon three criteria: (a) significant reduction in emissions, (b) quick, measurable implementation, and (c) minimal start-up costs.

Table A illustrates the estimated percentage in 2009 of total end-user energy consumed by The TMS Group’s regional offices, which are divided into travel and workplace sectors. End-uses are ranked within the sectors from most to least energy-consuming. The majority of energy is consumed for only two purposes: to operate company motor vehicles and to regulate the temperature of office spaces. Hence the attention is focused on reducing carbon emissions from these major sources of energy consumption.

The nine actions in Table B could be implemented within all regional offices with little or no initial monetary cost. Six of the actions involve abatement of activities; three (scheduled vehicle maintenance, maintaining correct tire pressure, and using CFL bulbs) involve efficiency increases. Our office locations that implement all nine actions can potentially reduce their total direct energy consumption by 25 to 36 percent and their carbon emissions by a comparable amount. The TMS Group operational occupancy spans 11 buildings in six countries and includes a lease/own motor pool fleet of 40 vehicles. The further potential for increased energy conservation and reductions in harmful emissions will continue as our teams develop, share best practices, and employ creative new ideas. As programs that include cost and capital expenditures are incorporated, Table B will become a priority guide and no longer be just a prediction. Although the savings estimates are approximations, they aid decision-makers in differentiating between high, moderate, and low-impact actions. Moreover, the conservation practices identified in the workplace are sustainable and easily transferable to our employees’ home lives, places of worship, and their communities at large. ■



# PROGRAM FOR A BALANCED INDUSTRIAL ECOLOGY

In Karnataka, one of the fastest-growing states of India, officials have become aware of the increasing pollution and exploitation of natural resources by the major industries and the growing population. Indian energy production has risen over 20 percent since 2000; during the same period, CO<sub>2</sub> emissions went up by nearly 30 percent. The Karnataka State Pollution Control Board (KSPCB) has identified 118 companies – the majority small- and medium-sized enterprises (SMEs) – from all the main industries that are using resources inefficiently and are polluting the environment. More than half of the companies are located in the district of Bangalore and are a constant threat to the ecological balance of the region.

*By M Bhaskar and Dagny Bühler Thierfelder*



TÜV Rheinland and the KSPCB are taking part in the public-private partnership project “Comprehensive Programme for Enhanced Productivity and Sustainable Industrial Ecology” (CP-EPSIE) in Karnataka, which targets the increasing pollution from the major industries in the region. The program will focus on mass awareness of environmental concerns and the alignment of the companies’ systems with international standards. The project is funded by DEG (Deutsche Investitions und Entwicklungsgesellschaft) and is assisted by ECC International. The TÜV Rheinland team will conduct the assessment according to the internally developed guidelines and rate the companies accordingly. Ten pilot companies have been selected for this exercise. The aim is to develop best practice examples regarding environment, health, safety, and social accountability focusing on SMEs. The KSPCB will support train-the-trainer activities, which are part of the awareness campaigns. The understand-

ing of the importance of environmental protection will also help to improve management methods.

In addition to protecting the environment, state officials are motivated by the decreasing competitive advantage of their region in attracting companies – a result of insufficient resource allocation in the area. The enterprises affected have often developed from being regional producers to becoming global exporters. In this context the enterprises have to tackle the various economic threats around them. Scarcer resources and rising wages are a consequence of the augmenting pollution. Moreover, the international acceptance for unsustainable products is decreasing. Export markets are demanding fair products and sustainable behavior is becoming an important factor to win attractive investors.

The approach is to eliminate the weaknesses and to build on the strengths of a company. Therefore, the focus of the present Public Private Partnership

(PPP) project with KSPCB is on reducing pollution levels and improving the working conditions as well as the quality management of the companies affected. The project especially supports Principles seven to nine of the UN Global Compact, supporting initiatives that enable companies to take on greater environmental responsibility; as well as respecting labor rights regarding occupational health and safety and social accountability.

The program will seek to address the issues on three levels. It follows a pyramid principle of information, engagement, and implementation of best practices.

At first, an information campaign will be launched to inform entrepreneurs about the necessity of environmental concerns such as cleaner production lines, energy efficiency, process optimization, and the benefits of having an international rating. To achieve this, forums and workshops are set up to create awareness of environmental concerns. A roundtable for managers will be created



Enrico Rühle (TÜV Rheinland India) introduces the program to the participants.

in order to connect top decision-makers from various regional SMEs regarding the topics of sustainability.

In a second step, a group of 15 to 20 experts is identified from various sectors, such as industry, academic, and civil society, who are qualified to act as multipliers training the trainers and setting up activities such as workshops and seminars. Experts from the various sectors involved will be trained to create a greater impact in the target region. The sustainable practices will then be implemented in the 10 selected pilot companies. These companies will build capacities for changing their products to make them more sustainable. In the course of two months, six employees of each of the 10 companies participated in the training on international standards. The commitment to an environmentally friendly production will be put into practice by implementing international standards such as the Global Reporting Initiative Guidelines, the social accountability standard SA 8000, the environmental management standard ISO 14001, or a combination of those tailored to the company into the value and supply chain.

As a third and final step, the 10 companies of the implementation phase will serve as showcases and best practice

examples to demonstrate the benefits of an environmental management system. The program will also be able to help design and launch a new comprehensive system to assist in changing to a more sustainable form of production, even in SMEs. An e-learning kit will be created to inform at least 200 additional companies from the region.

A possible setback for the ambitious project could be that the 10 participants will not be capable of meeting the certification and rating costs in the future, which will become necessary investments if the companies want to keep the certification. Additionally, the determination to implement laws and regulations regarding environmental protection in India might also have a negative effect on the project's success. With this project, companies are encouraged and supported in changing their behavior over the long term.

The main effect of the PPP project will be the development of an improved alignment with international standards and practices on environment, health, safety, and social accountability. The

Comprehensive Programme for Enhanced Productivity and Sustainable Industrial Ecology demonstrates the possible fields for sustainable management for highly polluting SMEs in the area of Bangalore. The project leads to increasing awareness and identification of potential for a change toward sustainability.

Promoting and achieving global standards will help the SMEs in Bangalore to better adapt to the requirements of a global supply chain and meet the demands of a global market. Domestic enterprises have often been unable to expand their investments due to a lack of alignment with international standards. Companies that have a globally accepted rating will have a competitive advantage compared to their peers, and at the same time be supporting the sustainable development of the region. ■

The organisers during the opening ceremony of the workshop



# RE-GREENING POPOCATÉPETL

Volkswagen plants 300,000 trees around the source region of the Rio Atoyac, thereby helping to secure water supplies in the region.

*By Hans-Günther Dymek and Michael Scholing-Darby*

Water is a scarce resource in Mexico. Even when there is enough rainfall, the huge rise in communal and industrial demand for water in many regions is leading to permanent overexploitation of groundwater deposits. To make matters worse, the quality of those reserves is at risk of being compromised through exposure to untreated wastewater, which may contaminate it. Not even the populous cities of Mexico have so far been

outfitted with a sufficient number of purification plants.

The water-supply situation is particularly critical in the Puebla Tlaxcala valley, which lies nestled amidst mighty volcanoes. As significant expanses of forest have been destroyed through logging or fires, plenty of rainwater coming down to the valley does not actually seep into the ground. Even meltwater quantities have been dwindling since

## VOLKSWAGEN

AKTIENGESELLSCHAFT

global warming has caused the glaciers situated along the slopes of the volcanoes to be diminished. The result is insufficient replenishment of groundwater reserves.

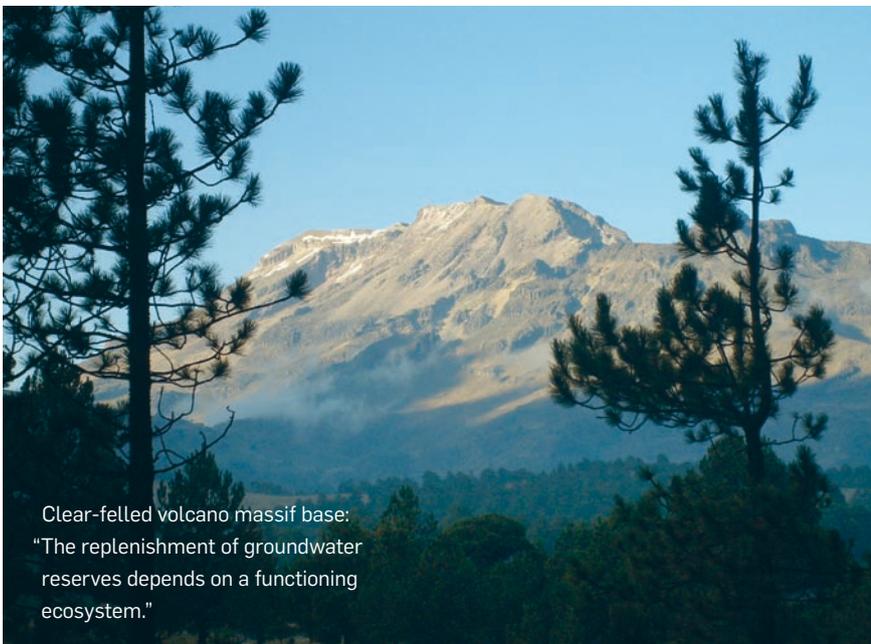
Through this picturesque landscape meanders the Rio Atoyac, one of the most highly polluted rivers anywhere in Latin America. Petrochemicals, detergent residues, and grease turn sections of this river into a particularly turbid-looking sludge.

With its two million inhabitants, the city of Puebla alone requires vast amounts of water. That demand is further increased by the many commercial facilities operated by international companies that have settled in this industrial region some 150 kilometres from the country's capital, Mexico City. One such industrial facility is the automobile factory run by Volkswagen de México.

The people and the economy of the region depend to a large degree on the groundwater resources available at the foot of the volcanoes and in the lowlands of the Rio Atoyac. Galleries of wells provide drinking and service water to private households and businesses. At these wells, water already has to be mined from depths of up to 130 meters. And, in many cases, these wells bring forth nothing but salty water that requires thorough treatment, even if only used for industrial purposes.

These wells often had to be closed down (including some that have served the VW plant) because the water they contain has been found to be highly polluted.

For a company like Volkswagen, which abides by a self-imposed obligation to sustainability and protection of the environment, this state of chronic water shortage was unacceptable over the long run. "All of us — the governments, civil society, and private enterprise," in-



Clear-felled volcano massif base:  
"The replenishment of groundwater reserves depends on a functioning ecosystem."

sists Otto Lindner, the CEO of Volkswagen de México, “have an obligation to find ways and come to agreement on measures to arrest the destruction of our planet.”

This obligation in mind, Mexico’s No.-1 carmaker first set out to put its own house in order. The company examined all its production operations with a view to identifying areas in which water resources were being wasted unnoticed. It also installed new water treatment facilities and began making systematic use of rainwater. Most importantly, it spread the message to its workers about how valuable water is. Volkswagen educates its employees according to a global standard that applies to all production facilities worldwide. One focal point of this education is the resource-efficient use of groundwater. In addition, employees may take part in an ideas competition for improvements in environmental protection. As a bonus, realizable suggestions are awarded with a premium. Hence, there is no doubt: Environment education has become an integral part of company policy at VW de México.

These days, wastewater collected from sanitary conveniences at the plant is treated in a biological purification plant, and the wastewater generated in production is physically and chemically processed. The water-preservation scheme at the plant also comprises a procedure by which rainwater is collected in a lagoon of the Rio Atoyac. That water can then be added to the reserves of purified wastewater, which undergoes treatment in an osmosis plant and is fed back into the plant’s water recirculation loop. By redirecting wastewater back for use as service water in factory processes, Volkswagen has even managed to downscale its costs, simply because less groundwater needs to be extracted and paid for. Water footprinting plays a major role to achieve further success in this field. Volkswagen uses a water balance-sheet to monitor its water consumption. Again, the goal is recycling and multiple-shift usage of water.

VW de México does not, however, content itself with achieving sustainable



The CEO of VW de México, Otto Lindner (left), plants a tree: “Stopping erosion and water loss.”

water management within its own immediate sphere of responsibility. That is why the company joined forces with specialists from the Comisión Nacional de Áreas Naturales Protegidas and the Free University of Mexico City to examine the groundwater situation in the region as a whole. The cooperative analysis found that groundwater replenishment in the valley was contingent to a substantial degree on the functionality of the ecosystems on the volcanic slopes of Popocatepetl and Iztaccihuatl.

It was important, therefore, to tackle the problem of water scarcity at the root, so to speak, and re-cultivate the deforested slopes between the Popo and Izta volcanoes in the source region of the Rio Atoyac. That project has been ongoing since 2008. In the first phase, 200,000 highland pines, Hartweg’s Pines (a native Mexican tree), were planted on an expanse of around three square kilometers at an altitude of up to 4,000 meters. The planting of 100,000 more trees was then completed in early September 2009. The Hartweg’s Pine is an ideal choice for several reasons. It promotes the production of humus soil and is thus conducive to the establishment of secondary vegetation there. It

prevents soil erosion, thereby stopping water from being drained away. As a consequence, an increasing amount of glacial meltwater as well as rainwater, the so-called blue water, seeps back into the ground.

To help this process along, some 21,000 pits were also dug out on the slopes and about 100 larger earth-banks were erected throughout this terrain. These installations help to retain the rainwater and facilitate water infiltration into the deeper soil layers. “We expect these measures to enable more than 1,500,000 additional cubic meters of water per annum to be fed into the ground reserves in the source region,” says VW project planner and environmental officer Raúl Rodríguez Sánchez. That is significantly more groundwater than Volkswagen de México itself consumes every year.

Over the long term, the biomass now growing there will also help to bond CO<sub>2</sub> and to improve living conditions for the native fauna. Another positive effect of the project is that it creates jobs for the local population. Volkswagen de México earmarked \$430,000 of funding for the project for the first two years and will subsequently lend its further support to maintaining and managing the re-cultivated forest expanse.

Its involvement does not stop there, however. The company has also committed itself to creating public awareness about the complex correlations that exist between the ecosystem and groundwater deposits. An agreement entered into with the Mexican Ministry of Education will see school classes visiting the forestation site, educational trails featuring information boards will be set up, and factory employees will be selected to be trained and to act as mentors for the re-naturalization scheme.

Volkswagen has placed all its natural-conservation and water-protection projects under the motto of “Por Amor de la Planeta” (For the Love of the Planet). It is a motto that by no means aims too high: There is no bigger private sponsor of scientific research in the field anywhere in Mexico. ■

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# NEWS AROUND THE WORLD

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## Africa

*Microfinance  
Biodiversity  
Gender Equality*



## Middle East & North Africa

*Afghanistan  
Energy Mix  
Food Security*



## Asia & Australia

*Solar and E-Mobility Offensive  
CSR Management  
Anti-Corruption*



## Europe

*Smart Grids  
Women Quota  
Human Rights*



## Latin America

*Haiti  
REDD  
Olympic Games*



## North America

*Louisiana Oil Spill  
CSR Centres  
Food*

## AFRICA



### PARTNERSHIP

#### World Bank Seeks Africa Solutions in Online Game

The online game “Urgent Evoke” has a more productive social goal behind it than simply hunting monsters or winning virtual weapons. The game addresses some of the world’s most urgent problems and, with the help of its players, intends to find solutions. The main focus is on development problems in Africa and how the gaming community can combat these problems through suggestions and specific actions. The World Bank has put US\$ 500,000 toward the project, in the hope that its results will bring innovative and creative approaches to be used outside the game. Over the course of ten weeks, Urgent Evoke players work together on ten different scenarios that affect Africa and other continents in the real world. Each challenge — poverty, worsening economic conditions, famine, water shortage, human rights, sustainable energy, health care and violence — is presented in an online comic-book format that asks gamers to help. Players earn points for accomplishing tasks in real life, such as volunteer work, that could contribute to solving these problems.

### FINANCE

#### Microfinance in Africa

The first Centre for Microfinance opened in Sub-Saharan Africa in January, 2010, in cooperation with the Frankfurt School of Finance and Management and the Université Protestante au Congo. African students can now enrol here in the first microfinance Master’s programme and train as experts in the subject. Although the number of microfinance institutions has



been growing for years, in Africa the sector is still considered underdeveloped. Africa expert Bruno Wenn, from the German development bank KfW, sees the sparse population density on the continent as the primary challenge. According to Wenn, this lack of population density makes it more difficult to establish sustainable approaches in rural areas, and those at the poorer levels of the population still have too little access to financial services. The environment is difficult, however: the microfinance sector, once considered to be insulated from crises and a safe investment, is suffering more acutely in the global financial and economic crisis than previously thought. A 2009 survey conducted by the British Centre for the Study of Financial Innovation (CFSI) and sponsored by the World Bank indicates that bad debts insufficient liquidity and a lack of refinancing options are putting a strain on many microlenders. “These findings turn the earlier survey on its head”, said survey editor David Lascelles. The over 400 experts surveyed saw credit risk as the biggest problem facing microfinance institutions (MFIs) in the future; the time of repayment rates reaching 98 per cent is probably over. The huge growth in the microfinance industry and the increasing competition with mainstream banks has led to some loans being issued without sufficient supervision. As a result, some customers have borrowed money from more than one institution and are now unable to repay their old loans. Citing overindebtedness, evaporating liquidity and refinancing difficulties as major problems, the experts in the survey warn that some MFIs may not survive these challenges.

## HUMAN RIGHTS

### UN: Private Sector Shall Foster Gender Equality

The United Nations has launched a new effort to expand its partnership with the private sector in the battle for complete gender equality and the empowerment of women, not only as a necessary human right but for economic common sense as well. Gender inequality deprives countries of a critical resource in the struggle to end poverty and attain stability, according to the UN Economic and Social Council (ECOSOC), and its vice-president ambassador of Norway, Morten Wetland, told the media: “Empowering women is not only a justice, a rights-based approach, but it’s actually good macro-economic policy. So empowering women, allowing them to pursue a family and an education and have a career is actually giving countries a competitive edge.” Gender equity is not an exclusive African problem: According to a new World Bank Group report, only 20 of 128 economies have equal legal rights for men and women in several important areas for entrepreneurs and workers. “Gender differentiation in law sometimes arises out of a desire to protect women, but it may inadvertently limit their opportunities,” said Penelope Brook, director of the World Bank Group and author of the study “Business and the Law 2010.”

## ENVIRONMENT

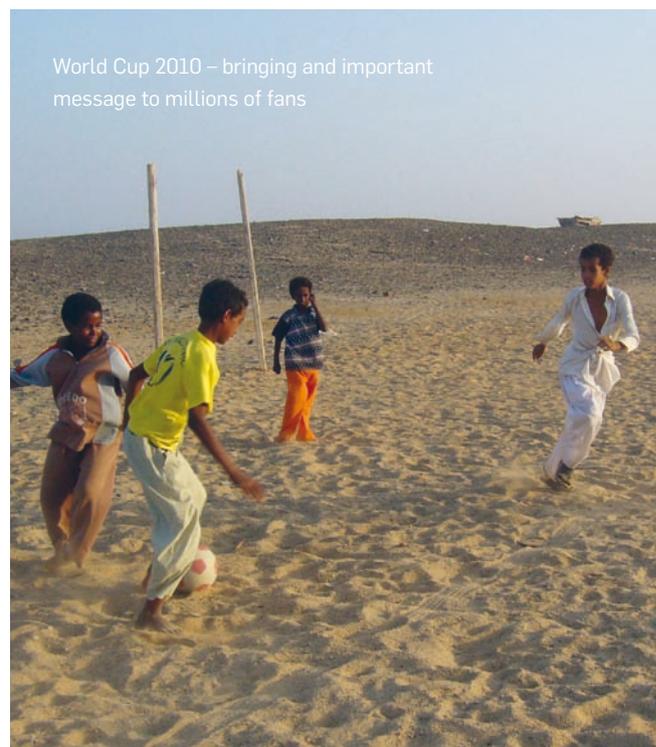
### UN Teams Up with PUMA for Biodiversity

The United Nations bolstered its defense of thousands of endangered animal and plant species in Africa today by signing up an iconic sportswear manufacturer to a campaign promoting the 2010 International Year of Biodiversity. The “Play for Life” partnership teams up the UN Environment Programme (UNEP) with PUMA as part of the UN International Year of Biodiversity for raising awareness about habitat and species conservation among football fans and the general public worldwide. “As the whole planet comes together for the World Cup, 2010 marks the year when people around the world will unite to conserve the planet’s almost priceless natural resource – its biodiversity,” said UNEP Deputy Executive Director Angela Cropper. “UNEP is delighted to partner with PUMA to bring this important message of conservation to millions of fans,” Cropper told reporters at the launch of the “Play for Life” partnership in Nairobi, Kenya. “Play for Life” is one of a series of global initiatives organized for the International Year of Biodiversity aimed at promoting conservation efforts in a bid to curb the unprecedented loss of the world’s species due to human activity – at a rate some experts put at 1,000 times the natural progression.

## ENVIRONMENT

### Rainforest Alliance Verifies First Carbon-Offsetting Scheme in Africa to Plan Vivo Standard

The Rainforest Alliance has verified the first carbon-offsetting scheme in Africa to be certified using the Plan Vivo Standard. “Trees for Global Benefits” is a project of over 500 small farmers in Uganda, with plots on 258 hectares that are now being used for agroforestry. “Trees for Global Benefits” was established by Ecotrust, a Ugandan non-profit organisation. Ecotrust specialises in financing nature conservation projects that link small-scale agriculture to the voluntary market in carbon emissions certificates. This project will also improve living conditions for landholders and support local wildlife and ecosystems. Participation in the agroforestry system will offer the farmers a broader income base as well as higher profits. At the same time, it will ease the pressure on nearby natural forests by making both kindling and timber available for individual use. The planting of native tree species will expand existing habitat islands and biological corridors for elephants and chimpanzees, while the reforested woodlots will provide an important benefit for farmers in the area by improving soil stability and growing conditions on the steep hillsides of the Bushenyi District. Rainforest Alliance, an independent, non-profit environmental conservation organisation, is a leader in the certification and validation of carbon-offsetting schemes for carbon dioxide exchange systems.



World Cup 2010 – bringing an important message to millions of fans

## MIDDLE EAST & NORTH AFRICA



### ANTI-CORRUPTION

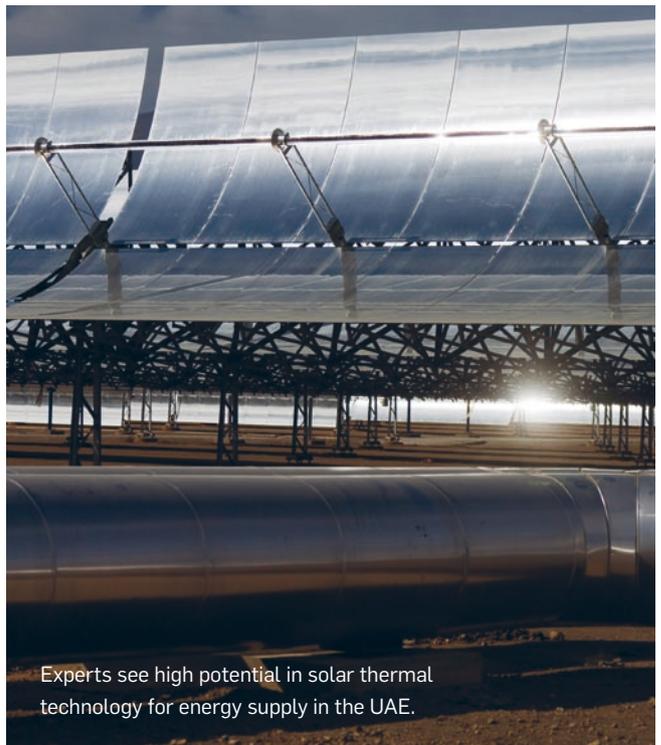
#### Bribery Rampant in Afghanistan

The amount of money that went to pay bribes in Afghanistan last year is equivalent to 1.75 billion euros. A report from the United Nations Office on Drugs and Crime (UNODC) puts that sum at 23 percent of the country's gross domestic product. According to the report, in 2009 one out of every two Afghans paid at least one bribe to a civil servant; police, judges and government representatives were most often responsible for initiating bribes. Yet bribery is a fact of life for foreign aid organisations too, especially those working in rural areas: 80 percent of the rural population surveyed stated that corruption has massively increased in recent years. Figures from the UN office for 2009 put the average bribe paid at US\$ 150 — and that's on an annual per capita income of US\$ 400. Even so, there is not much awareness of corruption in Afghanistan: 40 percent of those surveyed said that there was nothing wrong with civil servants requesting money or being hired on the basis of nepotism. The authors of the study note that "social acceptance of certain practices represents fertile ground for corruption". Antonio Maria Costa, the executive director of the UNODC, said in a statement that widespread corruption is the biggest impediment to guaranteeing security, development and a functioning political system in Afghanistan. Costa called on Afghan President Hamid Karzai to establish "an independent, fearless and well funded anti-corruption authority. At the moment, this is not the case".

### ENVIRONMENT

#### Emirates Plan Energy Mix

The United Arab Emirates (UAE) are planning to reduce their carbon footprint by investing in new energy sources. Plans for nuclear energy are in the focus, though experts say that renewables could be a good alternative, too. According to Minister of Energy Mohammed bin Dhaen Al-Hameli, additional energy sources are essential for its growing energy needs due to rapid population and economic growth rates. Al-Hameli said the UAE, like other Gulf nations, require high energy inputs for their industrial development, power generation, and water desalination. At present this has led to a high per capita carbon footprint. Authorities in the Emirates recognized this and are "taking unparalleled steps to reduce this footprint," Al-Hameli said. "The UAE firmly believes that nuclear power represents an important clean energy source that should be developed along with other clean fuels." But renewable energy could be an alternative: An area of about 100 sq km is all the space needed to cover the electricity and desalinated water requirements of the UAE or another Gulf country using solar technology, according to the International Solar Energy Society (ISES). Dr. Waheeb Essa Alnaser, chairman of the Arab Section of ISES, said in the media: "If the GCC countries devoted an area 10 km by 10 km, then they could fulfill all their electricity and desalinated water needs using solar thermal technology."



Experts see high potential in solar thermal technology for energy supply in the UAE.

## HUMAN RIGHTS

### Collaboration Key to Food Security



Middle East and North Africa (MENA) is the region most dependent on food imports, and this dependence will increase dramatically over the next decades. Rising food prices in 2008 sent thousands to the streets in protest. So say Adel El Beltagy, Chair of the Global Forum on Agricultural Research (GFAR) and Mahmoud Solh, Director General of the International Center for Agricultural Research in the Dry Areas (ICARDA). For governments in the MENA region, the challenges of population growth, climate change, impending water poverty, and desertification pose a significant threat to regional efforts to reduce poverty and ensure food security for millions, argue the authors. A promising development is that agricultural ministers from half a dozen countries in the region, including Egypt, Saudi Arabia, Yemen, Oman, Afghanistan, Tunisia, Syria, attended the first ever GCARD-conference. Beltagy and Solh write in the Global Arabic Network that GCARD brings together individuals who are generating and using agricultural knowledge — whether in universities, research centers or villages — to share ideas and experiences that will inform a strategy for addressing these challenges. “In some cases, we may have to re-think and cast aside old approaches to solve new problems. For example, climate change will affect rainfall and temperature patterns and have a direct impact on already scarce water supplies in most countries in the region. Access to water has a direct impact on access to food. To avert future food, economic and social crises, we must form a united front to address water use in agriculture today.”

## ASIA & AUSTRALIA



## ENVIRONMENT

### India Mounts Solar Offensive

At present, India uses renewable energy sources for only 7.5 percent of its power supply. The Indian government wants to increase this number significantly, and is relying on solar energy to do so: solar facilities are to be installed that by 2022 will generate a total of 20 GW. Such a sum is equivalent to the output of some 13 modern power plants and will make India a top solar power producer. The government has three goals with this plan: to secure the energy supply, fight climate change and become independent from fossil fuels such as coal and oil. Although India receives more sun than most other countries, until now the expansion of solar energy collection has stagnated. The costs were too high: at present the power from combustible fossil fuels is up to five times cheaper than solar energy. There were not enough investors, nor was there sufficient support from the government. This should now be changing: Union Minister for New and Renewable Energy Dr. Farooq Abdullah says that “we aim to bring down the cost as quickly as possible”, thus improving government support and encouraging development in the industry. With India’s goal of 100 percent supply density, solar energy also plays a crucial role in rural areas and elsewhere: some three-quarters of the population live in villages where only half of all households are connected to the power grid.

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**ENVIRONMENT**

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**China Out to Dominate Electric Car Market**

With its reputation for copied design, poor workmanship and a lack of safety, China has had little luck in the past with conventional automobiles. The country is now making a new start in the growing market for electric cars, however. In the electric car sector, the Chinese are working at the same level as large firms in the West, since the technology involved is still in its early stages everywhere. The country now has the chance to build up a strong lead. The People's Republic wants to take advantage of this opportunity and has announced ambitious targets: China is out to conquer the world market with its electric cars. Government plans predict that 80 percent of the electric cars sold in China will be domestic made by 2030. They will be subsidizing electric car purchases to the tune of 6,700 euros. What's more, the use of an electric vehicle in China's big-city traffic makes perfect sense, but Henry Li of "Build Your Dreams" (BYD) bemoans the fact that the Chinese have yet to agree. Originally a Chinese battery manufacturer, BYD is now developing electric cars, but the firm is concentrating on exports for the time being. Electric cars are already scheduled to be delivered to the United States this year, with shipments to Europe beginning in 2011. The speed with which the electric car conquers the Chinese market also depends on the creation of a corresponding network of charging stations; there are plans to put 75 large stations throughout China by the end of this year. The first station will open in May in the eastern Chinese province of Shandong and is designed to charge 45 vehicles.

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**ANTI-CORRUPTION**

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**China Sentences Rio Tinto Manager**

Corruption and espionage: these were the accusations that the Chinese public prosecutor brought against four managers of the Australian Rio Tinto mining group, who were charged with accepting bribes from Chinese steel factories and stealing confidential business documents. During the trial the media focused primarily on Chinese-born Stern Hu; unlike the Chinese colleagues accused alongside him, Hu is an Australian citizen. The case was expected to demonstrate how China deals with foreign defendants. Many media outlets also interpreted China's charges against Rio Tinto as an act of vengeance, a consequence of Chinese state company Chinalco's failed attempt to increase its stake in Rio Tinto. The arrests came quickly afterward, although China denies any connection between the two events. In the meantime, the judgement has come down in the case against the Rio Tinto managers: the court sentenced the accused to seven to fourteen years in prison. Stern Hu pled guilty to accepting just one million dollars in bribes; he will serve ten years. Australian Foreign Minister Stephen Smith viewed the punishment as "very tough" and warned that it could harm business relations between the two countries. In addition, he noted that there were still "serious unanswered questions" regarding the accusation of industrial espionage. Some newspapers consider this case simply further proof that doing business in China in general involves taking risks. The Shanghai Daily reports the same, noting that an accusation of bribery more often than not results in the death penalty. The Chinese laws are clear to all of those who wish to enter the market, observed the newspaper, and Rio Tinto knew them in advance.

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**CSR-MANAGEMENT**

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**Malaysia: Importance of CSR Increasing**

Awareness of Corporate Social Responsibility (CSR) has significantly increased among companies in Malaysia. In 2009, for instance, the Malaysian logging industry acknowledged sustainability criteria, an important step toward supporting the sustainable use of tropical forests. Another example is the Malaysian Oxygen Berhad (MOX) company, where management and employees commit to helping individuals and families, support schools, and provide assistance in natural catastrophes. Three important national prizes have been effective incentives to reinforce the CSR activities of Malaysian companies: the Hibiscus Award, the first national environmental prize, is awarded jointly by Malaysia's International Chamber of Commerce and Industry and leading non-governmental organisations. Still more ambitious is the Prime Minister's CSR



Malaysian companies rely increasingly on CSR in their management.

Award. Companies and individuals receive this recognition for special CSR contributions in the fields of environment, education, community involvement, culture or working conditions. Then there is the StarBiz-ICR Malaysia Corporate Responsibility Award, which aims to encourage conscious business methods and CSR activities. Bursa Malaysia is currently planning to introduce an Environmental, Social, Governance (ESG) Index that would list and rate companies according to their CSR activities. This way the ESG Index could serve as an indicator for new investors, among other things.

**CSR-MANAGEMENT**

New Zealand Links Conservation and Commerce

“Without commercial activities, nobody would get the chance to enjoy our unique outdoor spaces,” says Al Morrison, director-general of the Department of Conservation (DoC). The DoC is a state sector organization that deals with the conservation of New Zealand’s natural and historic heritage. To cover the

country’s nature and biodiversity, the center is focused on the relationship between conservation and commerce. One example for this is the Kiwi Encounter in Rotorua: The kiwi is a bird native to New Zealand and a national symbol. The Kiwi Encounter started as a conservation program for hatching kiwi eggs and raising the birds to release them back into nature when they became strong enough. In the meantime, the Kiwi Encounter has become a tourism attraction: It is completely based on kiwi conservation land so that visitors get an impression of the efforts to stop the extinction of the bird. All proceeds are used to continue this conservation work. In New Zealand the DoC is responsible for considering and granting permissions for those types of activities. Another example is the decision of the DoC to allow a refreshments stall at Cathedral Cove on the Coromandel. The operator of this stall has a short-term permit to offer sandwiches and cold drinks. The condition is that he has to clean up the rubbish on the beach each day. Morrison is certain about the positive effects of such measures: “Such commercial activity on public conservation land strengthens the protection of conservation values in practical ways.”

**HUMAN RIGHTS**

Google vs. China

China has long been known for its strict Internet censorship: social networks such as Facebook have been blocked in order to prevent the swift spread of information. Various pages critical of China are also inaccessible, and searches for certain key words will render a connection useless. Even so, Internet users in China can read the New York Times, visit games and entertainment web sites, and download illegal software. On the one hand, China aims to limit freedom of expression; on the other, it wants to provide sufficient space for economic development. Google would not submit to such an approach: the Internet company decided to re-route all web queries from China to an uncensored search engine in Hong Kong and cited earlier hacker attacks on Google’s mail server as an additional reason for doing so; the firm intimated that there was a Chinese government connection. China denied involvement, but Google’s Hong Kong workaround is no longer preventing Chinese censorship: firewalls in the country now prevent the retrieval of undesired information from outside China. Yet Dirk Pleiter, a China expert with Amnesty International, says that Google did the right thing: “Action by a company as economically significant as Google puts pressure on the Chinese government to allow more freedom.” According to Pleiter, freedom of speech and freedom of the press are also of central importance in protecting other human rights, since it is because of these freedoms that human rights violations and other abuses can be made public.

## EUROPE



### HUMAN RIGHTS

Russian Human Rights Organisation  
Awarded Sakharov Prize

“What, still alive?” With these words, the man stepped up to 82-year-old Lyudmila Alexeyeva and knocked her down. The attack happened in April of this year, during a memorial for the victims of the recent terrorist attack in Russia. Alexeyeva, the chair of the human rights organisation known as Memorial, was lucky that this time she did not sustain any injuries. But the members of Memorial know that they are putting themselves in constant danger by the work that they do. As recently as July 2009, Memorial activist Natalia Estemirova was kidnapped and murdered in Chechnya. Estemirova had documented kidnappings, torture and murders by President Ramzan Kadyrov’s security forces in the war with Chechnya. Memorial received the Andrei Sakharov Prize in October 2009 for their tireless dedication to defending human rights in Russia. Andrei Sakharov himself was a founder of the organisation, which was created in 1988. The aim of Memorial is to establish a monument to the suppressed and forgotten victims of the Soviet regime and to press Russia to account for its past. Over the years, the organisation has won some success for the cause: in 1991, they managed to push through a law on rehabilitating victims of political repression, and they have compiled a database that provides information about the victims. Memorial is also working on getting a legal explanation for the shooting of more than 20,000 Polish officers and intellectuals by the Soviet secret police (NKVD) in the spring of 1940.

### ENVIRONMENT

Smart Grids in the North Sea

An undersea cable network on the North Sea should allow for improved security of supply for power from renewable energy sources. The high-voltage network would incorporate wind turbines on the north coast of Scotland along with solar panels in Germany and wave power stations in Belgium and Denmark. It may also be possible to integrate planned solar power plants in North Africa into the network. What’s more, surplus energy could be stored by linking to large hydroelectric power stations in Norway. The network should make it possible for the countries involved to reconcile weather-related fluctuations in the supply of energy from renewable sources. Great Britain, Germany, France, Ireland, Sweden and the Benelux countries have been working on the plans for the project since December 2009; by the fall of 2010, the participating governments hope to have drawn up a schedule for the project and to have signed a declaration of intent. The European Wind Energy Association (EWEA) estimates the sum of investment needed for this project at 30 billion euros. The realisation of this plan would also be a giant step toward what has until now been a distant goal: to use renewable energy sources to meet all of Europe’s electricity needs. A study by accounting firm PriceWaterhouseCoopers confirms it: according to figures from this study, supplying Europe completely from renewable energy sources by 2050 could be a reality; the prerequisites are an intelligent power network, the integration of North Africa, economic incentives and cutbacks in subsidies for fossil fuels.

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**ENVIRONMENT**


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**50 Percent Renewables Possible**

In 2030, Europe will get its energy through a combination of approximately 48 percent renewable sources, 33 percent fossil fuels and 19 percent nuclear power. This is the conclusion reached by the various contributors to “Strommix in der EU27”, a German-language report on Europe’s energy mix with perspectives from a variety of energy technology manufacturers. Their combined predictions on the future energy mix show a need for another 800 GW of power production capacity. Christof von Branconi, of the German Engineering Federation (VDMA), stresses that this would mean an investment volume of more than 1 trillion euros in the next 20 years and offer the industry outstanding opportunities for growth. Europe will need all available energy sources in order to be able to guarantee sufficient security of supply and meet climate protection targets. Although the experts in the report foresee that the proportion of renewable energy sources in the mix will rise significantly, the power supply cannot be provided by renewables alone. The authors of the study note that in order to meet the European Union targets for climate protection, “clear priority” must be put on expanding renewable energy sources: this way the power sector could contribute decisively to reaching the European Union targets for climate protection. Basic energy policy conditions in EU Member States will also be needed, as will the legal framework specified by the EU.

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**LABOUR STANDARDS**


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**Europe To Implement Quotas for Women**

Within the next five years, 40 percent of the seats on French company directorates and senior management boards must be occupied by women, or so says the bill that will regulate equality between men and women and affect publicly traded corporations. If these quotas are not reached, there will be consequences: director and senior management appointments will become invalid – save those appointing women, naturally. This will make the French bill the only one providing for sanctions in the case of non-compliance; Sweden and the Netherlands are planning similar laws. The Netherlands will initially try to do so on a voluntary basis, giving corporations until the end of 2015 to increase the proportion of women in leadership positions. If this does not occur, however, a legal quota is likely to become the regulation here as well. Corporations would then be required to put women in at least 30 percent of their directorate and senior management board seats. Since the bill would also apply to CEOs, this puts the Netherlands in the vanguard. Elke Holst, a researcher at the German Institute for Economic Research (DIW), stated that she knew of no other country which

imposed such quotas for women in executive positions. Sweden, on the other hand, will give companies four years to comply. If by then they have not doubled the percentage of women on company directorates from its current 18 percent, a bill will also be introduced here to regulate a minimum gender quota. Swedish Prime Minister Fredrik Reinfeldt noted that if things are not different, “we’ll try to make them that way”. This would abrogate another regulation for the promotion of women in Sweden: the gender quotas introduced in Swedish universities in 2003. The idea was originally to fill available spaces with an equal proportion of young men and women, but this failed to take into account the fact that more women than men usually register for courses of study in subjects such as psychology and medicine. In order for study places to be distributed equally, the quota in this case would disadvantage women. Swedish Minister for Higher Education and Research Tobias Krantz noted that of those applying to study who were not awarded a place due to their gender, 95 percent were women. According to Krantz, this did not promote equality in higher education, but rather led to the opposite, “and those who suffered the most were young women motivated to study”.

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**HUMAN RIGHTS**


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**Human Trafficking in Europe**

Cases of human trafficking in Europe are increasing. Figures from the European Commission indicate that 120,000 women and children are taken to Western Europe every year and end up sexually exploited or in human slavery. For example, many diplomats bring their domestic help with them from their home countries. Such staff are not allowed to leave the home and cannot speak the language of the new country, making them easy targets for exploitation. Grown men also become victims of trafficking, however, as Eurídice Márquez Sánchez of the International Organisation for Migration (IOM) explains: “They are increasingly brought in to work in construction or agriculture.” The European Fundamental Rights Agency (FRA) is issuing its own warnings, since trade in children in Europe is on the rise. According to a report from the FRA, in 2008 alone some 400 children were reported missing, out of 1,320 children who arrived at the immigration centre on the Italian island of Lampedusa. Most of the children are still unaccounted for; the FRA suspects that criminal organizations are behind these disappearances. The agency considers the disappearance of children from asylum centres in EU Member States to be a big problem. Yet they also state that the problem is largely ignored and insufficiently observed because of a lack of proper record-keeping in nine Member States. Márquez of the IOM also puts the blame on the financial crisis for the increase in human trafficking, saying that some of the trafficking now originates in various EU countries.

## LATIN AMERICA



### HUMAN RIGHTS

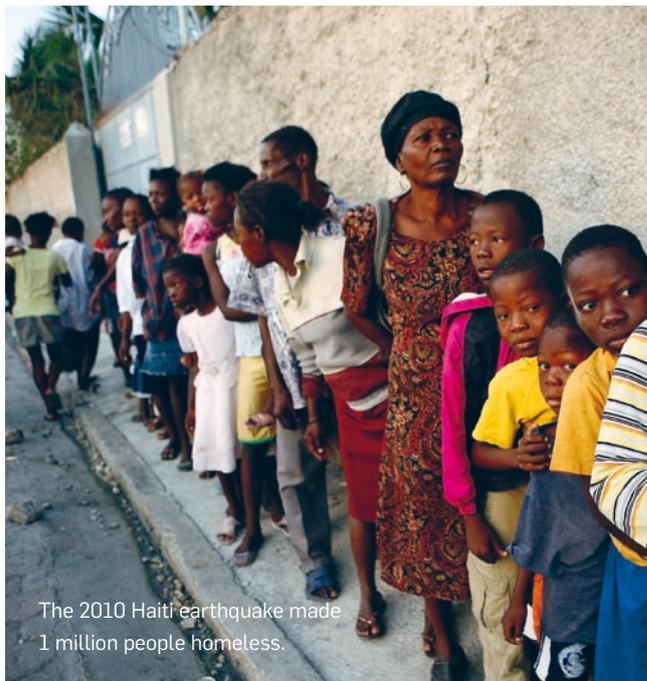
#### Haiti's Historic Chance to Consolidate

Through strong international support and the efforts of its Government, Haiti now had an historic chance to consolidate its political stability and escape from extreme poverty, United Nations Special Envoy William J. Clinton told the Security Council. Despite having been battered by successive storms and persistent poverty, "I am convinced that Haiti has a remarkable opportunity to break the chains of its past", said Mr. Clinton. The spirit of Haiti's people and enormous recent international support boded well for the country's continued success, Mr. Clinton said as he described his efforts to work with the Government, the donor community, investors and non-governmental organizations to support implementation of a recovery programme crucial for Haiti's recovery from natural disasters and for maintaining its stability. "Haiti can succeed but not without your help," he said, urging all who had made commitments at the April Donors' Conference in Washington, D.C., to fund them as soon as possible. Out of the \$ 700 million pledged at that event, only \$21 million had been disbursed so far, he noted, adding that, besides commitments by Governments and international donors, some \$25 million had also been contributed by the private sector, including the Soros Economic Development Fund. In the ensuing discussion, most speakers agreed that much progress had been achieved in the political and security sectors since 2006, and praised the international commitments of the past few months, including the Washington Donors' Conference. Many delegates cautioned, however, that the situation remained fragile because of the weak economy, food insecurity and other threats, urging the international community to keep its support steady. Canada's representative warned of apathy and "Haiti fatigue" that threatened long-term international commitments to the country's development.

### ENVIRONMENT

#### Rainforest Protection in Doubt

The rainforest protection plan that was signed in Copenhagen as part of the agenda to reducing emissions from deforestation and degradation (REDD) has yet to come to fruition. A recent report from the Rights and Resources Initiative warns that if the donor nations cannot agree quickly on concrete rules and regulations for implementation, the indigenous peoples of the forest will continue to be driven out of their homelands. "REDD is far more difficult than many people imagined," said Andy White, one of the authors of the report. The study also notes that "unprecedented pressure" could occur in some areas. The basic idea of REDD is to reduce the destruction of the rainforests, which is responsible for more than one-fifth of man-made CO<sub>2</sub> emissions. The United States, Australia, Norway, Great Britain, France and Japan have set aside \$3.5 billion, and this amount could still rise if these six countries are joined by new partner nations. The study reports that the emerging and developing countries to whom this funding could go, however, could soon end up in a competition for investment, which would push back local communities still further and increase corruption. In the worst case, the REDD funds could end up going directly to logging firms who had previously come by forest licences in a dishonest fashion. Rather than handing the reins to federal bureaucrats, it would be far better to make those living in the forest its custodians. As White put it, "the level of deforestation is the highest in government forests", while the rates in forests administered



The 2010 Haiti earthquake made 1 million people homeless.

by local peoples are even lower than those in national parks. Thomas Brose, Director of the European Climate Alliance and responsible for the cooperation with indigenous peoples, expressed some fundamental doubts that “instruments like REDD” could be used by industrialised nations “to buy [their] way out of the duty to reduce greenhouse gas emissions”, when the aim of the agreement is to minimise the emissions from the destruction of the rainforest rather than to protect the forest itself. According to Brose, REDD is directed at those destroying the forest, rather than those who are actually protecting it, because it would be economically impractical to help the latter. The rights of the indigenous peoples and their inclusion have been substantially watered down by the representatives in Copenhagen. Brose is even extremely critical of the contracts made in cooperation with indigenous peoples, which involve the promise of a parcel of land in return for maintaining a certain level of CO<sub>2</sub> emissions. His reasoning: the financial resources offered may tempt the local people, but what happens if the CO<sub>2</sub> levels are not maintained, for example as the result of a fire? This would put their lands in jeopardy, the only bargaining chip that the indigenous peoples have.

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## ENVIRONMENT

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### Megadam in the Amazon

The Belo Monte megadam on the Xingu River is going forward: the Brazilian environmental bureau IBAMA acquired an environmental licence for the project in early February. After 20 years of struggle, this now means that there are no more big obstacles to prevent construction from beginning. Generating a maximum of 11,233 megawatts, Belo Monte will be the third-largest hydroelectric power station in the world. The government is estimating building costs at 20 billion reais (around US\$ 11 billion). The controversy around the dam has gone on for more than 20 years – at the end of the 1980s, none other than Sting performed in Altamira, the largest city in the construction area. At that time, the World Bank revoked its credit and the building project was initially abandoned. Brazilian Environmental Minister Minc is now claiming that the new project has been considerably improved; it will in fact flood a much smaller area than originally intended. The government spoke of a draw between supporters of the environment and the energy sector. Critics fear that Belo Monte is only the first step of further construction measures. The maximum generation of 11,233 megawatts can actually only be reached during the rainy season. The guaranteed output for the whole year is only 4,428 megawatts. This could be regulated through regulation of the flow of the river, something that the construction of three more dams in the area, which has an indigenous population of 40 percent, would make necessary regardless.

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## ENVIRONMENT

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### Rio de Janeiro in Olympics Frenzy

After five attempts since 1930, Brazil has become the first South American country to host the Olympic Games. With the motto “nós podemos” (“yes we can”, the Brazilian version of Obama’s campaign slogan), Brazilian president Lula and 50,000 people celebrated Rio’s victory over Tokyo, Chicago, and Madrid. Now there are high hopes and big plans to change Rio for the better. Even today, six years before the games, the preparations for the Olympics have already begun. Right now the city does not just stand for sun, fun and sambas, but also for immense favelas, social injustice and rampant violence. Rio is a profoundly divided city. Changes have been progressing only slowly. The Olympic Games could make the difference: reforms will be made to Rio’s public transportation system. But experts warn that the changes will primarily benefit the middle class. Because the majority of Olympics events are to take place in the booming new district of Barra de Tijuca, home to mostly the middle and upper classes, the city plans to expand the subway network and build a line to this part of the city. Other central challenges that renowned Brazilian writer Paulo Coelho hopes will be addressed are the lack of security, and the daily violence on Rio streets: “I hope that in 2016 we have the same crime rate as Tokyo; that is, almost none.”

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## HUMAN RIGHTS

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### Colombia: Is Biodiesel Endangering Humans and the Environment?

At present, Colombia converts its palm oil into cooking oil, margarine, and soap, but there is a push toward expanding this conversion to biodiesel in the future. Sugar cane, another biological fuel source, is already being converted into ethanol. Until now, biofuels primarily supplied the domestic market in Colombia, where they are mixed into gasoline at a rate of 10 percent. Driven by rising global demand and international aid, Colombia aims to export biofuels on a broad scale in the future, which at the moment means a tremendous increase in energy monocultures. This cultivation has high social costs, as Paula Alvarez Roa from the NGO Grupo Semillas points out. The conflict in Colombia, spanning over four decades, has driven four million people off of their own territory, and no solution has yet been found. At the same time, writes Alvarez, five million hectares are owned by a few biofuels corporations that foresaw the potential of these lucrative lands. There is rising pressure on farmers to give up their fields or to cultivate sugar cane or palm trees instead of food. Alvarez believes that the increasing cultivation of biofuels has intensified the conflict over property and has led to more violence as well.

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## NORTH AMERICA



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### ENVIRONMENT

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#### Appliance Rebates Hit U.S.

Stampede at the appliance shop: some U.S. states have instituted rebate programmes for refrigerators, washing machines and dishwashers. If a new appliance uses at least a third less energy than the old one, buyers can get back up to 500 dollars from the state. After the success of the car-based “Cash for Clunkers” programme, politicians hope to continue to stimulate the domestic market. In Iowa, for example, buyers can get up to 500 dollars back on new kitchen appliances. Washington appropriated 2.7 million dollars from the federal budget for the state’s programme; the money was gone in hours. California opened its own bargain basement on April 22, with a total of 35.2 million dollars destined for energy-conscious consumers. Other states are wanting to follow these examples. U.S. rating agency Moody’s estimates that the rebates from the eight U.S. states that have so far participated have already had an impact on economic statistics: finance analysts at the agency indicate that sales of durable goods, including kitchen appliances, have unexpectedly risen. Economists openly doubt whether such incentives make sense, indicating that although they certainly have advantages for buyers and could also lower energy consumption, the programmes have not achieved their underlying political goal: creating and safeguarding jobs in the United States. Economic advisor Joel Naroff of Naroff Economic Advisors notes that many kitchen appliances are traditionally produced abroad: “On a 600 dollar washing machine, the retailer may make 100 dollars, but the manufacturer will make 300 dollars”, he said. “But if the manufacturer is on the other side of the world, that’s 300 dollars that goes out of the [U.S.] economy”.

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### LABOUR STANDARDS

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#### Chair in Sustainable Food Production

Loblaw Companies Limited and the University of Guelph (U of G) in Canada announced the creation of The Loblaw Companies Limited Chair in Sustainable Food Production. The chair was made possible by a \$3-million gift from Loblaw and will be the center of U of G’s research focus on creating robust food production systems. It will help lead change in food production systems through education, research, practice, and outreach within the context of the essential elements of sustainability: the environment, communities, and the economy. “Issues related to food production and supply are among the greatest societal challenges of our time,” said U of G President Alastair Summerlee. “This new chair is a critical first step in helping to develop long-term solutions for a healthy future.” Among other things, The Loblaw Chair in Sustainable Food Production will pioneer approaches for dealing with the increasing challenges in agriculture and food production. This includes leading a national program in sustainable local food production, developing roundtables on the topic, and creating an industry advisory group to guide novel curriculum development.

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### CSR MANAGEMENT

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#### Canadian Centre for Excellence in CSR

As part of the Canadian government’s action plan on CSR, titled “Building the Canadian Advantage,” it officially launched the Centre for Excellence in Corporate Social Responsibility in Ottawa. This initially web-based resource will provide access to relevant CSR-related information, tools, and networks worldwide. “This new website will create a one-stop shop with the latest information on CSR rules, laws, and best practices, as well as timely and practical information and advice on foreign countries, local networks, and relevant experiences of Canadian companies, and other stakeholders operating abroad,” said Minister of International Trade and Minister for the Asia-Pacific Gateway Stockwell Day. The Canadian Institute of Mining, Metallurgy, and Petroleum (CIM) is spearheading the development of the Centre, with the support of the Canadian Department of Foreign Affairs and International Trade. A multi-stakeholder interim executive committee has been established, ensuring that a broad spectrum of perspectives are included and pave the way for the Centre’s development. Although located within the CIM website, the Centre is “owned” by all stakeholders. Over time, the expectation is that the Centre will enable greater understanding of effective partnering, relationships, and tools available for the extractive industry and various stakeholders alike, beyond what can be achieved without collaboration.

## PARTNERSHIP

### Bill and Melinda Gates Make 10 Billion Dollar Pledge

Bill and Melinda Gates have announced that their foundation will commit 10 billion U.S. dollars (about 7.1 billion euros) to investigating, developing and providing vaccines to the poorest nations in the world. In a joint statement, the couple said that strengthening public and private investment in vaccines over the next decade could help to drastically reduce the rate of child mortality in developing countries. They also called on governments and private individuals to close critical financing gaps in research funding and immunisation programmes for children. The newly announced financing is in addition to the 4.5 billion U.S. dollars (about 3.2 billion euros) that the Gates Foundation has already invested in its health programmes for the investigation, development and provision of vaccines.

## ENVIRONMENT

### Oil Spill in the Gulf of Mexico



On April 20, 2010, eleven people died in an explosion on the Deepwater Horizon drilling rig. The platform sank two days later. One month after the disaster, an untold amount of oil is still streaming from the damaged pipe in the Gulf of Mexico. The drilling rig was under contract to the BP oil company. BP has made numerous attempts to manage the catastrophe.

They have set parts of the slick on fire and are using chemical dispersants on the oil. Aid workers have set up booms to try to protect the Louisiana coastline. BP was able to cap one of the riser pipes, sealing off one of the three leaks, and has also inserted a Riser Insertion Tube tool that allows the oil to be pumped into a tanker. A 13-meter-high containment dome has been lowered onto the seabed, 1,500 meters below sea level, with a plan to funnel the oil to the surface, but efforts so far have been unsuccessful. Workers will next try to inject shredded rubber into the borehole and seal it with concrete. But no matter what steps are taken, the disaster in the Gulf is already one of the worst manmade environmental catastrophes ever. The oil will destroy a massive part of the ecosystem, wiping out large numbers of species and plants, primarily marine life. This is leading to the collapse of one of Louisiana's most important sources of revenue: the fishing industry. Toxin levels in the food chain are expected to rise, and the oil slick is now threatening the coasts of Florida and Cuba as well. It is hard to imagine when the landscape will recover from this disaster, but studies of the Exxon Valdez spill show that the effects of the oil are still in evidence twenty years later. BP has promised to take full responsibility for the oil spill and to accept legitimate claims for damages. In May, one month after the drilling rig explosion, the costs are already approaching \$625 million – before any claims have been settled.

## HUMAN RIGHTS

### Almost 40 Percent of US Food Wasted

Almost 40 percent of the food purchased in the United States ends up as rubbish. A study by the Bethesda, Maryland National Institute of Diabetes and Digestive Kidney Diseases (NIDDK) found that over the past few years, more food has been going to waste. In 2003, each U.S. consumer had an average of 3,750 calories available per day, with around 2,300 of these consumed and 1,450 thrown away. That means that 39 percent of the available food supply went to waste. This vastly exceeds the 27 percent that the U.S. Department of Agriculture estimated after its own interviews with consumers and producers. End-consumers are responsible for the lion's share of this waste. In a study by sociologist Jeffery Sobal in Tompkins County, New York, production accounted for 20 percent of food waste, distribution another 20 percent, and consumers were responsible for the remaining 60 percent. Experts posit that lower prices are one reason for the rising amount of wasted food. Tristram Stuart, author of the book "Waste: Uncovering the Food Scandal", writes of the amount of food wasted in the U.S.: "if food wasted by consumers and the food industries of the UK is estimated and added to that [U.S.] total, there would be enough food to satisfy the needs of the world's hungry between three and seven times over".

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# THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

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At the core of the Global Compact initiative are 10 principles for human rights, labour standards, the environment and eliminating corruption.

The Global Compact calls upon globally active companies to recognise these principles and to take steps to put them into effect.

## HUMAN RIGHTS

- 1 *Principle 1:* To support and respect internationally proclaimed human rights
- 2 *Principle 2:* To ensure that they are not complicit in human rights abuses

## LABOUR STANDARDS

- 3 *Principle 3:* To uphold freedom of association and recognise effectively the right to collective bargaining
- 4 *Principle 4:* To eliminate all forms of forced and compulsory labour
- 5 *Principle 5:* To effectively abolish child labour
- 6 *Principle 6:* To eliminate discrimination in respect of employment and occupation

## ENVIRONMENT

- 7 *Principle 7:* To support a precautionary approach to environmental challenges
- 8 *Principle 8:* To undertake initiatives to promote greater environmental responsibility
- 9 *Principle 9:* To encourage the development and diffusion of environmentally friendly technologies

## ANTI-CORRUPTION

- 10 *Principle 10:* To work against corruption in all its forms, including extortion and bribery.



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*Portrait of United Nations Secretary-General Ban Ki-moon in the General Assembly Hall,  
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Ban Ki-moon, UN Secretary-General



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