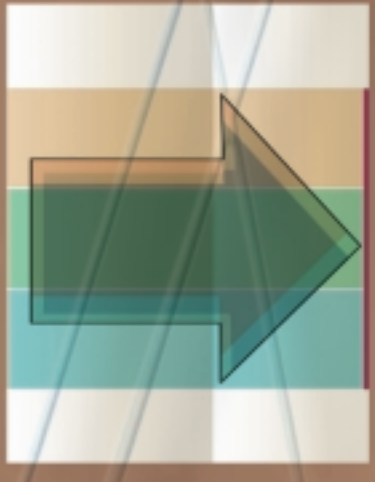


Tool Compatibility Guide

2004

INSTITUTO ETHOS

Sponsor

McDonald´s

Social responsibility is part of McDonald's philosophy since its inception in the 50's. In addition to offering quality products and services, the company has been engaged in efforts to improve conditions for communities where it operates. Brazil is no different. McDonald's is a major employer in the country (36 thousand employees), has good relations with suppliers (210, for which over 15 thousand people work) and receives over 1.5 million customers/day. McDonald's, thereby, enjoys an enormous potential to mobilize Brazilian society. Sponsoring the Ethos Institute's Management Tools kit is a natural step of McDonald's commitment in motion since the openning of it's first restaurant in 1979.

Abradee

Since 1999, the Brazilian Association of Power Distributors — Abradee, in conjunction with the Foundation Institute of Economic Research — FIPE, awards annually the Abradee Prize to its members. In a pioneering initiative, the first Abradee Prize of Social Responsibility was awarded in 2000, with the support of Ethos Institute, for the use of Ethos Indicators of Corporate Social Responsibility.

Natura

Ethos management tools are valuable instruments to enable companies to assess their management from the perspective of the stakeholder with whom they maintain relations. At Natura, the Ethos management tools have been key to stimulating debate internally and helping in the design of action plans. The Banco de Práticas, Localizador and the management tools together are an important resource of best practice, fundamental to help companies that wish to apply the principles of sustainable development.

CPFL

By sponsoring the Ethos Management Tools kit, which has a new diagnostic feature to assess compliance of company's plans, policies and practices with the Global Compact Principles, CPFL demonstrates its committment to contribute so that companies can, as it has been done internally in the past years, integrate in practice the priorities of the company with the priorities of society. CPFL further reaffirms its understanding that sustainability is not possible unless we all make a real commit.

Petrobras

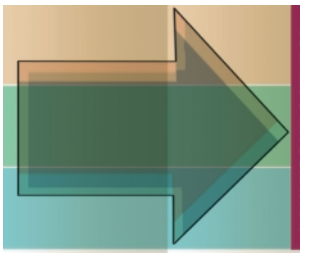
By sponsoring the Management Tools 2004 — Corporate Social Responsibility, by the Ethos Institute, Petrobras reafirms every year that it is committed to responsible corporate management. The company, known for its leadership in the Brazilian market, assumes the role of mobilizing companies to practice social reponsibility in order to build a more just and sustainable society. In 2004, Petrobras through the strategic planning process developed the mission to perform profitably and safely, based on social and environmental responsibility principles, to contribute to the development of Brazil and of the countries where it operates, and to use Ibase, Ethos, GRI, Dow Jones, CEBEDS and ANP indicators in the preparation of its social reporting.

Itaú

At Itaú, social responsibility is practiced based on the strong values inherent to the organizational culture forming the basis for corporate governance and sustainability. We advocate that these values and practices should be in service of the social development of the country. Thus, by supporting the Management Tools kit, Itaú seeks to improve the practice of social responsibility seeing the kit as an important learning instrument that contributes to aggregating experience and understanding.

SESI

SESI, the Social Service for Industry, is an institution that strengthens the industrial community. By using modern tools of social management that improve workers quality of life and contribute to the growth of society as a whole, SESI makes its contribution so that companies can profit from excellence, grow in a sustainable manner and fufill their social role. For information on our education, health, entertainment products, social consulting services, drugstore, food services and microcredit, access www.sesisc.org.br.



Tool Compatibility Guide

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INSTITUTO ETHOS
EMPRESAS E RESPONSABILIDADE SOCIAL
BUSINESS AND SOCIAL RESPONSIBILITY

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Introduction

Over the last few years, the corporate social responsibility movement in Brazil, partly expressed by the performance of the Ethos Institute of Companies and Social Responsibility, has created and adapted to the Brazilian reality a series of tools that help the companies to draw a roadmap of social responsibility and sustainable development, which integrates the economic, social and environmental dimensions that involve the human activities.

Today, however, the challenge is to demonstrate to the companies that these tools are compatible with the several instances of management, and that they apply to each one of the sustainability dimensions. The purpose of this publication is to correlate these tools to the activities of the companies by offering a diagram of how they can be used, so that they can guide the companies' performance towards sustainability while interacting with their stakeholders.

We highlight the Sigma Project (www.projectsigma.com), initiative started in 1999 and which inspired us, aiming to integrate management tools. In this way, we hope to add information to the Tools Finder, available on the Ethos Institute website (www.ethos.org.br) since 2002, foster a better understanding of these topics, and provide the managers with a guide to choose tools, all of which are updated and relevant to the adoption of social responsibility in the organizations and to their alignment with the principles of sustainable development.

The Compatibility Guide

Within the scope of frameworks and tools that aim to lead to responsible management, there are, at one extreme, tools such as the ISO, AA 1000, SA 8000 and OHSAS 18001 standards, and the Principles of Corporate Governance of the Organisation for Economic Co-operation and Development (OECD). At the other extreme, there are principles as comprehensive and important as the Universal Declaration of Human Rights, the Earth Charter, the Rio Declaration/Agenda 21 and the Millennium Development Goals.

With such varied options, it is understandable that company managers feel insecure of what they should do to help create a better world. They face common dilemmas on how to use the Millennium Development Goals or the Agenda 21 in the company's mission and vision. Actually, these initiatives aim to give an overview of what is causing industrial and human impact on the planet and point out some ways to mitigate it. However, their concepts are not directly applicable to the daily business, unlike those of standards and certifications, whose objective is to set procedures for their correct implementation.

When following the steps towards ISO 14001 certification, for instance, a company will find solutions for the appropriate disposal of residues, and, by doing so, it will comply with one of the Natural Step principles of not concentrating human-generated residues in the Earth's crust.

It is important to consider that there is not one only code or standard that will lead corporations to social responsibility and sustainable development. Each company is a differentiated world, has its own challenges, corporate culture, different stakeholders, and its own management systems. For each stage of the corporate life there is always one step ahead than can be taken towards turning the organization into a sustainable one. It is an evolutionary process, as can be seen in the figure below, originally developed by the Sigma Project and redesigned by the Ethos Institute to include national tools for evaluation and conduct.

The proposal of the Sigma Compatibility Tool is to support the Sigma Project application by identifying the links among the existing management systems and references. The objective is to encourage organizations to start work from where they are today, not necessarily replacing tools that have already been implemented.

There are several standards and orientations that can be used by organizations to facilitate the Sigma Project implementation. The diagram shows the existing steps for a company to reach their sustainability, from a basic accounting system to a mature stage, in which the organization is able to integratedly manage themes that address sustainability.

In the Guide, each management system was divided into three axes — social, economic and environmental — in order to show its focus and reach. As organizational sustainability improves its systems become more integrated, which can be seen as we move towards the right-hand side of the diagram, where the principles that provide a backdrop for the whole process are. Obviously, some organizations manage to go along this path more quickly. In this sense, a Guide like this can help a company to find out where their efforts are concentrated and what to do to reach higher levels in the process.

Business Strands

Start-up: Pays social, environmental and economic taxes

Growth Stage

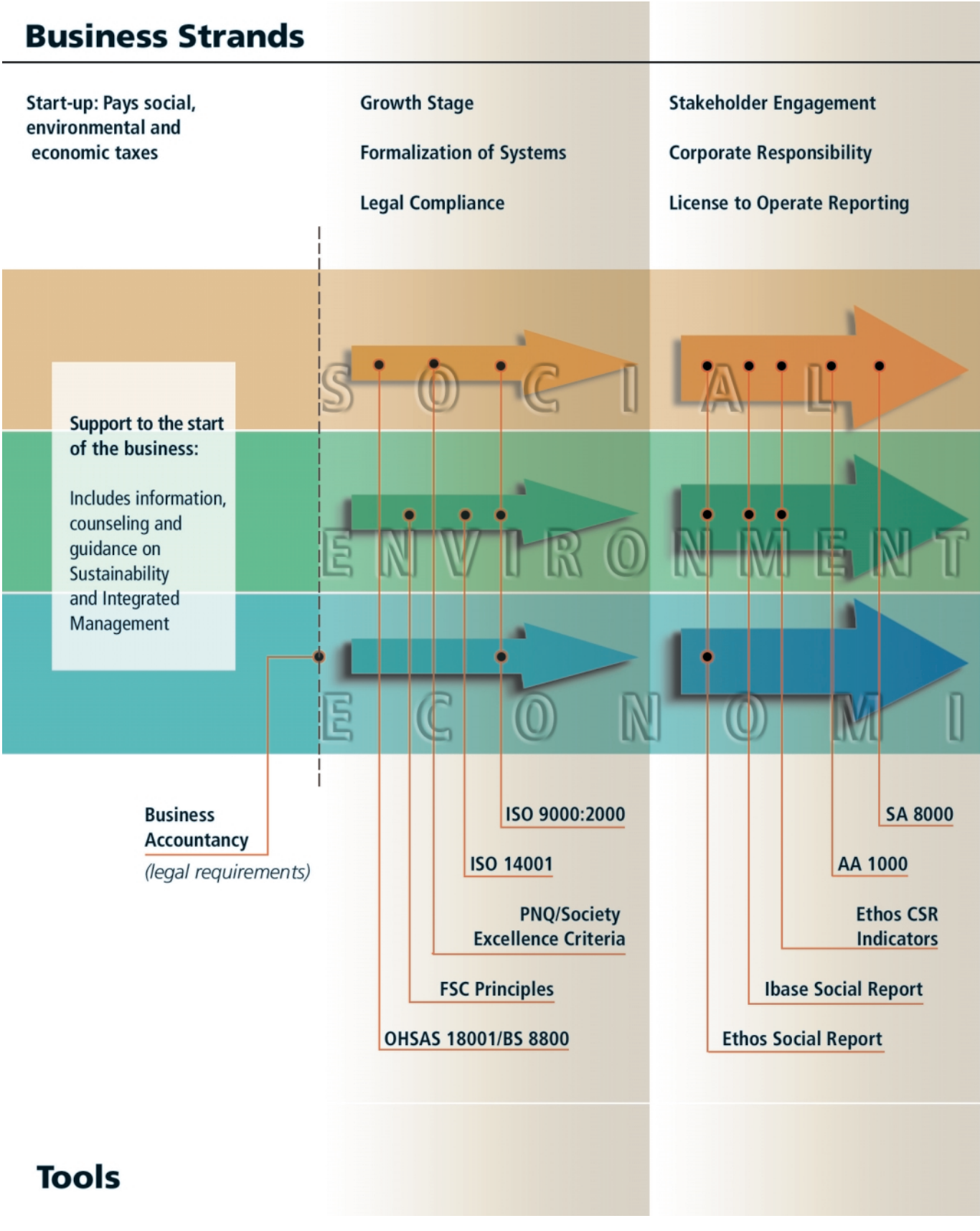
Formalization of Systems

Legal Compliance

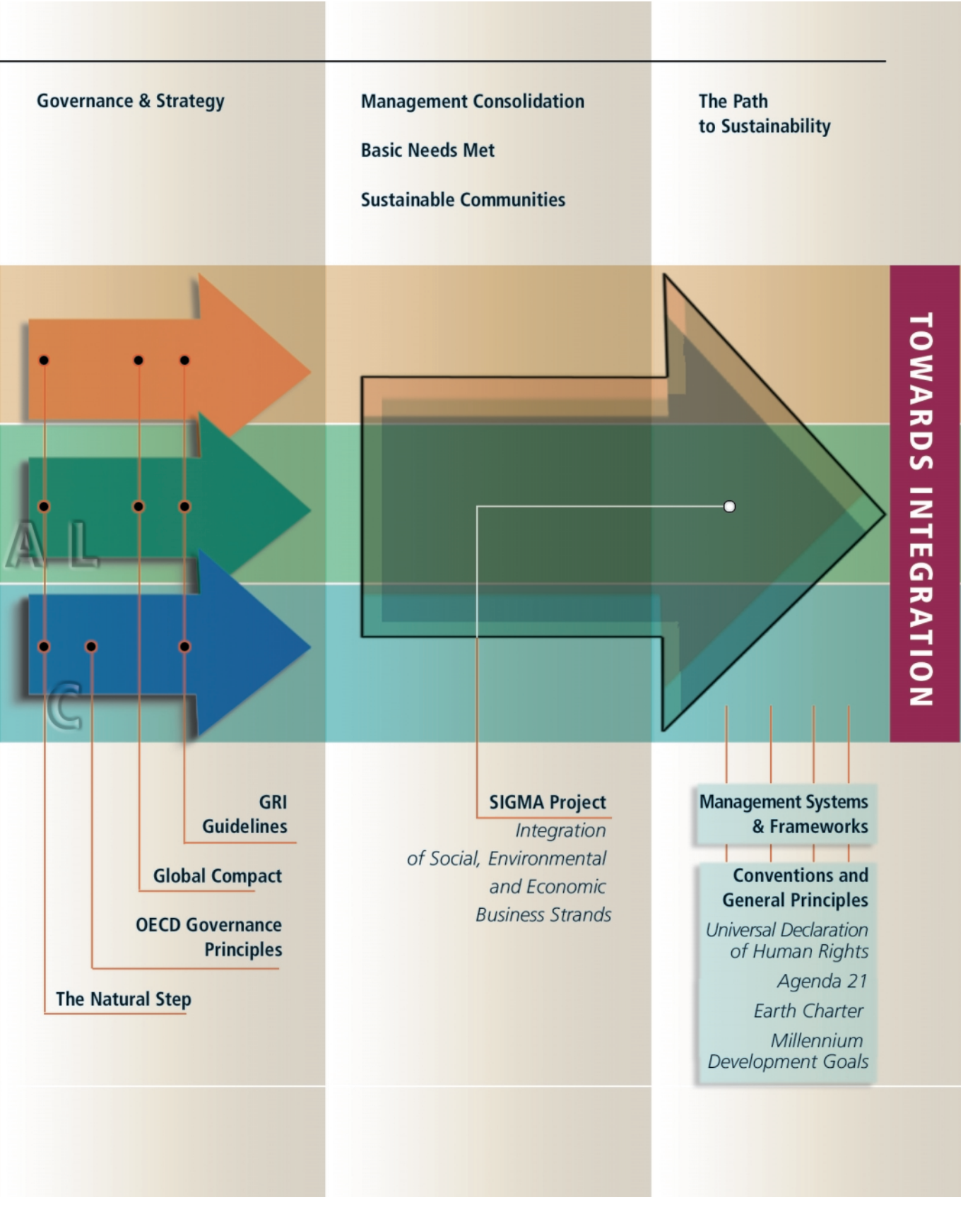
Stakeholder Engagement

Corporate Responsibility

License to Operate Reporting



Tools


Governance & Strategy
Management Consolidation
Basic Needs Met
Sustainable Communities
The Path
to Sustainability
TOWARDS INTEGRATION
A
L
C
GRI
Guidelines
Global Compact
OECD Governance
Principles
The Natural Step
SIGMA Project
Integration
of Social, Environmental
and Economic
Business Strands
Management Systems
& Frameworks
Conventions and
General Principles
Universal Declaration
of Human Rights
Agenda 21
Earth Charter
Millennium
Development Goals

Understanding the Tools: the Positive Agenda

Along the centuries, individuals and organizations have been causing damage to the environment and disbalancing ecological systems at a speed disproportionate to Nature's regeneration capacity to meet a growing consumption, due to either the disordered extraction of natural resources or the generation of residues from the production processes. All of this seriously threatens the social systems and the global well-being. If we do not become aware that we are part of a complex and interdependent system, the planet can collapse.

Countless world and national, business and non-governmental leaders have realized that it is necessary to balance the environmental, social, human and economic needs, heading for the sustainability of the planetary system. They started to work on the improvement of relationships among the several actors. So the positive agenda can be understood as the counterbalance, the search for a solution for an unsustainability status we can now realize and see. Creating a sustainable future requires that governments, society, organizations and individuals rethink the way natural resources are used, how the various stakeholders interact, which goals are to be reached, and last but not least, how all of this affects the social justice and worsens the inequality among nations and social classes.

The organizations are part of this more and more complex global system, both concerning improvements that can be made and the extent of the damage caused. The sustainable development presents a challenge to the traditional way of thinking of organizations, since the improvement of their performance does not depend only on the products sold, the services provided and the profit made, but also on the impact on the human and social well-being, and on maintaining the environment, on which life depends.

It is believed that, in a near future, the successful organizations will be those committed to sustainability in its several aspects — social, environmental and economic — in a continuous and simultaneous manner. The speed of transformation of this field, however, makes it more complex for companies to understand how to act in order to meet the objectives set. Aiming to help companies in such task, a guide was designed to show the relationships among the several instruments, tools and references for the management.

The search for a model that balances production and consumption relationships intends to be a rescue for the current world situation of violence increase in rural and urban areas, endemic hunger, multiplication of poverty belts, dissemination of epidemic diseases, the increase in armed conflicts (which bring serious environmental consequences), use of nuclear energy and the challenges presented by the disposal of its waste. The key question is: How can we overcome all this? Many of the answers lead to initiatives that involve nations and try to create global commitment because it has become clear that isolated initiatives will not solve problems with planetary dimensions.

As a result, before an uncertain planetary future, governments, non-governmental organizations and individuals began to search for solutions to avoid a world collapse. There were mobilizations in this sense. However, the answers were so varied and originated from so many different sources that

the big challenge now is organizing all these tools so that they can be really useful to the society. From the business management point of view, it is important to understand which of these mechanisms and systems directly and immediately apply to the corporate world and which are only guiding principles, true reference guides for a better world.

From wars to sustainability: an evolutionary path

Before World War I, there was hardly a transnational awareness. In other words, the decisions of a nation were not thought to significantly affect the whole world. So it can be said that the establishment of the League of Nations in 1920, aiming to promote international cooperation, peace and safety, was the first step towards thinking globally. At that moment it was clear that just national laws would no longer be enough to regulate events that crossed the borders of each country. In addition to that, there was the development of the means of communication and of the transports. The traffic of people among the several areas of the planet increased, thus increasing the relationship among the peoples.

The human and environmental traumas caused by the nuclear bombs thrown in World War II in the cities of Hiroshima and Nagasaki got the world to think collectively again about measures to avoid the repetition of tragedies like these. As a consequence of this concern, the United Nations (UN) was set up in 1945 and its first great manifestation was the Universal Declaration of Human Rights in 1948. It was the first international proclamation of the individuals' basic rights: political, economic and social rights.

In the mid 1960s, Heads of State, economists, educators, humanists, bankers, political leaders, scientists, among other representatives of several countries, started to meet in Rome to analyze the world situation and offer forecasts and solutions for the future of mankind.

The first important meeting was held in 1968, when the members concluded that the planet condition was seriously affected by the large demand for raw materials and by the generation of industrial production residues. In other words, the human activities were becoming incompatible with the recovery of the natural resources and, therefore, they suggested the decrease in production to reduce the environmental impacts. This group, with this thought, originated the Club of Rome.

The proposal of the Club of Rome was not globally accepted for being considered very radical at that time. However, it was a warning for the world to start worrying about the decrease in the quality of life and the risks offered to the human health and survival. The Club of Rome produced a series of reports of great impact, among which *The Limits to Growth*, published in 1972, a book considered weak when compared to *Beyond the Limits*, dated 1992.

As a consequence of the content of the Club of Rome publications, the UN held in June 1972, in Sweden, the United Nations Conference on the Human Environment, also known as the Stockholm Conference. This meeting, attended by representatives of 110 countries (including Brazil), was a milestone as it drew the world's attention to the seriousness of the global environmental situation. This initiative resulted in the Stockholm Declaration, which introduced for the first time in the international political agenda the environmental dimension as a conditioning and limiting factor for the traditional economic growth model, and for the use of natural resources. For the first time the sustainability concept was used, although limited to environmental issues.

The 1980s were characterized in Brazil by a higher publicity and dissemination of social projects. Initiatives such as the ECO Award, promoted by the American Chamber of Commerce, and the beginning of the publication of social reports in Brazil (the first one in 1984, made by a fertilizers company) were introduced in this decade. It was also a period marked by the Chernobyl accident in the city of Kiev (former Soviet Union) in 1986, which killed 30 people immediately, contaminated the soil, the water and the air, and triggered a warning signal on the use of nuclear technology, even if for peaceful ends such as energy generation.

It was also in this decade, more precisely in 1987, that the concept of Sustainable Development was developed. It appeared in the Brundtland Report, produced as a summary of the World Commission of Environment and Development, organized by the UN, whose theme was "Our Common Future." The concept, in its origin, is very comprehensive, applying to the Earth planet as a whole, connecting the idea of "development" to the idea of "environment", and stating that it is a "development that aims to meet the needs of the present generation without compromising the ability of future generations to meet their own needs."

However, the sustainability movements were strengthened only in the nineties, with the advent of several company management tools. A significant milestone was the development of The Natural Step (TNS), movement led by the Swedish oncologist Karl-Henrik Robèrt.

In the 1990s, important consensual agreements were reached such as the Agenda 21, proposed in the 1992 United Nations Conference on Environment and Development held in Rio de Janeiro, known as Rio-92. This was the first relevant international meeting held after the end of the Cold War. Another important initiative was the Kyoto Protocol, whose text was published in December 1997 in the United Nations Framework Convention on Climate Changes held in Japan. Both had several countries committing themselves to a sustainable model, reinforcing the concepts established in the Stockholm Conference. Nevertheless, for the Kyoto Protocol to take effect, it must be ratified by at least 55 countries, including the developed countries — responsible for 55% of the greenhouse gases emissions — which has not happened yet. The Kyoto Protocol was followed by the Global Compact in 2000, the first UN proposal addressing the theme corporate social responsibility, a personal initiative of the UN secretary-general, Kofi Annan.

In 1998, Brazilian companies of various sizes and activity sectors gathered to set up the Ethos Institute, a nonprofit organization whose mission is to mobilize, persuade and help companies to manage their businesses in a socially responsible manner. The Ethos Institute disseminates the practice of social responsibility through exchange activities comprising experience, publications, programs and events aimed at its associates and the business community in general.

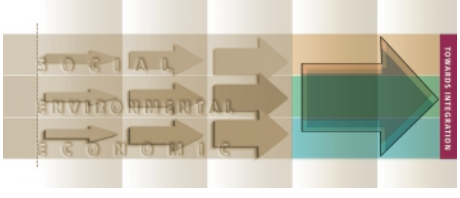
With the objective of strengthening the corporate social responsibility movement in Brazil, the Institute conceived in 2000, with the help of other organizations, the Ethos Social Responsibility Indicators, a management learning and evaluation tool regarding the embodiment of corporate socially responsible practices into the strategic planning and into the company's overall performance monitoring — a system to evaluate in which stage the practices of each associated company are. The Indicators have enabled the establishment of a stronger commitment of the companies in Brazil to the social responsibility.

The turn of the millennium originated another important initiative: the Millennium Development Goals. Established during the Millennium Summit in New York in 2000, it was considered as the largest meeting of world leaders of all times, with the participation of 147 Heads of State and Government and representatives of 189 countries.

Two years later, the Earth Charter, which received the approval of the United Nations, started to be divulged. It intends to be a planetary ethical code to guide people, organizations and States. As far as business is concerned, the Earth Charter demands the promotion of social development and of financial systems that create and maintain sustainable means of subsistence, eradicate poverty and strengthen local communities.

The current big challenge is to make these local and global initiatives converge, so that they can be clear and applicable to the business world, whether in the form of principles or standards. One attempt in that sense was the Sigma Project, published in 1999, which intends to be a practical guide for organizations to apply the tools that will lead to sustainable development. There is still a lot to be done in this field. However, some important steps have already been taken: mobilizing the planet around the theme, gathering suggestions, and start creating a convergence among the several visions and instruments.

A tour of the Tools



Universal Declaration of Human Rights

Adopted by the UN in 1948, the Universal Declaration of Human Rights is one of the most important documents ever written. It is the first international proclamation of the individuals' basic rights concerning political, economic and social rights. It resumes the French Revolution ideals of equality, freedom and fraternity, this time in a universal scope. Internationally accepted and respected, the declaration was used as a basis for the development of many constitutions around the world and is considered as a key reference for any other certification or initiative.

Nowadays, one of the big challenges is the translation of the declaration principles into the environment of companies, which frequently comply with social and economic rights, but are more unwilling to assimilate civil and political rights.

Written under the impact of the atrocities perpetrated during World War II, the declaration was unanimously adopted by the 48 members of the United Nations at that time, however with some communist countries abstaining to vote, such as the Soviet Union and Poland, which disagreed with some items of the initiative. In 1993, 171 countries reinforced the support to the document through the Vienna Declaration, during the United Nations World Conference on Human Rights, held in the Austrian capital.

The documents derived from the Universal Declaration of Human Rights are equally important, such as the Declaration of the Rights of the Child (1959) and the Declaration on the Elimination of Violence against Women (1993).

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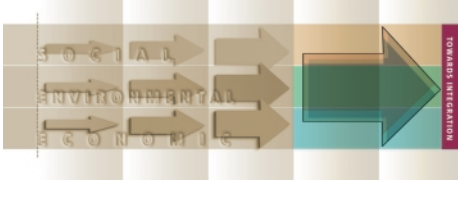


Agenda 21

It is a document consisting of 40 chapters that presents an action program based on a participative planning process of analysis of the current situation of a country, State, city and/or region, and planning of a sustainable future. It is considered as the most daring and comprehensive attempt to promote a new development pattern in the planet, harmonizing methods of environmental protection, social justice and economic efficiency.

The Agenda 21 was created starting from the contribution of governments and civil society institutions of 179 countries, in a preparatory

process that lasted two years, and eventually led to the 1992 United Nations Conference on Environment and Development in Rio de Janeiro — also known as Rio — 92. Besides the Agenda 21, four agreements resulted from this whole process:

- *Rio Declaration* — It contains 27 principles focused on environmental protection and sustainable development. Although it targets nations, the Rio Declaration establishes the need for a global partnership among governments, organized civil society and productive sectors. It defines two core principles, not totally accepted yet: the principle stating that the polluter should bear the cost of pollution — basis of the Kyoto Protocol — and the principle of precautionary approach, which provides guarantee against potential risks that cannot be identified by science yet.

- *Statement of Principles for the Sustainable Management of Forests* — Document that embodies the concept of sovereignty of countries in regard to their natural resources (including the forest ones) and the concept of the right of countries to manage their forest resources according to their objectives and policies.

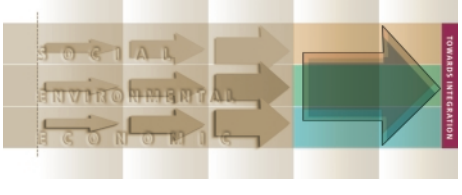
- *Convention on Biological Diversity* — First global agreement addressing the conservation and sustainable use of the planet's biological diversity.

- *Convention on Climate Changes* — Document that stresses the commitment to the stabilization of safe atmospheric concentrations of gases that cause the greenhouse effect. The main goal of this convention was the reduction of carbon dioxide emissions until the year 2000 to the levels of 1990.

Unlike the Stockholm Conference, in 1972, which only addressed the theme of environmental conservation, the Rio Conference was characterized by the concern about sustainable development. Therefore, the Agenda 21 is not an environmental agenda, but a sustainable development agenda.

The environment is still a core issue, but the Agenda 21 also considers strategic aspects related to job and income generation; to the decrease in regional and interpersonal income disparities; to the changes in the production and consumption patterns; to the construction of sustainable cities; to the adoption of new management models and instruments.

Link:
www.mma.gov.br



Earth Charter

The Earth Charter is an ethical and moral code, with practical guidance and goals so that the global community can advance in the process of creating a world based on sustainable development.

Approved by the United Nations in 2002, the Earth Charter intends to be as comprehensive as the Universal Declaration of Human Rights in relation to sustainability, equity and justice. The inclusive ethical vision of the document acknowledges that environmental protection, human rights, peace and equitable human development cannot be apart.

It comprises four broad themes:

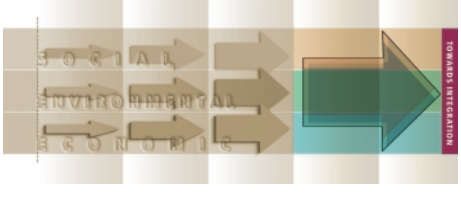
1) Respect and Care for the Community of Life;
2) Ecological Integrity;
3) Social and Economic Justice; and
4) Democracy, Nonviolence, and Peace — subdivided into 16 principles and 60 affirmative actions.

The idea of the Chart arose in 1987, as suggested by the World Commission of Environment and Development. In the United Nations Conference on Environment and Development — Rio-92, this theme was in the agenda, and an international secretariat was set up to carry out the project.

Since 2000, the International Earth Charter Initiative has been acting to divulge the Chart and to turn it into a universally applicable ethical code that inspires people, organizations and States. As far as the business world is concerned, the Earth Charter encourages the promotion of social development and demands financial systems that "create and maintain sustainable means of subsistence, eradicate poverty and strengthen local communities."

The International Earth Charter Initiative reminds that, in all countries, companies are coming under increasing pressure from shareholders to be transparent about their values and principles and clearly communicate what they are doing to reach sustainable development. Therefore, it suggests that the Chart principles be used to review operations and change activities.

Link:
www.earthcharter.org



Millennium Development Goals

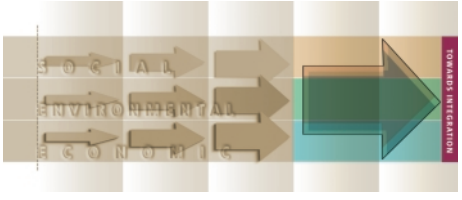
The Millennium Development Goals are a set of 18 objectives linked to 8 goals, which should be met by the signatory countries of the Millennium Declaration (including Brazil) by 2015, aiming at a minimum level of necessary conditions for the global sustainable development. They are as follows:

Goal 1: To eradicate extreme poverty and hunger.
Goal 2: To reach universal elementary education.
Goal 3: To promote equality between the sexes and women's autonomy.
Goal 4: To reduce infant mortality.
Goal 5: To improve maternal health.
Goal 6: To fight HIV/Aids, malaria and other diseases.
Goal 7: To ensure environmental sustainability.
Goal 8: To establish a world partnership for development.

The Millennium Development Goals were established during the Millennium Summit, considered as the largest world leaders meeting of all times. It was held on September 6-8, 2000 in New York, and was attended by 147 Heads of State and Government and 191 countries.

The fulfillment of the objectives is quantified by 48 indicators, but the first international reports, such as the Human Development Report, published by the United Nations Development Programme (UNDP), portray the difficulty found by countries to reach the agreed goals.

Link:
www.undp.org.br



Sigma Project

The Sigma Project brings a set of principles for the companies that aim at sustainability. Created in 1999, it is the result of a partnership among the Forum for the Future, AccountAbility and British Standards Institution (BSI). The document was thoroughly reviewed in 2003 and is composed of three parts: a guide of principles, a set of management principles to implement sustainability in the core activities of the company, and a guide of tools.

Integration is the key word in the Sigma Project. It gathers social, environmental and economic themes, while encouraging companies to integrate these areas within the organization. Sigma is the synthesis of several frameworks and instruments in the field of corporate social responsibility. Sigma can be implemented on its own or together with other initiatives, and allows organizations to define their own process according to their needs.

Link:
www.projectsigma.com

GRI Guidelines

Pioneering initiative in the proposal of incorporating sustainable indicators into corporate activity reports, the Global Reporting Initiative (GRI) provides guidelines for companies that wish to present an economic, social and environmental report. Its mission is to raise the quality of reports to a level susceptible of comparison, consistency and usefulness. It has the active participation of worldwide representatives of areas such as business, accounting, investment, environment, human rights, research, and labor organizations.

Counting on the support of companies and non-governmental organizations around the world is one of the strengths of this initiative, which was primarily achieved by the inclusion of several interested parties in the process. The GRI encourages the companies to set goals and to report whether or not these objectives were met. If not, the company needs to explain why, which makes it more committed to the process and with the stakeholders, which will demand results.

Although the long term idea is to make GRI Guidelines applicable in any type of organization, the initial development focused on the business organizations. The GRI acknowledges that small companies find it difficult to adjust. Therefore, it encourages them to gradually make their reports based on its principles.

The GRI is a valuable tool for internal evaluation of the consistency between the corporate sustainability policy and its effective accomplishment. The GRI does not foresee external verification, which has been increasingly important to ensure the credibility of a report. This is, therefore, a challenge that the initiative will have to overcome.

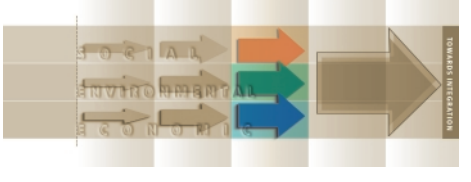
The GRI principles were developed focusing on the long term and on the company's willingness to

keep developing based on new knowledge and learning. Many of them resemble those used in financial statements, which facilitates the understanding on the part of stakeholders and their use in the social and environmental fields.

Although not all the organizations can reach the established goals in the short term, they should report the process of principles implementation and identify the improvements reached in the various aspects.

The 11 principles of the GRI set forth conducts in its development that observe criteria such as transparency, auditability, accuracy and other virtues of good information, as well as its organization according to the three celebrated dimensions of sustainability: economic, environmental and social.

Link:
www.globalreporting.org



Global Compact

The Global Compact was a result of an initiative of the Secretary-General of the United Nations, Kofi Annan, during the 1999 World Economic Forum, claiming that the business world should get united, aiming to "provide globalization with a human face." This challenge was officially made on July 26, 2000. Its goal is quite ambitious: to make the world economy more sustainable and to enable social inclusion.

The nine principles of the Global Compact are derived from the Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work, and the Rio Declaration on Environment and Development.

Human Rights

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

Principle 2: Businesses should make sure they are not complicit in human rights abuses

Labor Standards

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

Principle 4: Businesses should support the elimination of all forms of forced or compulsory labor

Principle 5: Businesses should support the effective abolition of child labor

Principle 6: Businesses should support the elimination of discrimination in respect of employment and occupation

Environment

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

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility

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

Anti-corruption

Principle 10: Business should work against all forms of corruption, including extortion and bribery.

As a result of being an initiative originated from a respected and influential entity, the Global Compact generated several social projects, partnerships and alliances. Its greatest contribution was to take the concept of corporate social responsibility to countries that were still unaware of this new form of conducting business.

Link:
www.unglobalcompact.org

OECD Principles of Corporate Governance

These principles were written in reply to a request made in the Meeting of the Organization for Economic Cooperation and Development (OECD) Council in April 1998: to develop, together with local governments, private sector initiative and renowned international organizations, corporate governance guidelines and bases. Approved in 1999, the document became a reference in member countries and non-members of the OECD.

Moreover, they are the basis of the corporate governance of the World Bank and the International Monetary Fund (IMF), besides having been adopted as part of the Twelve Key Standards for Sound Financial Systems of the Financial Stability Forum. This means that they are internationally accepted as the minimum requirement for the good governance practices, and they support the checking of payments, decision-making, as well as reviewing and supervising the financial situation of nations.

The OECD principles take into account the following themes:

- Shareholders rights
- Equitable treatment among shareholders
- The role of other stakeholders
- Disclosure and transparency
- The responsibilities of the Board

Such principles were developed so as to be clear and become a reference for the implementation of corporate governance. They follow the format of inspirational principles and attitudes to be avoided. They won world support for having been defined after a long consultation with stakeholders.

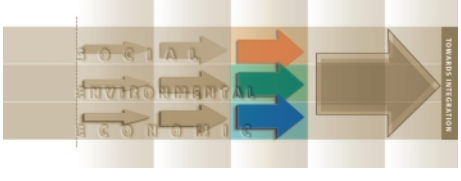
The recent review of the principles, whose document was published in 2004, was based on a comprehensive survey of how the member countries managed to solve the challenges of its

implementation. The G8[1] and G22[2] requested the OECD and the World Bank to promote the corporate governance in the emerging markets. As a reply, the referred organisms organized panels to discuss the standards that should be priority in each area. Now, each country will develop, implement and reinforce policies to develop the corporate governance. The OECD will monitor the process and compare the experiences.

Link:
www.oecd.org

[1]The Group of Eight (G8) is the forum of the eight most industrialized countries, whose objective is to coordinate the world economic and monetary policy. The group was established in 1975, when leaders of Germany, France, United States, Japan, United Kingdom and Italy gathered to discuss the oil crisis. In the following year Canada joined the group, originating the G7. The Russian Federation joined the group in 1998.

[2]The Group of Twenty-Two (G22) is the forum of the developing countries, among which are Brazil, Mexico, China, South Africa and India. It was made official in the World Trade Organization (WTO) meeting in September 2003 in Cancun (Mexico), aiming to defend the agricultural interests of the member countries and fight the subsidies to this sector practiced by the developed countries.



The Natural Step

The 1980s were characterized by many fragmented environmental discussions and by a confrontational attitude among the parties: the radical "green militants" on the one side and the business and political leaders on the other. The environmental consequences of the human actions started to be noticed and more broadly discussed — which was made explicit by the leak in the Chernobyl nuclear power plant in the former Soviet Union in 1986 — but consensual solutions on the themes discussed could not be reached.

Karl-Henrik Robèrt, the leader of this initiative, observed these movements with indignation. He reached the conclusion that the best thing would be to mobilize the scientific community first, so that they could present concrete facts in a compact document with accessible language to create awareness in the population. He wrote a manifesto, discussed it with several scientists and created The Natural Step in 1989.

Its four principles of sustainability were developed by scientists, who also defined a final objective and a suggestion on how to meet it.

System Condition 1: In a sustainable society, nature is not subject to systematically increasing concentrations of substances extracted from the Earth's crust, i.e., the extracted materials must be controlled so that the concentrations of metals, minerals and fume from fossil fuels do not accumulate, causing damage to the health and the ecosystems.

Objective: Eliminate our contribution to systematic increases in concentrations of substances from the Earth's crust.

System Condition 2: In a sustainable society, nature is not subject to systematically increasing concentrations of substances produced by society. When man produces chemical substances, drugs, and plastics, among others, he needs to do it in a way and in amounts that do not interfere in the natural cycle of decomposition in nature.

Objective: Eliminate our contribution to systematic increases in concentrations of substances produced by society.

System Condition 3: In a sustainable society, nature is not subject to systematically increasing degradation by physical means. We must not plant so that the soil will lose its nutrients or species will disappear, as well as road building and

constructions must not significantly interfere in the environment. It is necessary to preserve the existing resources.

Objective: Eliminate our contribution to systematic physical degradation of nature, through over-harvesting, depletion, foreign introductions and other forms of modification.

System Condition 4: In a sustainable society, human needs are met worldwide. Here, people are urged to improve the ways they satisfy themselves, and the companies are called to meet the needs of their customers by using the minimum amount of resources.
Objective: Contribute as much as we can to the goal of meeting human needs in our society and worldwide, going over and above all the substitution and dematerialization measures taken in meeting the first three objectives.

Link:
www.naturalstep.org

SA 8000

The SA 8000 is a global standard susceptible of verification created to make the workplace more human. It is a certification developed, reviewed and updated through dialog with all the stakeholders: unions, companies, and non-governmental organizations. The SA 8000 combines key elements of the International Labor Organization (ILO) conventions with ISO families' management systems.

Companies can get committed to the standards in two ways. As for the retail sector, the commitment consists of only doing business with socially responsible suppliers, SA 8000 certified by the Social Accountability International (SAI). On the other hand, the manufacturing industry must go through a strict process that includes contracting an accredited auditor to be awarded this certification.

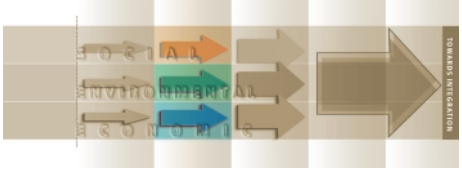
The SA 8000 codes of conduct are divided into nine main areas:

- Child labor
- Forced labor
- Health and safety
- Freedom of association and right to collective bargaining
- Discrimination
- Discipline
- Working hours
- Compensation
- Management systems

The obligation to set up a management system distinguishes the SA 8000 from the other codes of conduct and letters of intention for it assures that

the social themes be integrated with all the aspects of the corporate policy, as well as with the operation routines. The biggest advantage of the SA 8000 lies in the fact that it is both a performance and a process standard. One of the strengths of the certification standards is the continuous effort, without which the certification can be lost. Therefore, training is critical, since they disseminate the knowledge of the standards among the employees and teach managers how to make better use of the tool.

Link:
www.cepaa.org



AA 1000

Created in 1999, the AA 1000 is a standard that defines the best reporting practices to ensure the quality of the accounting, auditing and ethical social report. Designed to support companies, shareholders, auditors, consultants and standard setters, it can be used alone or together with other reporting standards, such as the Global Report Initiative (GRI), and standards such as ISO and SA 8000. The AA 1000 presents the main themes connected with social responsibility, and the divergent and convergent points in relation to the other standards.

The AA 1000 structure contains processes and principles for reporting and auditing. The AA 1000 processes are implemented in five stages:

Stage 1 – Planning

Stage 2 – Accounting

Stage 3 – Auditing and reporting

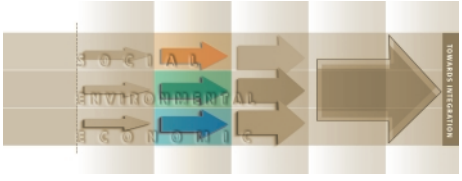
Stage 4 – Embedding

Stage 5 – Stakeholders engagement

One of the most important contributions of the AA 1000 is the processes and definitions that support the practice of corporate social responsibility. Innovation in the manner of adopting the rules is emphasized, allowing each company to define its own way. This places more responsibility on the companies.

Complying with this standard has been seen as a guarantee for the partners and other stakeholders that there is consistency in the company actions.

Link:
www.accountability.org.uk



Ethos CSR Indicators

They are a self-diagnosis tool that helps companies manage the social and environmental impacts deriving from their activities. Besides enabling the homogenization of Corporate Social Responsibility (CSR) concepts, the indicators also suggest parameters of policies and initiatives that the company can develop to strengthen its commitment to CSR.

Since their creation in 2000, the Ethos Indicators are annually updated and have been playing an important role in clearly presenting the aspects that comprise a socially responsible management. The indicators allow companies to carry out a self-evaluation of their performance in seven themes:

- Values and Transparency
- Internal Public
- Environment
- Suppliers
- Consumers and Customers
- Community
- Government and Society

With the Ethos Indicators, the company can make an internal evaluation on some key aspects of a socially responsible management: establishment of public commitments, involvement with institutions representing various interests, ability to attract and retain talents, employees' high motivation and commitment level, ability to deal with conflicting situations, establishment of short- and long-term goals, and involvement of the company's top management, among others. Therefore, when answering the questionnaire, the companies start reflecting on information that will be relevant for a consistent social report.

In order to achieve higher accuracy in the self-diagnosis and consider the typical opportunities and challenges of each performance sector, the Ethos Institute has been launching sector indicators, in addition to the Ethos Corporate Social Responsibility Indicators. So far, the sectors included were: Electric Power Distribution, Bakery, Bars and Restaurants, Banks, Mining, and Pulp and Paper.

Link:
www.ethos.org.br

Ibase Social Report

It is a report designed in the financial statements format. It shows detailed figures related to the social responsibility of the organization, besides gathering in a spreadsheet information on payroll, expenses with employees' social security charges and profit sharing. It also presents, in detail, expenses with environmental control and external social investment in areas such as education, culture and health.

The Ibase (Brazilian Institute for Social and Economic Analysis) social report model was created in 1997. The sociologist Herbert de Souza, known as Betinho, at that time president of Ibase, launched a campaign to encourage voluntary publication of the social report, and proposed a

simplified self-evaluation model of companies' practices. Ibase was the first non-governmental organization to publish its own report.

The great advantage of this model is that it is easy to fill out. On the other hand, it only presents data collected in the accounting information system of the company.

Nowadays, the Ibase social report model is considered as the basis for the development of any social report – no matter the final format chosen for the document.

Link:
www.ibase.org.br

Ethos Social Report

It is a comprehensive report on principles and initiatives performed by the organization. It incorporates the model proposed by the Ibase, but suggests that companies present in more detail the context in which decisions are made, the problems found and the results obtained.

According to the Ethos model, in order to have the same credibility as financial statements, social reports must present information that complies with the following criteria: relevance, reliability, clarity, comparability, regularity and verification.

It was launched in 2001, with the publication of the Production Guide for Corporate Social Responsibility Annual Report and Statement, based on studies of guidelines for reports in Brazil and abroad. Its structure and content are based on the social reports proposed by the Global Reporting Initiative (GRI) and by the Institute of Social and Ethical AccountAbility (ISEA), together with the Ethos Social Responsibility Indicators and the social report model proposed by the Ibase.

Besides enabling a systems vision of the company, this social report model can also be used as a diagnosis and management tool, once it contains important information on the company's social role, allowing the monitoring of the evolution and improvement of its indicators. It is important to point out that the disclosure of a social report provides the company with a proposal for dialog with its different stakeholders: internal public, suppliers, consumers/customers, community, the environment, government and society.

Link:
www.ethos.org.br

ISO Standards

The ISO 9000 and ISO 14000 series are among the most famous international standards: the first one concerns total quality and the second one environmental protection. The ISO standards have been adopted by approximately 610,000 organizations in 160 countries, contributing in the company areas of development, production and supply, aiming to make the process more efficient, safer and cleaner.

They facilitate the negotiations among countries, provide the governments with technical bases for health, safety and environmental laws and support technology transfer for developing countries. They can be adopted both in the private and public sector or in governmental bodies.

ISO, acronym of International Organization for Standardization, is a non-governmental organization that acts as a bridge to obtain solutions that meet the needs of both the companies and the society. As a result, they are positive not only for engineers and industrialists, solving production and distribution problems, but also for consumers and users, who can be sure of the quality of products and services.

The organization works with a network of national standards institutes in 148 countries, and each country has one institute to represent it. In Brazil, the institution is represented by the Brazilian Association of Technical Standards (ABNT). Its head office, responsible for coordinating the system, is in Geneva, in Switzerland.

ISO 9000:2000

The review of criteria to obtain the certification of the ISO 9000 family was published on December 15, 2000, creating the ISO 9000:2000, which continues to guide quality management within the scope of consumer and production, setting forth the specific rules for the manufacturing of each product. This standard helps organizations of all sizes and types to implement and operate an effective quality management system (QMS).

ISO 14000

Created in 1993, its primary concern is the environmental management, i.e., what the company does to mitigate the effects harmful to the environment caused by its activities and to keep on improving its environmental performance. It is a family of standards to create an environmental management system known as EMS.

The ISO 14001 EMS provides guidelines so that organizations and their employees can learn how to prevent damage to the environment. There is criticism against the lack of performance criteria. In other words, a company may implement an excellent EMS and, meanwhile, continue to cause serious environmental problems. This certification does not focus on sustainability.

Its strength, however, is having reached a critical mass of companies around the world — it has been implemented by approximately 37,000 organizations in 112 countries since its publication in the end of 2001. Certified companies can demand that their suppliers also become certified, which enables the expansion of the concept. It facilitates the attainment of other standards in or out of the ISO family, such as the SA 8000 implementation, which is a positive fact. The ISO 14001 has also become more compatible with the Eco-Management and Audit Scheme (EMAS)[3] of the European Union.

Not all the environment-related themes are being addressed by this standard. Reporting and verification items concerning the emission of gases that affect the ozone layer have recently been included, for instance. In addition, the ISO 14063 has been developed, with guidelines for environmental communication, so as to become a connection between the company and its stakeholders.

[3] It is a tool for companies and other organizations to assess, report and improve their environmental performance. The EMAS has been open for participation since 1995, and it was originally restricted to manufacturing industries.

In order to comply with the ISO 14001 standard, companies must develop:

- An environmental policy
- An evaluation of the environmental aspects
- An evaluation of the legal and voluntary obligations
- A management system
- A series of periodic internal audits and reports to the top management

Link:
www.iso.org

PNQ/Society Excellence Criteria

Society is one of the eight Excellence Criteria of the National Quality Award (PNQ), which form a system management model adopted by the companies to make sure they have the most updated and successful management techniques. The referred criterion assesses if the organization interacts with the society in an ethical and transparent manner, how it does it, and if it contributes to the economic, social and environmental development in a sustainable way. The other criteria refer to Leadership, Strategies and Plans, Customers, Information and Knowledge, People, Processes and Results.

The PNQ Excellence Criteria can be freely adopted by any and all types of organization — whether public or private, profit or non-profit — regardless of the economic activity sector.

Link:
www.fpnq.org.br

FSC Principles

The Forest Stewardship Council (FSC) is a non-governmental organization that addresses the needs of certification bodies, timber traders, environmental protection bodies, and indigenous tribes. The movement was originated from the concerns raised in the Rio-92 about the indiscriminate increase in the use of natural resources.

In order to keep the dialog about the sustainable use of forests, this initiative has established principles, criteria and standards including economic, social and environmental concerns. The FSC standards, nowadays broadly disseminated, are the strongest world system to manage forests towards sustainability. There are ten principles and 57 criteria that lead to legal issues, indigenous rights, labor rights, multiple benefits and environmental impacts considering forest management.

Link:
www.fsc.org

OHSAS 18001

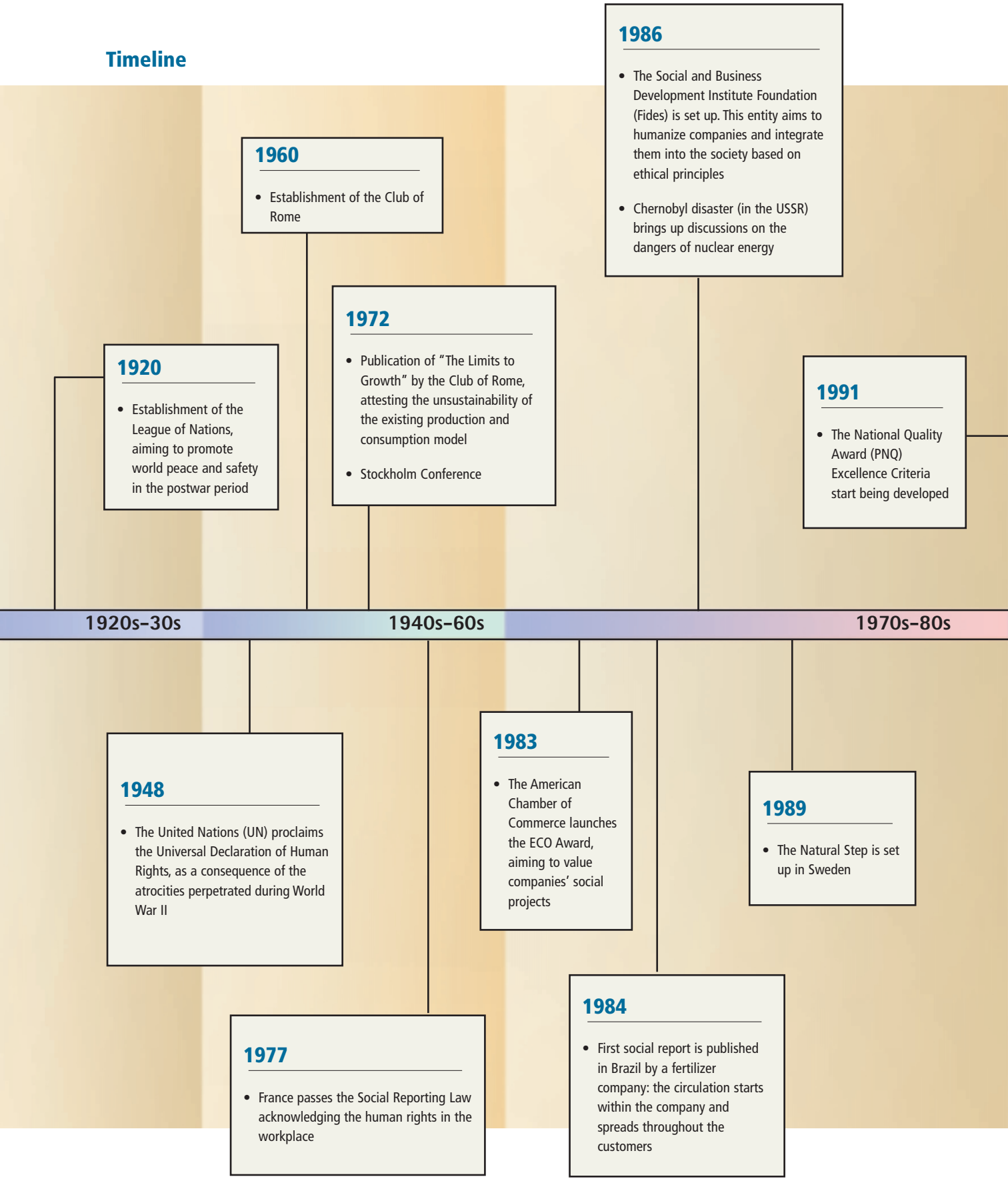
The OHSAS 18001 is a standard for Occupational Health and Safety (OH&S) management systems. The certification by this standard ensures the company's commitment to reducing environmental risks and continuously improving its employee's performance in occupational health and safety.

The OHSAS 18001, whose acronym means Occupational Health and Safety Assessment Series — became effective in 1999, after studies of a group of certification bodies and standards bodies from Ireland, Australia, South Africa, Spain and Malaysia. The establishment of this standard considered some existing national standards, such as the BS8800 in England.

The standard is based on the concept that the company must periodically analyze and review its OH&S management system, so as to always identify improvements and implement the necessary measures. Therefore, it does not establish absolute requirements for Occupational Health and Safety, but it demands that the company fully comply with the applicable laws and regulations and get committed to the continuous improvement of the processes. Once it does not establish strict standards, two organizations developing similar activities while presenting different OH&S performance levels can, simultaneously, meet the requirements of this standard.

Link:
www.osha-bs8800-ohsas-18001-health-and-safety.com

Timeline



Fontes:

Projeto Sigma - www.sigmaproject.com
LEIPZIGER, D. (2003) *The Corporate Responsibility – Code Book*. Londres, Greenleaf Publishing Limited.

1992:

- United Nations Conference on Environment and Development in Rio de Janeiro — establishment of the Agenda 21
- The Club of Rome publishes "Beyond the Limits", a poignant report that presents the damage caused by men in the environment and the inability of nature to regenerate at the same speed as the degradation

1993

- Creation of the ISO 14000 environmental certification
- The Forest Stewardship Council (FSC) is established, aiming to address the sustainable use of forests

1996

- Development of the British Standards (BS 8800), aiming to certify the occupational health and safety management

1997

- The Global Reporting Initiative (GRI) is set up, aiming to report companies' sustainable activities
- The Ibase social report model is developed
- The Kyoto Protocol is formalized in a United Nations Conference held in Japan

1998

- The SA 8000 starts being applied
- Establishment of the Ethos Institute, aiming to promote CSR

1999

- Kofi Annan sets the grounds for the Global Compact: it is the first proposal originated from the UN addressing the theme of Corporate Social Responsibility
- The Occupational Health and Safety Assessment Series (OHSAS 180001) becomes effective
- Principles of Corporate Governance of the Organization for Economic Cooperation and Development (OECD) are approved
- The AA 1000 is developed. It is a reporting standard aiming to assure the quality of accounting, auditing and ethical social report
- The Sigma Project is created, aiming to gather the various tools in a single guide for companies

1990s | **Since 2000**

2000

- Development of the Ethos Corporate Social Responsibility Indicators
- The Sustainability Reporting Guidelines are launched. This document was reviewed and updated in September 2000 during the World Summit on Sustainable Development
- Official launch of the Global Compact
- The Millennium Summit, considered as the largest meeting of world leaders of all times, generated the Millennium Development Goals
- Beginning of the ISO 9000:2000 series
- Publication of the Calvert-Henderson Indicators, which measure the quality of life in a country

2001

- The Ethos Institute social report model is launched

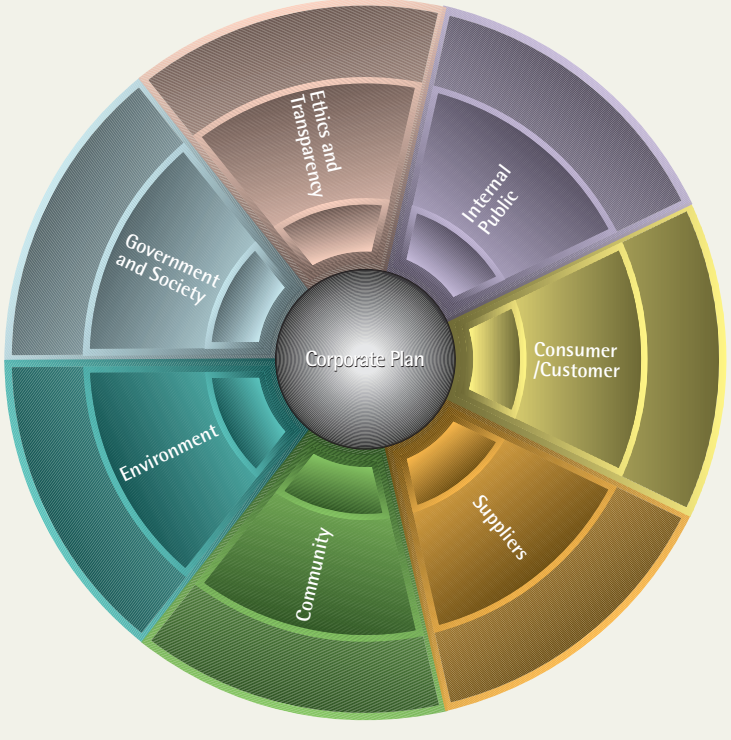
2002

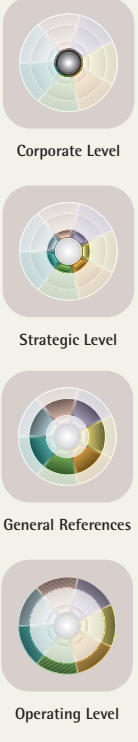
- The United Nations approve the Earth Charter, which intends to be as comprehensive as the Universal Declaration of Human Rights

Tools Finder

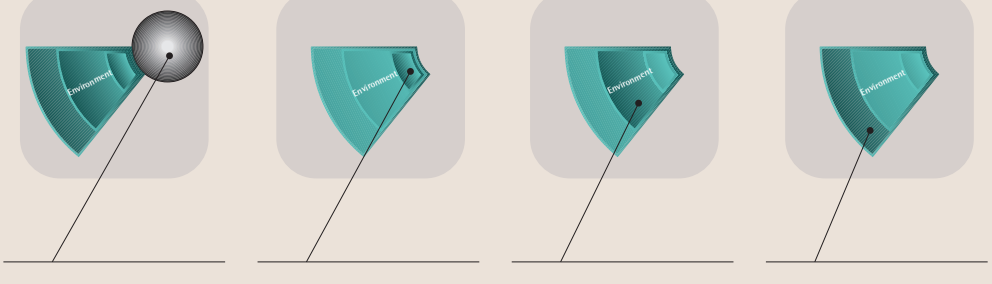
By using the Tools Finder, the manager interested in corporate social responsibility can access countless tools and references developed by the main information centers concerning this theme. This resource presents a navigation menu organized by the following themes: Values and Transparency, Internal Public, Environment, Suppliers, Consumers and Customers, Community, and Government and Society, categorized according to their relationship with the planning processes, whether strategic or operating ones.

You can see below the graphic representation of the Tools Finder that can be found at **www.ethos.org.br**





NAVIGATION LEVELS



On this first level, the user will have access to strategic tools for social responsibility management in the corporate level.

e.g. AA1000

On this level, the user will have access to useful tools for strategically addressing the theme chosen.

e.g. ISO 14000

Here the user will find reference texts on the theme chosen.

e.g. Kyoto Protocol

On this last level, the user will have access to useful operating tools for the management of practical issues related to the theme chosen.

e.g. "How to start a recycling program"

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