

 noble group

# communication on progress



human rights



labour



environment



anti-corruption

## ceo's message



Dear Stakeholders,

As the Chief Executive Officer of Noble Group, I am pleased to confirm Noble's continued support of the UN Global Compact and its ten principles with respect to human rights, labour, environment and anti-corruption. As a commodity supply chain manager operating globally, we embrace the benefits associated with our engagement with the UN Global Compact as the topics and issues addressed are equally important to all of us at Noble.

Noble has always taken seriously its responsibilities towards its staff, its business partners and the environment. During the first year of our participation in this important initiative, we have been striving to advance the principles of the Global Compact making it part of our business strategy, our culture and the day-to-day operations of our company. We have revised certain policies, we have participated in a variety of initiatives and we have actively engaged in a number of sustainability and community projects as we seek to positively impact the communities, stakeholders and the environment in which we operate. Overtime we aim to gradually build on our commitment.

The UN Global Compact's 10 principles are reflected in Noble Group's policies and guidance documents and form part of our overall approach to corporate social responsibility. Details on the actions undertaken throughout the last year can be found in the Annual Report 2010 as well as in the Communication on Progress (COP) at hand.

A handwritten signature in black ink, appearing to read 'Ricardo Leiman', with a stylized flourish at the end.

**Ricardo Leiman**  
**Chief Executive Officer**

# introduction

## **Who we are and what we do**

Noble Group is a market leader in managing the global supply chain of agricultural, energy, metals and mining resources. The Group operates from over 100 offices and installations in 40 countries and employs approximately 80 nationalities. We manage a diversified portfolio of essential raw materials, integrating sourcing, marketing, processing, financing and transportation. Noble owns and manages an array of strategic assets, sourcing from low cost producers such as Brazil, Argentina, Australia and Indonesia and supplying to high growth demand markets including China, India and the Middle East. Today, we have interests in grain crushing facilities, coal and iron ore mines, fuel terminals and storage facilities, sugar and ethanol plants, vessels, ports and other infrastructure to ensure high quality products are delivered to our customers in the most efficient and timely manner.

## **Implementation of the 10 principles into company life**

Since its foundation in 1986 Noble Group has grown rapidly to become a market leader in commodity supply chains. We aspire to conduct our business in a sustainable manner and aim to deepen our public commitment to sustainability. Over the years we have engaged and invested in various community projects and

initiatives to foster our relationship in the locations from which we operate. We founded the Noble Group's Charity Foundation at the Group level and many of our local operations set up initiatives to support those in need.

In 2010 Noble became one of the few bulk commodity supply chain managers to commit to operate under the auspices of the 10 universal principles of the UN Global Compact. In the following chapters we describe how these principles, in the areas of human rights, labour, the environment and anti-corruption, are an integral part of our day to day business.

To engage senior management's influence and commitment, our General Strategy Meeting in 2010 was under the motto of Corporate Social Responsibility. At this annual gathering of Noble's senior management, we debated how the 10 principles could be further implemented.

The UN Global Compact Principles assist us in bringing focus to crucial CSR standards and provide a guideline for their integration into Noble's business operations.

The Communication on Progress (COP) at hand gives you an overview of our commitment, the relevance of the specific principles for Noble, a brief description of our policies and systems as well as our activities and their outcome and impact.

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# human rights

## Principle 1

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

## Principle 2

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

### Our Commitment

Noble is committed to the United Nations Universal Declaration of Human Rights.

Our global policy - Code of Conduct – demands that all Noble employees comply with the law in every jurisdiction in which we operate.

Human rights are high on our agenda; we uphold them and often go beyond the legislative requirements. We invest in real actions to address issues such as education, health and safety, water and sanitation in communities in need. We do not tolerate human rights abuses within the scope of our business operations.

### Supporting Human Rights in Noble's policies and actions

In Noble, every new employee attends an induction workshop about our company culture, our rules and regulations as well as our company principles. Hence all employees are informed about their rights as well as existing policies, which are updated on a regular basis. In our offices, education on business ethics and conduct are facilitated in order to affirm the procedures for reporting any violation at the workplace.

At Group level, we have a designated team to conduct systematic internal audits across all our operations and assets to ensure compliance with national requirements. In addition the team will check if all locations obey to the 10 principles of the UN Global Compact, any risks identified are included in a review report and presented to the operations head for further action.

Additionally, when we acquire a new asset, any past, current or potential future liabilities and breaches of human rights are investigated as part of the legal due diligence we conduct.

When we expand our supply chains into new territories, valuable investments are also made in infrastructure improvements which often bring economic and social



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wellbeing in impoverished regions within countries such as in Argentina, Brazil, China, India and Indonesia. Furthermore, across all our key locations Noble pays minimum wage or above.

We are fully aware that we operate in regions with a history of difficult relations between resource extraction and farming industries and the rights of indigenous peoples. However we endeavor to address these concerns and build relationships with local communities, and can report that in 2011 there are no formal complaints of any violations of the rights of indigenous peoples.

Furthermore, with many of our community investment projects, which are often initiated by our local operations, basic needs such as health and education are addressed and local employees are encouraged to engage and contribute. An example of our contribution to the communities is illustrated below.

One of the major initiatives commissioned this year, was a Group-wide health and safety assessment conducted across all of our assets and operations. With this, we aim to identify best practices and any gaps that may expose significant challenges. This exercise helped us acquire an in-depth understanding of our current position with respect to occupational health and safety and the evaluation provided us with a

helpful insight on how we can move forward. Globally we have a good safety record and in most locations we also have had no reported injuries or workplace illnesses.

### Reaching out to communities in rural Brazil

In 2010 several initiatives have been underway at the UNP Sugar/Ethanol Mill in Votuporanga to support health care, to promote education and to engage in community development.

A recently launched Healthy Pregnancy Programme aims to help mothers-to-be, by providing instruction on the importance of pre-natal care. Participants in the programme are given monthly educational leaflets with questionnaires and a baby kit just before birth. In addition to promoting the well-being and self esteem of the expecting mothers, the programme also aims to reduce the number of emergency calls relating to pregnancy.





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# labour

## Principle 3

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

## Principle 4

the elimination of all forms of forced and compulsory labour;

## Principle 5

the effective abolition of child labour; and

## Principle 6

the elimination of discrimination in respect of employment and occupation.

### Our Commitment

Noble's Code of Conduct sets forth the requirements for compliance as well as the guidelines on the key labour issues, which are an integral part of the principles advocated in the UN Global Compact.

We support the freedom of association and collective bargaining for our employees in the countries we operate in and diligently comply with local labour laws and regulations.

At Noble, any kind of forced or compulsory labour is not tolerated and we do not exploit child labour in any of our global operations.

We value diversity at every level of our organization and respect the rights of our 8,000 employees of 80 nationalities in 40 countries around the world. Our Equal Opportunities Policy applies to every employee in the Group and commits Noble to eliminate discrimination, harassment and victimization at the workplace.

### Implementation of Labour Standards in Noble's policies and actions

We have clear policies and training practices to combat discrimination. In our offices, education on business ethics and conduct is undertaken. Our employees receive

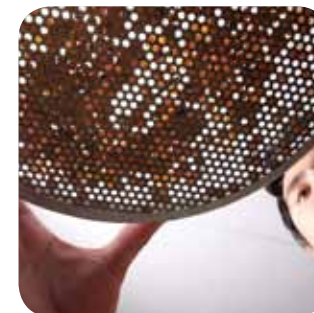


## Limited access to quality education for minors jeopardizes the children's future and hence Noble invests and supports initiatives in regions at risk.

mandatory training on sexual harassment and workplace conduct on a regular basis. Any form of discrimination is not tolerated and we encourage the procedure for reporting upon any unwelcome attitudes in the workplace. In 2011 we have received no formal complaints of discrimination in any of our Noble location.

Our Managers are responsible for ensuring that the Equal Opportunities Policy and other labour principles are adhered to in their departments. Grievance procedures provide employees with guidelines for any complaints and queries. Moreover, mandatory annual appraisal procedures that examine employees' development, succession planning and ensure an ongoing dialog with management.

Many Noble employees, especially in countries such as Brazil, Argentina and China, where many of our installations are located, are represented by trade unions. Here in our assets, our employees are represented by different trade unions or similar bodies, and we respect and cooperate with these bodies. On a global level 64% of our employee populations are covered by collective bargaining agreements.



When we undertake investments in new assets, labour related risks and compliance with local labour laws and regulations form a part of our due diligence and risk analysis.

In some of the countries in which we operate, we are under a collective agreement with unions, which stipulates labour conditions and eliminates any kind of forced or compulsory labour.

At Noble, we recognize a strong correlation between poverty and child labour. Limited access to quality education for minors jeopardizes the children's future and hence Noble invests and supports initiatives in regions at risk.

In 2010, we continued to expand and diversify our talent base through localized programmes in South America, Asia and Europe. A Group-wide initiative was launched during the year, working with managers to identify high potential individuals in their teams worldwide. We also initiated the launch of an e-learning platform accessible for all our Noble office employees with a library of tutorials. It is an easy to access tool for our employees to upgrade their knowledge.

### Noble E-learning platform

Our office employees are provided with equal opportunity to continuously develop their skills across the company. In 2010, we launched an e-learning platform with a library of tutorials, covering a wide range of topics relevant to our business functions and operations. The tutorials' material available on the e-learning platform is available to all our Noble employees. The courses address introductory to advanced level knowledge requirements for functional areas in Noble and each module provides a specific learning target for professional training and development.



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# environment

## Principle 7

Businesses should support a precautionary approach to environmental challenges;

## Principle 8

undertake initiatives to promote greater environmental responsibility; and

## Principle 9

encourage the development and diffusion of environmentally friendly technologies.

### Our Commitment

As our business relies on the availability of natural resources, Noble promotes environmental responsibility. We are committed to protect sensitive and important areas of the world's ecosystems because our business is confronted with an array of environmental challenges such as water and air pollution, biodiversity and resource depletion amongst others. In particular, the company supports a precautionary

approach to the environmental challenge of climate change. Furthermore, Noble Group supports the development and diffusion of environmentally friendly technologies in several areas of our business.

### Implementing measures to protect the environment

All Noble employees are encouraged to reduce the environmental footprint of the company by controlling their resource usage (including energy, water and paper). In addition environmental performance data with regards to CO<sub>2</sub> emissions in our offices are collected and assessed for our Group-wide carbon neutral project. The results are certified by a third party.

At the asset level, environmental impact assessments are conducted according to legal regulations and principles before we purchase new installations. Various environmental policies exist on-site at our assets. For example, our Australian Coal Mines operate based on the principles of the environmental management system ISO14001; monitoring systems are in use for water, air quality, biodiversity, soil, and noise management. At various Noble assets, for example, in Argentina, Brazil and the Ukraine, it has been decided that biomass-fired cogeneration units, which reduce GHG emissions significantly compared to non-renewable power generation, are installed.



### Carbon Disclosure Project

The Carbon Disclosure Project (CDP) is a not-for-profit organization representing 534 institutional investor signatories and holds the world's largest database of primary corporate climate change information. Noble became a signatory in 2010 and during this year submitted its first response, reporting Noble's group-wide greenhouse gas emissions. With our membership and response, which is available for investors and CDP registered observers, we aim to demonstrate to our investors that Noble Group actively implements good governance structures and is a leader in sustainable supply-chain management.

As part of this response, Noble has set itself an ambitious target to reduce its overall Carbon Footprint with a number of initiatives at different stages in the pipeline. We aim to achieve a reduction of 10% in emission intensity (in tonnes of CO<sub>2</sub> equivalent) per tonne of product traded by Noble Group by 2015 (using a base year of 2010).



In addition, Noble has business units, which are dedicated to solving environmental issues. Noble Carbon Credits develops Clean Development Mechanism projects under the UN Kyoto Protocol. The mechanism aims to stimulate sustainable development and GHG emissions reductions through technology transfer and the development of environmentally friendly technologies in developing countries. Another business unit closely tied to environmental issues is Noble Group's Clean Fuels team, which amongst others is active in trading bio-fuels.

We also partner with NGOs to draw in scientific expertise in researching risks and potential adaptation measures to environmental issues. Since 2007 Noble Group supports the efforts of the World Wildlife Fund (WWF). WWF- Hong Kong engages in the preservation of nature reserves in Hong Kong and the Pearl River Delta regions.

In 2010, Noble incorporated an environmental component into its HR procedures; all Noble employees will in the future be encouraged, via the annual performance appraisal, which forms the basis for annual bonus payments, to reduce the environmental footprint of the company.

We also further expanded our activities in the area of climate change mitigation. Noble's Carbon Neutral project was initiated in 2007 with the aim of driving the company step-by-step towards carbon neutrality. In 2010 Noble's beneficiary ships, all Noble offices worldwide, Noble's publications and top management events all achieved carbon neutrality, by offsetting 175,140 tonnes of CO<sub>2</sub> with carbon credits generated from renewable energy and energy efficiency projects in India and China.

Furthermore, Noble became a signatory to the Carbon Disclosure Project (CDP) in 2010 and submitted its first report in 2011.



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# anti-corruption

## Principle 10

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

### Our Commitment

Noble is against any form of corruption. It is our policy not to engage in any corruption, bribery, anti-trust or to violate fair competition. We acknowledge our actions are constantly under scrutiny. Our core values of being accountable and responsible are our shared commitment to prevent fraud and corruption.

### Precautionary measures to prevent corruption

Our Group-wide policies with respect to anti-corruption, anti-trust, anti-money laundering, combating financial crime, terrorist financing and fraud are outlined in detail in Noble's Code of Conduct. Specific rules on security trading, when in possession of internal, confidential information are circulated among our employees regularly.

All Noble employees worldwide are given explicit guidance on regulations and grievance procedures - their acknowledgment is part of the induction process mandatory for every new employee joining the company.

Additionally, Noble has appropriate systems and controls in place such as

regular check routines conducted by our internal audit team, to ensure compliance with respect to anti-bribery and anti-corruption measures. In 2011 no incidents of corruption were reported.

Our Noble Policies are regularly updated to comply with laws and regulations, as for example with the new UK Bribery Act 2010.

## Global training on anti-corruption compliance

In early 2011, to assure compliance Noble Group started with anti-money laundering, anti-bribery and anti-corruption training in all our main trading centres. The training was/is held by our compliance officers for traders and managers exposed to such risks - already more than 400 employees have attended the course. Nature and types of bribery cases, proper handling with gifts and entertainment as well as an update on new laws and regulations are all subject of the training series. We plan to conduct training in all of our main trading centres and locations by the end of this year.







# outlook

Since we became a signatory to the UN Global Compact principles in 2010, our key focus has been to ensure that all 10 principles are addressed in our Noble Group policies and guidelines and to formally communicate our commitment.

As many of our initiatives and activities to tackle problems related to the 10 principles are locally organized at our sites and in our offices throughout the world, this year we focused on looking at what has been done, which issues have been addressed and where we still need to do more.

In 2011, Noble will continue to align its operations and strategies with the 10 principles of the UN Global Compact. We aim to streamline the management policies and procedures across our operations, initiate new projects and actively communicate our progress to our stakeholders.



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