



# COMMUNICATION ON PROGRESS

GRUPO ALCOR

**2007-2008**



## **CHAIRMAN'S LETTER**

In January 1999 the Secretary General of the United Nations, Kofi Annan, asked internationally operating companies to commit to a social and ecological world economy and The Global Compact has been born.

The Alcor Group – TAG – a holding company with investments in Brazil and United States shares the Kofi Annan's vision.

During the last year, our business experienced yet another very challenging period.

Our companies acts at these sectors: fashion manufacture, international distribution, importation and retail operation and internet services.

In light of these challenges, sustainable growth is more important than ever. It is a tough balancing act, and we rely on our company values to help us in our endeavours, which promotes a sense of workplace community.

The Alcor Group has adopted a Code of Ethics and Business Conduct. The code of ethics and business conduct restates and formalizes standards of conduct which TAG's employees are required to meet and have been required to meet from the inception of TAG. Our Code of Ethics lends additional weight to our continued support of the 10 United Nations Global Compact principles.

The Code of Ethics and Business Conduct applies to every person working in our organization. And it demands that to do our work with the highest quality and in full respect of the applicable laws and in full respect of our employees, customers, partners, service providers, and government authorities that regulate our industry. By striving for quality, TAG has built long-lasting relationships with our community. The trust we have earned from everyone in our community contributes to the success, stability and welfare of our organization.

I'm sincerely happy to present you in this report the details and results of the endeavor, which we made in past two years.

A handwritten signature in black ink, appearing to read "Fabio Q. da Silva", with a long horizontal stroke extending to the right.

**FABIO Q. DA SILVA**  
*Chairman of the Board &  
Chief Executive Officer*



## **THE COMMITMENT OF THE ALCOR GROUP TO THE 10 PRINCIPLES**

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### **Principle 1**

*“Business should support and respect the protection of internationally proclaimed human rights.”*

### **Principle 2**

*“Business should make sure that they are not complicit in human rights abuses*

Even though TAG is an SME company, because of the international activity it is extremely important that the company is extensively engaged in topics relating to Human Rights. With strict procedures and manuals we managed to insist on a certain level in respecting human rights in the vicinity of our base.

Employees are encouraged to report any violation in the company, no matter if it is in our vicinity or beyond. In the monthly management meetings these reports are seriously discussed and if applicable, instructions to the departments are forwarded.

We also outlined, that we refuse to carry goods, when we have a reasonable suspicion that the action could be in violation to rules and procedures with regards to human rights. Meanwhile our strict procedures have been accepted by our customers and their staff.

Our principle on those points has been declared to our employees, shareholders, customers and other members of the community by TAG Ethics.

### **Principle 3**

*“Business should uphold the freedom of association and effective recognition of the right to collective bargaining*

### **Principle 4**

*“Business should uphold the elimination of all forms of forced and compulsory labour*

### **Principle 5**

*“Business should uphold the effective abolition of child labour*

The Alcor Group does not tolerate any kind of child labour.

The Alcor Group only may contract teenagers as an apprentice, respecting the Brazilian Federal Law 8.069/90.

We include an No Child Labour in our supplies contracts, so, all of our vendors are committed with us in refuse any kind of child labour.

The Alcor Group has been recognized as a *Child-Friendly Company Program* by the *Abrinq Foundation*.

The Child-Friendly Company program have a simple mechanic who recognize just only companies that...

- commit themselves not to employ child labor;
- promote among their suppliers laws forbidding these practice; and
- support actions in favor of children (nursery schools, schools, sports activities or health initiatives, etc.)

...granted the use of the program's Seal.



## **Principle 6**

*“Business should uphold the elimination of discrimination in respect of employment and occupation*

One of our basis of action is the respectful treatment of our employees.

In order to attain this aim we have introduced several measures in the report line period.

All personnel, whatever the qualification or level may be, are entitled to form and join trade unions as long as they operate in compliance with local regulations. Up to now there has been no request or initiative by the employees to form a union or association.

We include an *Anti-discrimination* clause in the labor contract.

Each TAG labor contract contains an anti-discrimination clause, obliging the employees to renounce any discrimination of clients or employees based on ethnical origin, gender, religion, disability, age or sexual identity.

If an employee apprehends a case of discrimination within TAG he or she has to inform the board of directors immediately, which will take proper and immediate action.

Every employee has a contract stating the terms and conditions, the job description and the wages. This contract is signed by the CEO of TAG. There are no differences in the general terms no matter where which TAG Company the employee is working. It is a strict policy of TAG to set a living wage and pay local employees proper salaries.



TAG employees are requested to report any violations on the part of our suppliers. It is up to the management to react according to TAG standards and to convince the suppliers to follow the policy of the principle.

Our principle on those points has been declared to our employees, shareholders, customers and other members of the community by TAG Ethics.

**Principle 7**

*“Business should support a precautionary approach to environmental challenges*

**Principle 8**

*“Business should undertake initiatives to promote greater environmental responsibility*

**Principle 9**

*“Business should encourage the development and diffusion of environmentally friendly technologies.*

To the 7, 8 and 9 principles, all TAG employees are required to exemplify high standards regarding waste management in our operation. From experience, this approach is very effective and mind changing. It has to be reviewed regularly and is also an issue in the general audit plan.

As a first step to replace the older technology and starts to use recycled papers.

At TAG we have committed ourselves to provide and use environmentally sound products whenever possible. All our boxes, papers used and packing materials are recyclable. Each of us has a stake in preserving resources for future generations by reducing the amount of material we send to landfills.

The second step and most important to us is the new headquarter building.

We starts in 2007 to find a new place to build our HQ.

When we know the “Pedra Branca Sustainable Urbanism”<sup>1</sup> project we immediately close the deal no matter how much. We have found a great place to work and totally committed with the environment.

The “Pedra Branca Sustainable Urbanism” is one of 16 worldwide urbanism projects – the only in Latin America - selected by the Clinton Climate Initiative from The William J. Clinton Foundation<sup>2</sup> in the C40 Seoul Summit 2009.

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<sup>1</sup> The Pedra Branca Sustainable Urbanism official website is <http://www.cidadepedrabranca.com.br/?idioma=2>

<sup>2</sup> The William J. Clinton Foundation official website is <http://www.clintonfoundation.org>



The Clinton Climate Initiative (CCI), a project of the William J. Clinton Foundation, today announced a global program developed in collaboration with the U.S. Green Building Council (USGBC), called the Climate Positive Development Program. The program will support the development of large-scale urban projects that demonstrate cities can grow in ways that are "climate positive." Climate Positive real estate developments will strive to reduce the amount of on-site CO2 emissions to below zero.

Sixteen founding projects on six continents, supported by local governments and property developers, will demonstrate Climate Positive strategies, setting a compelling environmental and economic example for cities to follow.

We are very happy to be inside this place.<sup>3</sup>

### **Principle 10**

*"Business should work against corruption in all its forms, including extortion and bribery.*

As you know, the Brazilian's corruption level is so high and is very difficult print actions against this "viruses" inside the county, state or federal structure.

The aim is to make our employees - in general and especially in their field of work - aware of the topic "corruption", includes extortion and bribery. If everyone keeps an eye on it, the basis for this problem is erased. However, constant checks are necessary. The management has to carry out spot checks to verify that principle.

In meetings with the employees, TAG promotes the policy of corruption. We have realized that corruption is everybody's problem and we have never been in an action which support corruption.

Our principle on that point has been declared to our employees, shareholders, customers and other members of the community by TAG Ethics.

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<sup>3</sup> See the Reuters Press Release here

<http://www.reuters.com/articlePrint?articleId=US10008%2B19-May-2009%2BBW20090519>