

São Paulo Stock Exchange - BOVESPA

Communication on Progress - 2006

BOVESPA – São Paulo Stock Exchange (Brazil)

Headcount: 781

Number of listed companies: 391

Daily financial volume: USD 1.1 billion

Market Cap: USD 700 billion

A Word from the Chairman of the Board of Directors



São Paulo Stock Exchange (BOVESPA), the main Exchange in Latin America, was the first of its kind to become a signatory to the Global Compact, the United Nations forum dedicated to the promotion of a sustainable development and social inclusion.

Bovespa reasserts its adhesion to GC and reaffirms its commitment to human rights, labour, environmental and anti-corruption principles.

Since joining the GC, in 2004, Bovespa has worked hard to promote the Global Compact principles to listed companies as well as financial institutions. We do believe that new companies and institutions will join the Global Compact as a result of Bovespa's efforts, helping to disseminate the fight for a socially and economically better and fairer world.

Bovespa has the purpose to be an open, democratic and transparent Stock Exchange, based upon concepts that came from Norberto Bobbio's thoughts and works. Those are the basis of our work that, allied to the citizen's social and political inclusion, are essential for us to meet a sustainable society.

A handwritten signature in black ink, appearing to read 'Raymundo Magliano Filho', written over a light blue horizontal line.

Raymundo Magliano Filho
BOVESPA Chairman



Human Rights		
<p>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.</p>		
Commitment	Systems / Actions	Performance
<p>BOVESPA believes that human rights are one of the cornerstones over which the Principles rest and the very mission of the institution. Based on these foundations, BOVESPA strives to ensure a safe and healthy environment for its collaborators, suppliers and neighbor community- in sum, for all its stakeholders.</p>	<p>Social Stock Exchange (SSE) – raising funds for NGOs engaged in educational projects, targeting children and teenagers throughout Brazil. BOVESPA bears all operational costs, guaranteeing full transfer of resources to NGOs. System works on an internet-based platform, 'listing' 30 social projects.</p>	<p>Innovative form of attracting resources, totaling USD 1 mi in 2006. Since inception in 2003, program has raised USD 2 mi, with 31 projects fully funded.</p>
	<p>BOVESPA Sports and Cultural Center – set up in Paraisópolis, an 80,000-inhabitant, poor neighborhood in São Paulo, the space offers children and youths free sports classes, remedial classes, access to a library with 3,000 items and craftwork classes to the community's women.</p>	<p>700 children attending sports classes per quarter; mathematics and Portuguese remedial classes to 42, 1st to 4th grade, students. Crafts classes provide the opportunity for income generation to homemakers.</p>
	<p>Citizenship Program – stimulate citizenship practices among young, capital-market professionals through monitored visits to Brasília to know the functioning of the three branches of government: Executive, Legislative and Judiciary.</p>	<p>BOVESPA took, in 2006, 43 young professionals to learn about the functioning of the government system, seeking to mobilize and strengthen civil society with regard to the public decision-making process.</p>
	<p>Norberto Bobbio Study Center – responsible for the diffusion of the work of the Italian thinker; and for the promotion of democracy and citizenship. The Center, which is open to the public, also has a library with Bobbio's complete works.</p>	<p>The Center holds reading courses on Bobbio's work, and lectures, which in 2006 focused on Bobbio's thought on "democracy and violence", "theory of law" and on the book "The Age of Rights".</p>
	<p>Cultural Tourism – monitored visits for low-income children and adolescents to cultural and tourist spots in downtown São Paulo.</p>	<p>A form of social and cultural inclusion. BOVESPA brought 1,965 children and adolescents to the city center in 2006.</p>
	<p>ParticipAction – currently with 72 participants, BOVESPA's volunteer program aims at mobilizing and training its collaborators to develop projects in partnership with NGOs engaged in the education of children, teenagers and elderly persons.</p>	<p>Campaigns and diverse parties (Children's day, Xmas party, clothes collections, etc)</p>

<p>Philanthropy – BOVESPA supports 49 charities, mostly located in areas near BOVESPA's headquarters, in São Paulo.</p>	<p>Outlays made every six months. Entities mostly cater to children and elderly persons. In 2006, the Exchange created the BOVESPA Solidarity Network, pursuing the strengthening and experience exchange between these organizations.</p>
<p>Social Responsibility Day and Xmas Campaign – BOVESPA earmarks for the Social Stock Exchange (1) the proceeds of the fees collected on every June 12 trading session; and (2) a significant percentage of the amount formerly spent on end-of-year gifts.</p>	<p>In 2006, both initiatives channeled a total of USD 373,000 to projects listed on the Social Stock Exchange.</p>

Labour Standards

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

Commitment	Systems / Actions	Performance
<p>BOVESPA respects and maintains a professional relationship with workers' trade unions, and upholds ILO Conventions. The Exchange is also committed to offering egalitarian working conditions to its collaborators, in addition to respecting and fostering diversity.</p>	<p>Union Presence – BOVESPA's Board of Directors, the body responsible for the strategic and political steering of BOVESPA, has a union leader (from a workers' trade union federation) among its members, with the same voting right as the other directors.</p>	<p>The presence of a labor leader consolidates workers' participation in BOVESPA and stimulates their interest about securities investment, facilitating the capital market popularization process.</p>
	<p>IntegrAction – program targeting at improving the human working environment, developing solidarity-driven attitudes and fostering collaborators' motivation.</p>	<p>Drama, ikebana and dance courses; movie sessions, cultural nights; and several talks on safety-, nutrition- and health-related themes.</p>
	<p>Admission of collaborators with disabilities and special needs.</p>	<p>BOVESPA has 20 physically-disabled employees, or about 2.5% of its workforce.</p>
	<p>Capacity-building for employees who come to develop any form of physical disability, through specialized institutions.</p>	<p>In force since 2006, with one employee being benefited.</p>

<p>Admission of workforce previously hired by subcontracted companies.</p>	<p>In 2006, BOVESPA incorporated to its staff 120 subcontracted collaborators, fulling integrating them.</p>
<p>Minor-apprentices – hiring and training of low-income, 14- to 16-year-old teenagers, offering them practical conditions for their professionalization. Project developed in partnership with NGO Social Vocational Education (ESPRO).</p>	<p>In 2006, 5 youths were hired through this program.</p>
<p>Program 1st College – tuition subsidy to collaborators attending first college course; also for specialization courses, for BOVESPA believes that the institution's success and longevity depends on its collaborators' education.</p>	<p>In 2006, in both cases, the program awarded subsidies to 101 staff members, amounting to USD 126,000.</p>
<p>Benefits to collaborators include, among others, medical and dental plan, private pension, Profit Sharing, vaccination campaigns and life and tuition insurance.</p>	

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.

Commitment	Systems / Actions	Performance
<p>BOVESPA addresses the environmental question as a challenge for the sustainability of companies, society and the planet.</p>	<p>Entrepreneurial Sustainability Index (ISE) – pioneer initiative in the Latin-American capital market and a powerful driver of governance and social responsibility and environmental practices among BOVESPA's listed companies.</p>	<p>60 companies applied for the ISE and 34 were approved. In 2006 the ISE outperformed the Ibovespa, BOVESPA's benchmark index.</p>
	<p>Adoption of recycled paper for all BOVESPA printed materials.</p>	
	<p>Recycling policy for everyday materials.</p>	<p>Proceeds from the sale of such materials channeled to ParticipAction, a volunteer program by BOVESPA staff.</p>

Anti-Corruption		
Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.		
Commitment	Systems / Actions	Performance
BOVESPA guides its actions by the principles of ethics, transparency and visibility, and believes that corruption is a grave obstacle to the country's economic and social development.	Entrepreneurial Compact For Integrity and Against Corruption – Brazilian initiative by several entities, among which the UNDP and UNDOC, with more than 100 companies and institutions as signatories. The Compact started in 2006 in view of the countless reported corruption cases involving both the public and private spheres.	BOVESPA is a member of the Mobilization Council, charged with organizing and fostering new adhesions. Signatories assume a voluntary commitment to ethics in business, especially in the State-private initiative relationship.
	Code of Ethics – phasing-in of code, due to come into force in 2007.	Several BOVESPA areas involved in this phase, of discussion and suggestion making.