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30 November 2009


H.E. Ban Ki-moon
Secretary-General
United Nations
New York, NY 10017
USA

Dear Mr. Secretary-General,

I am pleased to confirm that the **National Business Initiative** supports the ten principles of the Global Compact with respect to human rights, labour, environment and anti-corruption. With this communication, we express our intent to advance those principles within our sphere of influence. We are committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Millennium Development Goals. The **National Business Initiative** will make a clear statement of this commitment to our stakeholders and the general public.

We recognize that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to implement the ten principles. We support public accountability and transparency, and therefore commit to report on progress within *one year* of joining the Global Compact, and *annually* thereafter according to the Global Compact COP policy.

Sincerely yours,


André Fourie
Chief Executive Officer

Regional partner of the World Business Council
for Sustainable Development



for a Sustainable Future

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United Nations Global Compact Local Network South Africa

Communication on Progress

Year: 2009

The Purpose of the National Business Initiative (NBI)

The axiom that business cannot succeed in a society that fails is particularly relevant in a developing country like South Africa. The role of business in sustainable development is becoming increasingly important especially if they want to strengthen their competitive edge for the future. Through constructive engagement and strategic collective action business can shape the economic and social environments within which they operate.

- We advocate corporate citizenship & business leadership for sustainable growth & development
- We mobilise business leadership and resources to make a difference
- We facilitate collective business action and critical social dialogue
- We implement strategic projects backed by rigorous policy analysis and research
- We build relationships and trust with government, business and key stakeholders.

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1. Introduction

The NBI assumed responsibility for the UNGC work in South Africa in 2007 and within one year, the number of signatories doubled from 17 to 38. The numbers currently stand at 41 and the Local Network has embarked on deepening responsible business practices through learning by sharing, continuous and relevant communication to signatories from the Focal Point, an increasingly active Advisory Committee led by Ms Futhi Mtoba (the Chair of Deloitte and the Global Compact Local Network South Africa) and more recently, the establishment of a working group on human rights. At the NBI, significant resource is allocated to the work of the UNGC Local Network where 3 members of staff dedicate a major portion of their time to the UNGC work within the broader *Business in Society* focus area. The UNGC work was previously managed within the NBI's strategy unit.

In 2010, the UNGC work intends to focus beyond its core membership and envelope sustainability issues in the entire value chain. The UNGC 10 principles provide the framework for this expansion.

Funding still remains a challenge and determines the scope of Local Network activities. A short-term plan to be presented to the UNGC Advisory Committee in February 2010 will entail funding/sponsorship options going forward.

2. Sustainability events & Publications 2009

Launch of Sustainability Assurance Standard (AA1000AS)

Together with Incite Sustainability and AccountAbility, the strategy unit co-hosted at Eskom on February 23 a launch event on the new AccountAbility quality assurance guidelines for sustainability reporting. This was followed the next day by a training workshop comprised of about 20 sustainability managers from different companies and entities. The latest version of the assurance standard (AA1000AS) seeks to promote greater global consistency in the independent assurance of corporate sustainability reports.

Business and Food Security

In February, the unit also organized a workshop on Business and Food Security jointly with the University of Cape Town, GTZ, Development Bank of South Africa, the Department of Agriculture, ActionAid, REOS and the South African Human Rights Commission. The workshop kick-started an action-oriented dialogue with diverse stakeholders around food sustainability also outlining key impacts on food security, the role of all core social actors and the next steps towards sustainability. This dialogue continues and is actively facilitated by the DBSA and UCT.

Business and Human Rights Report

The NBI had in 2008 commissioned a status report on Business and Human Rights, which was authored by Dr Ralph Hamann of UCT. This report has been edited and sent out to UNGC members. Based on the key recommendations entailed in this report, the NBI organized interactive business dialogues on South Africa's specific human rights issues, and those that are relevant to South African businesses when they undertake extra-territorial activities. The NBI works in partnership with South Africa's Human Rights Commission and other leading organizations in advancing human rights within business.

Human Rights & the Oil and Gas sector Workshop

Organized in February by the International Petroleum Industry Environmental Conservation Association (IPIECA) and Chevron in Cape Town, the NBI participated at this sector workshop. The forum brought together mining and oil businesses mainly from South Africa, the broader African continent and Europe. Participants played out case scenarios and shared their experiences mostly in the area of Human Rights, Business and Security Arrangements, especially within the context of contested resources.

Vision 2050

On 27th May the NBI as a regional partner of the World Business Council on Sustainable Development (WBCSD), in collaboration with Accenture and Eskom, held a "learning by sharing" dialogue for South African companies to explore global views on how to ensure the critical path towards sustainability in 2050 can be achieved. The "Vision 2050" project is convened by WBCSD and seeks to provide companies with thought leadership tools through which they can contribute to this critical path to sustainability. The project is being led and executed by 29 WBCSD member companies and seeks to guide the business response to the challenges facing the planet over the next four decades, including significant population growth, heightened urbanization, strain on resources and increased carbon emissions. The project emphasizes the interplay between people & values, governance, economy and resources, energy and environment in both determining and driving the critical pathway. A key ultimate goal being that all people are "living well, within the limits of one planet".

For Peter Lacey, Head of Sustainability (Europe, Africa and Latin America) at Accenture, Vision 2050 must be seen as a strategic agenda that drives how businesses respond to the increasing pressures of sustainability while also presenting opportunities for companies to manage risk, promote their brand and increase efficiency. This challenge was brought home by Mandy Rambharos, Climate Change and Sustainability Manager at Eskom, who outlined Eskom's emphasis on scenario planning and risk mitigation, particularly in terms of ensuring the long term sustainability of energy supply and opportunities for market growth. The broad solution, according to Wayne Borchardt, Senior Executive – Strategy Lead with Accenture in South Africa, is a focus on reducing the ecological footprint of the country while simultaneously improving human development. Both government and business have an important role to play in achieving this. The complimentary interaction of human development and ecological footprint brings countries into a sustainable solution space from which the Vision 2050 objectives can be achieved.

The key challenge going forward is how to create the platforms for engagement between business and government in order to achieve greater alignment on the development goals of the country from a social, economic and ecological perspective. The Vision 2050 project provides a potential framework for this engagement and a mapping out of tangible objectives and targets. Through this engagement the respective roles of business and government can be more clearly understood and agreed upon. Peter Lacey concluded by emphasizing that, in light of the current economic crisis, the positioning of winners and losers within the business community over the next decade will be noticeable. The winners will be those companies that embrace the challenges and opportunities associated with achieving a sustainable world, and make smart investments on the basis of this.

Barcelona Progress and Value Workshop

The NBI organized and hosted a 2 day UNGC event in Cape Town in August 2009. This included a one-day UNGC Progress and Value workshop facilitated by Michael Spenley of Littlewoods in the UK, representing the Barcelona Centre for the Support of the Global Compact. 45 representatives from business, academia and civil society participated. The workshop focused on giving meaning to the UNGC principles and developing the Communication on Progress. UNGC members Eskom, Nedbank and Littlewoods (United Kingdom) shared their UNGC journey and COP process with participants. Breakaway groups then developed COPs based on case scenarios.

The second day was a broader business dialogue on *the implications of the economic crisis on sustainability and business leadership*. Raymond Ackerman, Chair of the board at Pick n Pay Holdings delivered the keynote address. The multi-stakeholder panel included representatives from Sasol, the Mail & Guardian newspaper, the Provincial Government of the Western Cape and Stellenbosch University School of Business. Visionary business leadership, ethics and values, consistency and innovation were singled out as key to business sustainability.

Business and Human Rights Workshop

In October 2009, the Global Compact Local Network convened a learning and planning workshop on business and human rights. The forum had presentations from Anglo Platinum on their human rights challenges at a Limpopo mining project, Mondi and their experiences in the land claims process and University of Cape Town's Ralph Hamann reporting on a research report on the human rights performance of the top 100 Johannesburg Stock Exchange listed companies. Attended by about 40 participants from business, this dialogue was part of an on-going process by the Local Network to facilitate a deeper understanding of human rights within business and to share challenges and best practices with an aim to inspire sustainable practices. This workshop was sponsored and hosted by Nedbank.

3. Local Network Management

GCLN Advisory Committee Meeting

In November 2008 the UNGC Advisory Committee meeting took place and enjoyed an excellent presentation on the draft ISO 26000 corporate social responsibility standards by a member of the international ISO committee. While overall attendance was disappointing, a decision was taken to convene an annual meeting of all UNGC signatory companies in South Africa in February 2009, with a view to re-energizing the local network.

The Local Network then held its first bi-annual Advisory Committee Meeting in May 2009 at the NBI offices. Unlike the last meeting in November 2008, it was very well attended with vibrant debates around the annual plans and activities of the network. 3 members: AngloGold Ashanti, Nedbank and Deloitte sent case studies on sustainability, as part of the Local Networks initiatives to facilitate learning by sharing. The NBI's Climate and Energy Unit also gave a presentation on climate change, focusing on specific implications for South Africa based on its socio-ecological make-up.

The Advisory Committee got new volunteers from 5 member companies committing to help steer the work of the Local Network and to give greater meaning to the 10 UNGC principles within context. The new members represent FirstRand Bank, University of South Africa (UNISA), Cape Town International Convention Centre (CTICC), Deloitte, Nedbank and Richards Bay Coal.

The second bi-annual Advisory Committee Meeting scheduled to take place on 20 October 2009 was postponed to February 2010 to give way to a business dialogue on human rights.

Global Compact Local Network (GCLN) Annual Members Meeting

The Local Network held its Annual Members Meeting in February 2009 and was hosted by AngloGold Ashanti. The key speaker, Mr Jacques Marnewicke from SANLAM, and a member of the UNGC Working Group on anti-corruption, made a presentation on the progress of the group and the relevance of the issues for business. The message to business was for them to 'put their house in order first' and not approach the issue of corruption as perhaps, an issue that is more critical for other social actors and not business.

At this meeting, a number of business participants including Barloworld, Nedbank and Unilever volunteered to assist by road-testing the 10th Principles matrix and guidance document. The anti-corruption guidelines served for ratification at the UNGC Annual Local Network Forum (ALNF) in Turkey in June 2009.

Annual Local Network Forum

In October 2008 the NBI took active part in the UNGC Annual Local Network Forum in Bonn, Germany, making a presentation on business and human rights in a session chaired by Mary Robinson, former UN Human Rights Commissioner, and participating in a special forum of African networks. A joint presentation with a representative from AngloGold Ashanti, Jessica van Onselen, was also made, focusing on the role of companies in implementing the 10 principles of the UNGC.

In June 2009, two representatives from the Local Network Ms Futhi Mtoba, (GCLN-SA and Deloitte chair) and Jessica Van Onselen of AngloGold Ashanti once again participated at the Annual Local Network Forum in Istanbul, Turkey.

UNGC Africa Regional Meeting

Deloitte, a member of the Local Network sent a representative to the UNGC Africa regional meeting that took place in Nigeria in March 2009. The focus was on anti-corruption and participants emphasized the need for collective action and raised the need for tools to address the 10th principle across the continent. Certain challenges impacting on Local Networks in Africa were identified but these notwithstanding, as part of the resolutions going forward, participants vowed to more closely coordinate their work especially with regards to the preparation of the 2010 Global Compact Leaders Summit, and also to continue to share with each other lessons learned, best practises and tools and guidance material in order to benefit from each other's experiences in rooting the UN Global Compact within the African context.

Working Group on Human Rights

During the first bi-annual Advisory Committee meeting in May 2009, a working group was specifically established to assist in unpacking Human Rights issues for business in South Africa, and to advise on areas and ways of intervention through forums, tools, electronic communications and/or publications. Volunteers to the working group include Nedbank, Deloitte, Africa Institute of Corporate Citizenship, Synergy, South African Human Rights Commission and the NBI. The first meeting of the group took place on June 22, and this set the agenda for a successful business and human rights workshop that was held on 20 October 2009 as detailed above.

GCLN and the Environment

During the Global Compact's AGM in February 2009, members singled out the area of climate change & energy as an area requiring increased attention by the Local Network. The NBI's Climate and Energy Unit leads related interventions that now integrate a majority of UNGC signatories. A number of UNGC business signatories participate in the Energy Efficiency Accord, the Carbon Disclosure Project and several other initiatives as facilitated by the NBI. A case in point is a pre-Copenhagen business workshop on climate change that took place on 9 Nov 2009 in Johannesburg and the launch of the 2009 Carbon Disclosure Project on 21 October 2009 alongside the UNEP-FI in Cape Town.

Participation at the BUSA Anti-Corruption Working Group

The NBI as UNGC Focal Point continues to support BUSA (Business Unity South Africa) as the mandated business organization in South Africa, in advancing business action on anti-corruption. The NBI director in charge of *Business in Society* Unit sits on the multi-stakeholder BUSA-led anti-corruption working group. The anti-corruption working group has in 2009 finalized and distributed two toolkits: to guide SME's on anti-corruption and another targeted at foreign investors. The challenge that the working group noted concerns a lack of knowledge and information on business best practices on anti-corruption.

The NBI proposed to share with BUSA best practices that individual UNGC members may send in, based on the formal request that has already been communicated to signatories. In addition, the GC Local Network invites its members to the anti-corruption forums convened by BUSA to assist business to embrace anti-corruption initiatives. The NBI will continue to build on the partnership with BUSA in developing and communicating on the 10th principle and in deriving value for UNGC signatories.

New UNGC Signatories

The Local Network continue to inspire business to join the UNGC platform as an opportunity to take forward the sustainability agenda and also to showcase the gains of doing business responsibly. Within this year, new signatories to the UNGC include Cape Town International Conference Centre, Columbit, Truteq Wireless and 'Party with a Purpose Productions'.

United Nations Global Compact Members



4. UNGC Publications (Quick-Briefs)

Quick Brief: 24 November 2008

Business and Human Rights: enhancing performance and reporting

South African business still has room for improvement when it comes to due diligence on human rights. This is the message that came out of three recent workshops organised by the National Business Initiative (NBI) in partnership with the African Institute of Corporate Citizenship (AICC). The workshops took place in Cape Town, Durban and Johannesburg and provided delegates with an overview of the state of business and human rights, and some practical guidance on implementation through the use of South African Human Rights Compliance Assessment Tools (HRCA). The HRCA is a tool that assists companies to convert human rights principles into practice.

Vernon de Vries, the Corporate Affairs General Manager at Distell and chair of the NBI in the Western Cape, called upon business to take leadership on human rights. The best way for business to enrich its shareholders is by enriching the life of its stakeholders", he said. The failure of business to do things right the first time around results in government policing business, while the choice to do things right the first time enhances business efficiency and stirs the pride and confidence of stakeholders.

Mr de Vries emphasized the need for tools to entrench human rights into business practice and increased active discussions on human rights. This is especially important given that the year 2008 marks the 60th anniversary of the Universal Declaration of Human Rights. He argued that it is critical for business to comply with human rights especially on issues related to employees, suppliers, housing, health and education. The reputation of business depends greatly on the role it plays around these issues and doing not only what they must do according to the law, but also what they know is right.

At the international level, the momentum on business and human rights has accelerated with the acceptance by the United Nations of the framework by John Ruggie, the Special Representative of the Secretary General on Human Rights and Business (SRSB). Ruggie's 2008 framework on Business and Human Rights is based on three principles: protect, respect and remedy. These refer to the government's duty to protect against human rights abuses, the corporate responsibility to respect human rights and the need for more effective access to remedies.

Dr Ralph Hamman, of the Environmental Evaluation Unit at the University of Cape Town, noted that while due diligence is a common term for business people, there has been failure to apply it to human rights.

Weaknesses are especially stark where business engages in extra-territorial activities and especially in countries considered to have weak systems of governance. Due diligence on human rights according to Ruggie are then the "steps a company must take to become aware of, prevent and address adverse human rights impacts". He adds that in implementing due diligence on human rights, companies need to consider three sets of factors: "the country context where they operate in order to highlight specific human rights challenges; the human rights impacts that their own activities may pose within that context; and whether they might contribute to abuse of human rights through the relationships connect to their activities".

The NBI believes that large South African corporations are global leaders in terms of good corporate citizenship and responsible business leadership. However, as there is not a tradition in the country of reporting sustainability performance from a human rights perspective, there is a risk of creating misperceptions with international investors and activists. The NBI aims to work with its member companies to improve awareness and reporting on human rights as a critical dimension of corporate citizenship.

Quick Brief: 20 April, 2009

Ensuring food security in South Africa: a multi-stakeholder process

Food security and sustainability in South Africa requires a shared vision through the engagement and action of all interested parties. Food security is an economic and social right enshrined in the South African Constitution and it is essential to achieve peace and prosperity in the region.

A recent multi-stakeholder workshop held at the Gordon Institute of Business Science brought together participants from business, academia, government and NGOs to take stock and to consider mechanisms for a coordinated, systemic and innovative approach to food security in South Africa. It was jointly organised by the National Business Initiative (NBI), University of Cape Town, GTZ, Green Choice, ActionAid, Reos, the Department of Agriculture, Development Bank of Southern Africa and the South African Human Rights Commission.

The workshop highlighted not only the complex nature of the food value chain and the competing interests, but also the dynamic range of factors impacting on food security. These range from climate change to rising prices, uncertainty around land reform to inadequate infrastructural support for emergent farmers, as well as a lack of coordination within and between sectors.

The findings of the research conducted by University of Cape Town that had interrogated the role of business in food security and how the multi-faceted food value chain could collaborate on issues of common interest were also presented at the workshop. Due to these acknowledged complexities, Adam Kahane, a founding member of the Sustainable Food Lab, indicated that seeking solutions to the food situation would require a systemic approach that is participatory and that also allows answers to evolve, as opposed to relying on perceived existing solutions. The potential crisis that food insecurity poses calls for accelerated collaboration, increased communication and new relationships and partnerships. Food security is a multi-sector issue and the workshop emphasized a shared vision in the production, supply chain and policy. This calls for dialogue and action particularly between agricultural producers, retailers and all relevant government agencies.

André Fourie, the Chief Executive of the NBI, called for leadership on food security from all sectors emphasizing that dialogue alone would not be enough, but would need to be linked to more decisive action. He also challenged delegates to carefully interrogate the issues by posing the right questions around complicated issues such as food prices, and to avoid simplistic solutions that could undermine food security in the long term. At the same time, existing processes on food security were isolated and needed to be aligned so that they could contribute to the greater whole. Within this progression, it would first be necessary to understand the significant role of the public sector and relevant policies. It is equally critical for business leaders to understand the strategic impacts around food security and especially the interplay of the issue with climate change, he added.

The process of stakeholder engagement on food security would continue aimed at finding practical outcomes while seeking a balance between the economy and the ecology. A majority of the workshop organisers representing the diverse entities above agreed to continue to facilitate further engagement of all stakeholders towards possible solutions. As one participant noted, "If you are not part of the problem, you cannot be part of the solution".

Quick Brief: 18 May 2009

Revised accountability standard launched in South Africa

Corporate strategy and reputation management are increasingly shaped by considerations of the broader role of business in society, and especially stakeholder expectations about the impact of business on communities and the environment. This trend is reflected in the increasing number and complexity of corporate sustainability reports. [AccountAbility](#) recently launched the latest version of its sustainability assurance standard (AA1000AS) that seeks to promote greater global consistency in the independent assurance of corporate sustainability reports.

As part of the process of disseminating the revised assurance standard in various countries, AccountAbility with the support of [Eskom](#) and [PricewaterhouseCoopers](#) hosted launch event in South Africa. The publication of the latest edition of AA1000AS Standard sets the bar for conducting independent assurance of an organisation's publicly disclosed information on its sustainability performance and it is a major step forward for sustainability assurance.

Speaking at the launch event, André Fourie, the [National Business Initiative's](#) (NBI) Chief Executive stated that sustainability reporting has evolved beyond the content of the actual corporate annual report. Although it remains essential that corporate sustainability reporting is done in a systematic manner, a new trend is the disaggregation of the key sustainability imperatives into meaningful dialogue with core stakeholders. This requires business leaders to think deeply about the absolutely material issues for sustainable future. In this process, reporting becomes just one step in the journey towards a sustainable corporate strategy and responsible business practice. This approach requires the integration of sustainability considerations into investment decisions and the competitive positioning of the corporation, he said.

Dr Alan Knight, head of standards at AccountAbility said the purpose behind the revised version of the standard has been to ensure that it establishes a clear market on the pathway towards visions of organisational reporting and assurance that encompasses the full range of issues that affect performance and that stakeholders need to know about in order to make the best decisions and take the best actions for sustainable development.

Between 1991 and 2007 reporting grew from an annual 27 reports to the current 2,800. Early reports tended to be single-issue, for example, environment only, but the current trend for full sustainability reports reflects a broadening stakeholder interest in all aspects of corporate identity and responsibility. Currently 255 of reports include external assurance statements' and that number continues to grow as the value of assurance becomes better understood internally and externally. However, the use of external assurance is still inconsistent across regions with Europe leading the assurance market. There are indications that there will be a strong growth in Asia and South Africa in near future, while in North America where reporting is well established, reporters are far less likely to include external assurance. However, the global trend is upwards as sustainability reporting matures.

The AA1000AS 2008 also delivers a means to capture and place in context all of the different certification schemes that deal with specific dimensions of sustainability such as labour, human rights, sustainable forest management, fair trade labelling or environmental management systems.

The standard provides the requirement for conducting sustainability assurance. It is primarily intended for use by sustainability assurance providers but is also useful to report writers who will be seeking assurance.

In addition to the launch event, there was an expert panel discussion on the current status and future direction of sustainability reporting in South Africa. Speakers included Prishani Saytapal, Community Relations and Social Development Manager, AngloGold Ashanti; William Frater, Associate, Incite Sustainability; Michael Rea; Independent CSR Consultant and Markus Reichardt, Partner, Reichardt & Reichardt. According to Frater, assurance standards should be based on issues of trust and they must also be flexible and compatible to issues relevant to the organisation.

There are about 50,000 sustainable development reports listed on the [Global Reporting Initiative](#) (GRI) but only 44% of those are assured, said Rea. He pledged to business to adhere to assurance standard by appointing a quality assurance provider which in turn will give good value for money for business. Sustainable development reporting is a money saving effort only if the providers offer good services on assurance standard such as covering all aspects of sustainable development. This can only be achieved if the assurance provider has the capacity, resources and skills.

Reichardt cautioned that business have to be careful on use of certain reporting standards, especially in the developing countries. "There is a real challenge in developing countries as some stakeholders are left behind when companies are reporting," he added. Fourie concluded that there is no golden rule to address assurance standards and a continued dialogue is vital between key stakeholders to address reporting issues. He added that to have sustainable business, companies need to ensure they build the following considerations into sustainable and competitive business strategies: energy, water, climate change, human capital, biodiversity and human rights.

Quick Brief: 21 July 2009

Vision 2050 - A South African perspective

As the world grapples with how to tackle the myriad of sustainability challenges facing business and society the World Business Council for Sustainable Development (WBCSD), through 29 of its member companies, has initiated the "Vision 2050" programme. This programme seeks to guide the business response to the challenges facing the planet over the next four decades, including significant population growth, heightened urbanisation, strain on resources and increased carbon emissions.

The National Business Initiative (NBI), Accenture and Eskom, supported by the WBCSD, held a "learning by sharing" dialogue for South African companies to explore global views on how to realise the critical pathway towards sustainability in 2050. The critical pathway refers to a scenario around changes that would occur over the next four decades, given the current economic, environmental and social challenges we face.

The critical pathway is informed by the interplay of four elements:

- People and values
- Governance
- Economy
- Resources, energy and environment

The critical pathway suggests a greater convergence and consolidation of strategies at a global level all geared towards finding common solutions and invoking shifts in behaviour and practices.

For Peter Lacey, Head of Sustainability (Europe, Africa and Latin America) at Accenture, Vision 2050 must be seen as a strategic agenda that drives how businesses respond to the increasing pressures of sustainability while also presenting opportunities for companies to manage risk, promote their brand and increase efficiency, as well as to enhance corporate competitiveness and identify new business opportunities.

This challenge was brought home by Mandy Rambharos, Climate Change and Sustainability Manager at Eskom, who outlined Eskom's emphasis on scenario planning and risk mitigation, particularly in terms of ensuring the long term sustainability of energy supply and opportunities for market growth. This is an integrated company-wide strategy that guides its investment and trading strategy.

The broad solution, according to Wayne Borchardt, Senior Executive - Strategy Lead with Accenture in South Africa, is a focus on reducing the ecological footprint of the country while simultaneously improving human development. Both government and business have an important role to play in achieving this. The complementary interaction of human development and ecological footprint brings countries into a sustainable solution space from which the Vision 2050 objectives can be achieved.

For many developed countries the challenge of reducing the ecological footprint dominates, while in the developing world, the key challenge is addressing the challenge of human development while not further increasing the ecological footprint to unsustainable levels. While South Africa shares the significant challenge of human development with the developing world, it also needs to simultaneously reduce its ecological footprint to reach the sustainable space.

The key challenge going forward is how to create the platforms for engagement between business and government in order to achieve greater alignment on the development goals of the country from a social, economic and ecological perspective. The Vision 2050 project provides a potential framework for this engagement and a mapping out of tangible objectives and targets. Through this engagement the respective roles of business and government can be more clearly understood and agreed upon.

Lacey concluded by emphasizing that, in light of the current economic crisis, the positioning of winners and losers within the business community over the next decade will be noticeable. The winners will be those companies that embrace the challenges and opportunities associated with achieving a sustainable world, and make smart investments on the basis of this. This will require vision, leadership and a clear understanding of the risks and opportunities. Furthermore, South Africa, the workshop agreed, was an important emerging market, developing country laboratory in which the challenges of sustainable development could be explored. The NBI was asked to consider how to take this important process forward.

Quick Brief: 10 September 2009

Beyond compliance: Business deriving value from the United Nations Global Compact

Future sustainability of corporations will depend on their ability and willingness to invest in a value-based system and move beyond simple compliance to laws and regulation.

This message came out of a recent United Nations Global Compact (UNGC) dialogue organised by the National Business Initiative (NBI) in Cape Town. The forum debated the lessons of the economic crisis on sustainability and business leadership and brought together South African UNGC signatories, the chairman from the United Kingdom Global Compact Network, business leaders, civil society and government representatives.

The guest speaker and Chairman of Pick n Pay Holdings Gareth Ackorman, underscoring the relevance of the UNGC principles, noted that it was critical for business to build ethics and values into business practice. He added that Pick n Pay's history of success was embedded on sustainability while driven by innovation, consistency and a visionary leadership. Against the backdrop of the current global financial crisis, it was no longer possible for business to ignore issues of sustainability and the triple bottom-line reporting that encompass environmental, economic and social issues. Business also need to see value in "building lasting social capital, having a heart and focusing on making a fair profit rather than maximum profit. By looking after society, society would look after business", he said.

Supporting the call to business to do more through innovation and breaking the boundaries of compliance, Daniel Malan of Stellenbosch University Business School argued that a compliance based approach could be counter-productive as there is ample evidence of companies going down even when fully compliant with existing laws and regulation. This then warrants that business and other key actors seek solutions more broadly and not confine themselves to the same instruments that had failed to protect the world's economy from the crisis.

André Fourie, Chief Executive Officer of the NBI noted that the current financial meltdown was catalyzing increased business attention to issues of business ethics, trust-building, management of risk and reputation, business efficiency and unlocking opportunities at the bottom of the pyramid. At the same time, the challenges posed by the crisis need not distract business leaders away from a range of other urgent issues to avoid dire impacts on sustainability. These include considering and addressing environmental limits posed by climate change and dependence on fossil fuels, as well as the stresses on water and biodiversity. Dr Sllaan Wandrag of Sasol referred to the significance of the broadening the concept of "license to operate" to the 'freedom to operate' as a business. Delegates were reminded that the current challenges facing the world economy were multi-faceted and required an equally complex set of responses from actors. Michael Spanley of the United Kingdom Global Compact Network reported that the Global Compact views the crisis "as deeper than economic but is also a crisis of trust, food, energy and the environment".

The UNGC has been present in South Africa since its inception in 2000 by the then UN Secretary General Mr Kofi Annan. It is a multi-stakeholder global learning platform and a framework that assists business to fast-track responsible and sustainable action around 10 principles covering human rights, labour, environment and anti-corruption. To date 41 business entities in South Africa are signatories and these include key mining houses, retail, financial services and manufacturing sectors.

Nedbank, one of the early signatories to the UNGC emphasized that UNGC not only brings to companies a global learning platform and a sustainability framework, but that it also helps to sensitize participating business to be proactive way before crisis sets in and regulations are put in place.

Quick Brief: 23 November 2009
Media Sustainability Index: first for SA

South Africa's first Media Sustainability Index, which assesses companies' relative performance on sustainability-related media reportage, was launched recently by sustainability consultancy and publisher, [Trialoque](#) and co-creator – media analysis specialist, [Media Tenor](#). The launch event and a dialogue on media and sustainability were hosted by the [National Business Initiative](#) (NBI).

The Media Sustainability Index provides companies operating in the South African market with a strategic communications benchmarking tool, through its quantitative and qualitative analysis of companies and issues under the sustainability spotlight in the media. The Index's maiden findings are based on analysis of over 500 000 articles and broadcast news content over a three-year period (2006-2008). It concludes that an average of 20% of company coverage in mainstream media, has addressed issues of sustainability.

"South Africa has seen a marked increase in sustainability-focused reporting during this period, from 18% to 23% respectively. Comparatively, products and service-related reportage dropped from 9% to 7%," says Wadim Schreiner, Managing Director of Media Tenor. "The Index serves a mutually beneficial purpose for corporates and the media. Companies can track their communication performance, as well as identify challenges and opportunities provided by the media - for whom the Index makes sustainability reporting more transparent. It also allows for the identification of issues that offer new insights into a complex group of topics, for SA media," says Schreiner. He adds, "Traditionally, financial journalism focused on financial reports presented by companies, from which the sustainability of the business was derived. But eight years after Enron and WorldCom in the United States and fuelled by the sub-prime crisis last year, journalists seem to realise that numbers are no longer the true value of a company."

The launch event featured a panel discussion with speakers such as Karin Ireton, Director of Group Sustainability at Standard Bank, Ishmael Mkhabela Secretariat of Dinokong Scenarios and Ferial Haffajee, editor-in-chief of City Press. The panellists focused on the role of the media in reflecting sustainability behaviour of companies and the extent to which the MSI index reflects this corporate sustainability.

From the civil society perspective, Mkhabela says business should focus on leadership, accountability and legitimacy to address the role of business in sustainability. For example, is civil society sufficiently active to hold corporations to account for non-sustainable business practice? The Index is helpful and gives business ability to focus on key issues. He adds that business needs organisations such as the NBI that generate issues affecting society and answering questions that are being asked by the community.

Ireton says more companies are focusing on sustainable development reports as the King III Report challenges them to integrate sustainable development in their reporting. She adds that media is doing good work by being the watchdog as business leaders must be brave enough to take the stage if a crisis occurs. According to Ireton, we need to remember that we are part of society and if we get the agenda wrong, we are all going to suffer.

The Index promise lies in the critical role that the media plays in influencing corporate reputation – a communication channel that is quick, far-reaching and more objective than company-originated communiqué. The framework of the Index comprises nine categories of sustainability, i.e. sustainability management, sustainability advocacy, external stakeholder relations, legislation compliance, human resource management, marketplace impact, Broad Based Black Economic Empowerment (BBBEE)/transformation, community relations and biophysical environment.

Between 2006 and 2008, almost 45% of total sustainability coverage addressed topics relating to external stakeholder relations, with human resource (HR) management content achieving 16% of this share of voice; legislation compliance, 13% and marketplace impact, 10%. Transformation statements only comprised 4% of total coverage. The Index also details the tone in which media have reported on the top-100 companies. Categories with the largest proportion of positively-biased articles include community relations, marketplace impact and BBBEE/transformation. Categories with the highest proportion of negatively-biased articles include legislation compliance and HR management.

According to NBI Chief Executive, André Fourie, sustainability is a strategic imperative for South African business. The NBI believes that a more explicit focus is required on sustainability – from planet to people - to the benefit of our country. "Business must, and can act confidently in this somewhat unfamiliar territory," says Fourie.

Quick Brief: 23 November 2009

Media Sustainability Index: first for SA (continued)

The Media Sustainability Index not only measures the influence of sustainability-related media coverage on corporate reputation, but ranks 100 companies in terms of sustainability editorial coverage received. Companies ranked in this year's top 10 include MTN, Discovery, Absa, Transnet, Anglo American, SAB Miller, Vodacom, African Bank, Google and Mvelaphanda Holdings.

The index strives to reflect how the media is portraying corporate behaviour, through a scientific approach to its media analysis. Media Tenor's methodology states that articles had to make mention of companies at a statement level, i.e. where companies were described in at least five lines or for a minimum of five seconds. It does not pass judgment on the sustainability status or performance of companies, but evaluates to what extent it is being reflected in the media.

This year's MSI forms a chapter in Triologue's sixth edition of its Sustainability Handbook. It will be produced annually, with the intent of providing companies with strategic data and analysis to steer corporate reputation management and assist executives to plan around existing issues. "As social and environmental issues climb the global and local agenda, corporate behaviour has, and will, increasingly come under scrutiny from the media. It is critical for companies to inform their business strategies with sustainability-related knowledge, and the sustainable business reality that is being shaped by the media," concludes Schreiner.

Quick Brief: 26 November 2009

Building a network of values and ethics will enhance business sustainability

Business representatives called for a proactive approach to human rights and the establishment of a network of values and ethics to ground human rights principles at a recent United Nations Global Compact (UNGC) human rights dialogue hosted by Nedbank in Johannesburg. This process would require a plethora of business leaders as champions of human rights as a sustainable business practice, said the delegates.

Organised by the National Business Initiative (NBI) as the national UNGC Focal Point, the dialogue acknowledged the human rights milestones that business has overcome since the dawn of South Africa's democracy as well as gaps that still need attention. While business has made gains on human rights issues regarding Black Economic Empowerment, HIV/Aids and enabling collective bargaining, research shows significant human rights risks in the business supply chain, within the private security sector and in land management, said Dr Ralph Hamann of the University of Cape Town Graduate School of Business.

The business delegates reiterated that respecting and upholding human rights should not be construed as passive compliance but that it does include a range of actions that must be entrenched in business practice in order to avoid doing harm. These include transforming not only the workplace, but ensuring sound human rights practices within the supply chain and its communities.

André Fourie the Chief Executive of the NBI, while acknowledging that business often faced difficulties in integrating such principles into business practice, encouraged participants to identify human rights risks within their areas of influence and to respond to local conditions. Such a proactive approach to human rights would also assist in rebuilding trust between business and society.

Fourie pointed participants to the available frameworks that would support due diligence on human rights. These include the International Framework on Business and Human Rights developed by John Ruggie- the Special Representative to the Secretary General of United Nations. The Ruggie Framework simplifies the steps that a company should take in addressing relevant human rights issues. These should be informed by among others the country contexts where business operates; an identification of the human rights challenges within that context; impacts these may have on business operations; and an assessment of any business complicity or contribution to abuse of human rights through its supply chain, partners or state agencies.

James Rycroft of Mondi South Africa, referring to land claims and associated human rights issues that Mondi has faced noted that change in business and in forestry in particular was inevitable. He called for business to take initiative and be engaging rather than reactive to policy, for the sake of long-term business sustainability. The land claims process had been undermined by issues of capacity and skills in government and it was in the interest of business to develop and share available skills and resources with government, he added.

Lessons from AngloPlatinum's resettlement process around Mogalakwena mine in Limpopo echoes other urgent human rights risks and dilemmas for business. Stephen Bullock of Anglo Platinum reflected on some of the challenges of meeting the diverse expectations of local stakeholders, even when following good practice guidelines such as South Africa's Environmental Impact Assessment and Social Impact Assessment frameworks. A key insight for the company was the value of moving beyond the legal requirements to factor in more human rights risks assessments as part of the project approval stages, he noted.

Luckily for South African companies facing increasing human rights risks, there are now tools available to identify these, said Tagbo Agbazue of the African Institute for Corporate Citizenship. The Human Rights Compliance Assessment Tool offers a step by step guide on how business can enhance their performance. However, frameworks and tools are guidelines and long-term business sustainability will depend on strong business leadership and the emergence of visible business champions who understand human rights issues not as a cost to business, but as an opportunity to enhance responsible practices and build trust with society.

Quick Brief: 2 November 2009

Is South African business up to the challenge of climate change?

This was the theme for the 2009 Carbon Disclosure Project (CDP) launch event held in Cape Town preceding the United Nations Environment Programme Finance Initiative (UNEP-FI), an important global gathering geared towards designing new ways to finance the challenge of climate change.

The CDP 2009 report demonstrates steadfast commitment by South African corporations to addressing climate change despite the recent economic downturn. This is evident from the 68% carbon disclosure level this year compared with last year's 59%. This achievement was commended by the Minister of Water and Environmental Affairs, Buyelwa Sonjica in her foreword - "The top 100 JSE listed companies must be highly commended for taking the lead to disclose their carbon footprint and plans to disclose their carbon footprint and plans to reduce it, thereby contributing to mitigating climate change".

Present at the launch was the Joanne Yawitch, the Deputy Director General of the Department of Water and Environmental Affairs, who briefly shared with the audience South Africa's commitment to ensuring a new global deal is reached in Copenhagen later this year. She emphasized that it is important that a strong global deal to address climate change emerges from Copenhagen since any delays will exacerbate the vulnerability of Africa as a continent.

Valerie Geen, National Business Initiative (NBI) Director of Climate and Energy said: "While this year's report has clearly demonstrated progress made by leading companies in appreciating the significance of climate change in terms of its environmental, economic social impacts, there is still evidence that companies are at different levels of awareness and engagement with what climate change means for their business. This can only be fully appreciated if the issue is considered against the backdrop of international and national positions and is viewed through an integrated business strategy that acknowledges climate change as it relates to issues such as improved efficiency, changing consumption patterns, new business opportunities and models, appropriate skills and long term projections. She also thanked sponsors for the CDP 2009 which included KPMG (main sponsor), Webber Wentzel and Element Investment Managers (previously Frater Asset Management). She also commended companies for remaining resolute to addressing climate change under the current economic circumstances.

Sue Howells, Head of CDP London commended South Africa for leading Brazil, Russia, India and China in terms of numbers and for taking the fifth position globally.

The quality of reporting by SA companies has improved in the CDP 2009 across all key areas that include risks and opportunities due to climate change, greenhouse gas (GHG) emissions and energy use, GHG reduction targets and activities and finally climate change governance. Other highlights in the report include:

- 87% of responding companies disclosed their GHG emissions compared with 77% in CDP 2008
- Equally important is that more companies have verified their data this year (24) compared with last year (13)
- 21 companies have GHG emissions targets this year while 11 are still defining targets although the report cautions that some targets could be more ambitious
- More companies are integrating climate change in their governance activities.

The CDP 2009 report listed the top 16 companies recognized through the Carbon Disclosure Leadership Index and only the top five received awards in recognition of their leadership in disclosure. The top five companies in order of leadership were:

- Nedbank
- Bidvest Group and Woolworths
- BHP Billiton
- Sappi
- Gold Fields

However, for the first time on a pilot basis companies were scored on performance and the top five were Massmart Holdings, Pick n Pay, SABMiller, Woolworths and Sasol.

Quick Brief: 2 November 2009

Is South African business up to the challenge of climate change? (continued)

Jonathon Hanks of Incite Sustainability, the report writers, cautioned that the nature of some targets set by the reporting companies is ambitious and does not match the "required by science" scenario as presented in the Long Term Mitigation Scenarios for South Africa. Furthermore, in addressing this year's theme at the launch, Hanks shared some insights on how the business response strategy to climate change could be improved in the future. He concluded that the following set of values will have to be properly integrated in business strategies to rise up to the scale of the challenge. He argued that a more visionary form of business leadership was required to appreciate the gravity of a challenge which was fast becoming the next global force to impact on economies and social development. Such leadership also required a systems thinking approach (an ability to anticipate the unknowns), courage (that includes willingness to implement new ideas and challenge existing mindsets), charismatic and inspirational leadership, integrity that allows a new openness to opportunities for collaboration and a high level of emotional intelligence to manage change and evolution of business models.

The launch event which also included a panel discussion, highlighted the role and need for investors, shareholders and pension fund managers to also adopt a long term approach to climate change that must take cognizance of the risks and opportunities and forge linkages with Economic, Social and Governance (ESG) principles of investment. John Oliphant, an executive at the Government Pension Fund which is also a signatory investor to the CDP and member of the Principles for Responsible Investment (PRI) presented an example of their own assessment of how climate change could impact on the poor given that pensioners on the lower income levels were spending 70% of their money on food. With projections of climate change impacting on food security and water scarcity, this information was particularly poignant for demonstrating South Africa's vulnerability.

In his closing remarks, Barney Kgope, Climate Change Programme Manager for the NBI concluded that the CDP 2009 report is very rich with information waiting to be mined by business at large and other interested parties. Beyond simply reading the data it was incumbent on everyone to assess the implications of what the data meant for the sustainability of their business, government's own role in creating an appropriate legislative and enabling environment and an innovative thinking required to provide new solutions. He also acknowledged that business South Africa remains in the lead since South Africa is the only CDP partner throughout Africa. The latest report can be downloaded from NBI website.