

COMMUNICATION ON PROGRESS (COP)

LANDELL CONSULTING

6/99 Queen Street
Melbourne, Victoria, Australia 3000

21 December 2009

INTRODUCTORY REPORTING INFORMATION

Name of the Organisation	Landell Consulting				
Country	Australia				
Joining Date	12 December 2009				
Organisation Type	Small company				
Sector	Primarily government				
Website	www.landell.com.au				
GRI Reporting Level	C <input checked="" type="checkbox"/>	C+: <input type="checkbox"/>	B: <input type="checkbox"/>	B+ <input type="checkbox"/>	A <input type="checkbox"/> A+: <input type="checkbox"/>
Reporting Period	December 2008 – November 2009				
Date of most recent previous report	This is Landell's first COP				
Reporting cycle	Annual				
External Assurance	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No			
Contact	Caroline Gordon				
Position Title	Principal, Government and Corporate Social Responsibility				
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OPEN LETTER OF SUPPORT FROM LANDELL'S MANAGING DIRECTOR

I affirm my continuing support for the United Nations' Global Compact.

As an organisation, Landell has demonstrated its commitment to the Compact's 10 Principles in the marketplace, environment, workplace and our community exemplified by our organisation's:


- *establishment of a Corporate Social Responsibility (CSR) Unit;*
- *development of a comprehensive CSR program for clients;*
- *CSR audit of its internal policies and processes;*
- *implementation of an internal organisational corporate social responsibility initiative;*
- *incorporation of environmental principles in the development of Victorian Government procurement templates;*
- *memorandum of understanding with ECO-Buy, the pre-eminent centre for excellence in green procurement;*
- *award from the Victorian-Tasmanian Chartered Institute of Purchasing & Supply Australia to the manager of the CSR Unit for her paper on "greenwashing";*
- *considerable pro bono work;*
- *significant price reductions for not-for-profit organisations and charities; and*
- *donation of a percentage of the organisation's profits to charitable causes.*

The benefits to Landell of our membership of the Global Compact include:

- *the incorporation of CSR principles into our core business;*
- *an increase in the positive social effects of our operations on our value chain;*
- *the enhanced ability to identify corporate risks and opportunities'*
- *the development of internal progress assessments;*
- *continuous organisational performance improvement;*
- *provision of a repository of data on CSR practices that can be used by companies and stakeholders for purposes of learning and analysis;*
- *enhancement of stakeholder relations as a result of a sustainability strategy and plan; and*
- *the provision of significant learnings to stakeholders through collaboration.*

Landell's commitment to the UN Global Compact has only increased as a result of the many benefits that the membership of the Compact has provided to our stakeholders, Landell itself and our community.

Yours sincerely



Lexton Gebert
Managing Director, Landell Consulting

1. UNITED NATIONS GLOBAL COMPACT

1.1. Global Compact

The UN Global Compact was launched on 26 July 2000, when several dozen business leaders joined an international initiative that brought companies together with UN agencies, labour and civil society to advance universal social and environmental principles. With thousands of participants from more than 100 countries, the Global Compact has since become the world's largest voluntary corporate citizenship initiative.

Through the power of collective action, the Global Compact seeks to advance responsible corporate citizenship so that business can be part of the solution to the challenges of globalisation. The Global Compact asks participants to pursue two complementary objectives:

- making the Global Compact and its principles part of business strategy and operations; and
- facilitating cooperation among key stakeholders by promoting partnerships in support of UN goals.

The Global Compact is not a regulatory instrument; it does not monitor, enforce or measure the behaviour or actions of companies. Rather, the Global Compact relies on public accountability, transparency and the enlightened self-interest of companies, labour and civil society to initiate and share substantive action in pursuing the principles upon which the Global Compact is based.

1.2. Ten Global Compact Principles

The UN Global Compact is a framework to enable businesses to align their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, the environment and anti-corruption.

The 10 Global Compact principles are:

Human Rights

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

Principle 2. Make sure that they are not complicit in human rights abuses

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
- Principle 6. The elimination of discrimination in respect of employment and occupation

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.

Anti-Corruption

- Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.

1.3. MEMBERSHIP OF THE GLOBAL COMPACT

To participate in the Global Compact, a company must:

- (i) incorporate corporate social responsibility into its business operations so that the Global Compact and its principles become part of strategy, culture and day-to-day operations;
- (ii) publicly advocate the Global Compact and its principles; and
- (iii) communicate annually with stakeholders on actions taken in implementing the Global Compact principles.

1.4. “COMMUNICATION ON PROGRESS” (COP)

One of the explicit commitments that a company makes when it participates in the UN Global Compact is to produce an annual COP (point (iii) above).

A COP is a communication to stakeholders on the progress the company has made in implementing the 10 Global Compact principles in its business activities and, where appropriate, in supporting UN goals through partnerships.

While there is no specific format or standard for a COP, the communication must contain three elements:

1. Statement of continued support for the Global Compact by the CEO or other senior executive
 2. Description of practical actions taken to implement the global compact principles
 3. Measurement of outcomes or expected outcomes
-

2. LANDELL'S MEMBERSHIP OF THE UNITED NATIONS GLOBAL COMPACT

On 27 November 2008, the Managing Director of Landell Consulting, Mr Lexton Gebert, wrote to the Honourable Ban Ki-moon, Secretary-General of the United Nations seeking membership of the Global Compact.

On 12 December 2008, the Global Compact Office officially notified Ms Caroline Gordon, Principal of Corporate Social Responsibility at Landell, that Landell Consulting had officially become a member of the Global Compact.

3. LANDELL CONSULTING ORGANISATIONAL PROFILE

3.1. COMPLIANCE WITH THE GLOBAL REPORTING INITIATIVE

Landell's COP utilises the performance indicators of the Global Reporting Initiative (GRI). By linking the GRI G3 Guidelines to the 10 principles of the Global Compact, integrates the COP to its other GRI-based sustainability reporting mechanisms.

3.2. ORGANISATIONAL PROFILE

3.2.1 Organisational Name

Landell Corporation Pty Ltd trades as Landell Consulting.

3.2.2 Services Provided

Founded in 1999, Landell Consulting is a management consultancy specialising in government procurement, probity, risk management, project management and training. In 2008, Landell Consulting extended its operations to incorporate a Corporate Social Responsibility Unit, managed by a Principal of the organisation.

Landell's diverse government client base includes many State and Commonwealth departments and funded agencies, exemplified by its membership of a number of government probity and procurement panels including:

Victoria

- The Probity Practitioner Services Panel (whole-of-Victorian-Government).
 - eServices Panel (whole-of-Victorian-Government).
 - The Commercial and Financial Advisory Services Panel for Infrastructure and Capital Assets Projects and Commercial Transactions (whole-of-Victorian-Government).
 - The Environment Protection Authority Preferred Consultants Panel (Victoria).
 - Strategic Procurement Plan Development Services Panel (Victoria Police).
-

Commonwealth

- The Defence Services Group Consultancy Panel – Probity.
- The Department of Veterans Affairs Probity Adviser Services Panel.
- The Department of Families, Housing, Community Services and Indigenous Affairs, Provision of IT Contractors – Procurement.
- The Medicare Australia ICT Services Advisory Panel.

3.2.3 Organisational Structure / Scale of the Organisation

Landell has a committed team of 14 highly experienced consultants working across the organisation's five business lines. Landell's organisational structure is represented diagrammatically below.

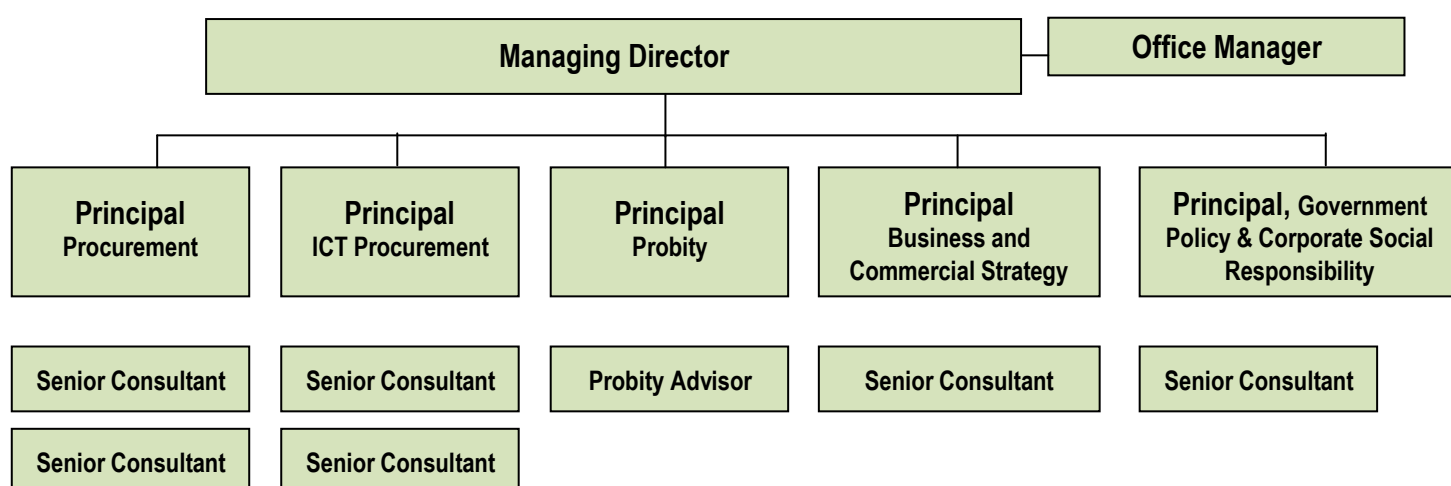


Figure 1: Landell's Organisational Structure

3.2.4 Location of the Organisation's Headquarters

Landell Consulting is based in Melbourne, Victoria, Australia.

3.2.5 Number of countries where the organisation operates

Landell Consulting currently only operates in Australia.

3.2.6 Nature of Ownership and Legal Form

Landell Corporation Pty Ltd, which trades as Landell Consulting, is a private company.

3.2.7 Markets Served by the Organisation

Landell Consulting primarily undertakes projects for the Victorian and the Commonwealth Government, but has undertaken several projects for the private sector.

3.2.8 Significant Changes during the Reporting Period

Landell Consulting expanded its team of consultants from 12 to 15 personnel (including employees and sub-contractors) in 2009. The Landell managerial gender ratio is now 50% male : 50% female.

3.2.9 Awards Received in the Reporting Period

The Principal of Landell's Corporate Social Responsibility Unit won the 2008 Victorian-Tasmanian Chartered Institute of Purchasing & Supply Australia Award for her paper entitled: "How does the procurement profession avoid 'green wash' and ensure truly sustainable sourcing solutions are presented to stakeholders?"

The Principal of the CSR Unit donated the \$1,000 prize money equally to four charities.

3.2.10 Report Boundaries, including Clients, Supply Chain and Stakeholders

This report extends beyond the internal operations of Landell Consulting to its suppliers and clients.

4. LANDELL'S 2009 CSR INITIATIVES

4.1. LANDELL'S COP

This 2009 report represents Landell's first COP.

4.2. LANDELL'S 2009 CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

In 2009, Landell undertook the following CSR initiatives.

4.2.1 Corporate Social Responsibility Unit

In 2008, Landell Consulting extended its operations to incorporate a Corporate Social Responsibility Unit, managed by a Principal (senior manager) of the organisation. The Unit's operations were expanded in 2009, to include critical partnerships (please refer to Section 4.2.4).

4.2.2 Corporate Social Responsibility Strategy Package

Landell's Corporate Social Responsibility Unit developed a comprehensive corporate social responsibility strategy package, represented diagrammatically at Figure 2.

In 2009, Landell was commissioned to develop a package of procurement templates for the Victorian Government. Landell inculcated environmental requirements into the procurement documentation.

In addition, Landell developed a draft supplier code of behaviour which promotes an environment in which business can be conducted with integrity and in a fair and reasonable manner, which includes an ethical sourcing standard; legislative and regulatory compliance provisions; and CSR performance monitoring and reporting provisions.

LANDELL'S CSR PACKAGE

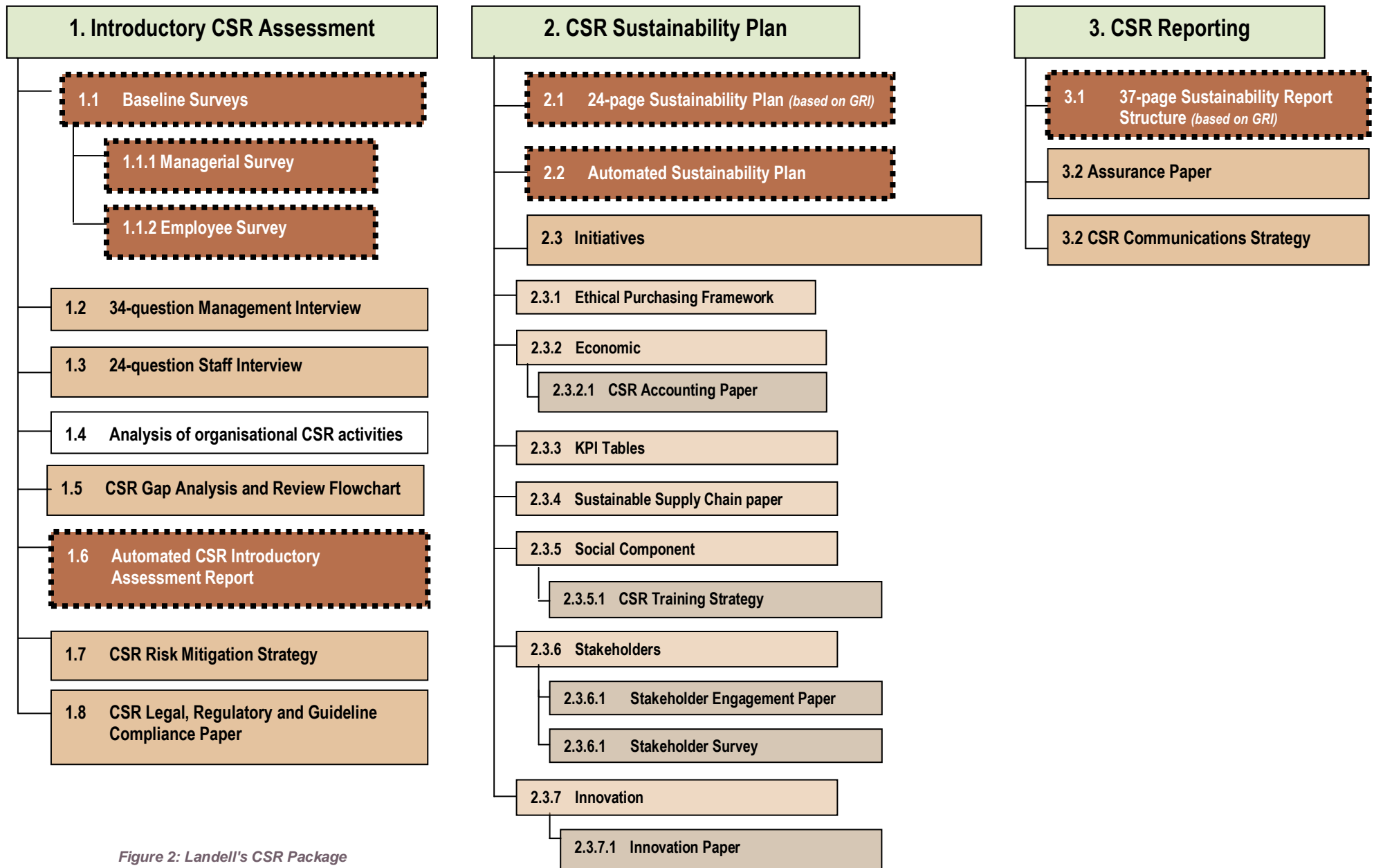


Figure 2: Landell's CSR Package

4.2.3 Internal Environmental Strategy

In 2009, Landell developed an internal environmental strategy to reduce the organisation's environmental footprint for implementation in 2010, which includes:

- paper recycling;
- reduction in water consumption;
- reduction in electricity consumption; and
- reduction in carbon emissions.

Landell's 2010 environmental performance indicators are outlined in Table 1 below.

4.2.4 Human Resources Framework

In 2009, Landell developed a draft Human Resources Framework which:

- mandates regulatory compliance;
- precludes discrimination;
- encourages equal opportunity, diversity, job security, work-life balance, high morale, teamwork and training; and
- ensures organisational health and safety.

4.2.5 Code of Conduct

In 2009, Landell developed a Code of Conduct, which canvasses key Global Compact principles including:

- respect for human rights and equal opportunity; and
- deterrence of discrimination and corruption.

The Code of Conduct provides for the confidential reporting of conduct breaches to senior management.

4.2.6 CSR Audit of Internal Policies and Processes

In 2009, Landell undertook an internal CSR audit to provide critical baseline data for tracking and reporting purposes in subsequent years.

4.2.7 Partnerships

In May 2009, Landell Consulting was commissioned to develop eight training modules on sustainable procurement by ECO-Buy, the Centre for Excellence in green procurement in Victoria. Landell's work with ECO-Buy was so successful, ECO-Buy and Landell signed a memorandum of understanding on joint sustainability initiatives.

4.2.8 *Pro Bono* and Charitable Work

In 2009, Landell increased its pro bono work with charitable and non-government organisations by 25%.

In addition, Landell provided significant price reductions for not-for-profit organisations and charities and regularly donated profits to charitable causes, including 5% of Landell's income (\$20,000) for its work for the Victorian Bushfires Royal Commission being re-directed to the Bushfires Appeal.

5. LANDELL'S 2010 PROPOSED INITIATIVES AND PERFORMANCE INDICATORS

Landell has developed specific CSR policies and practices, predicated on an internal CSR risk assessment review. The proposed initiatives have been tabulated below.

LABOUR		
Initiative	2009 Project	Performance Indicator Measurement for Landell's second COP in 2010/11
Supplier Code of Behaviour	<p>In 2009, Landell developed a draft supplier code of behaviour which promotes an environment in which business can be conducted with integrity and in a fair and reasonable manner, which includes:</p> <ul style="list-style-type: none"> • an ethical sourcing standard; • legislative and regulatory compliance provisions; and • CSR performance monitoring and reporting provisions. 	<ul style="list-style-type: none"> • Dissemination of the code of behaviour to Landell partners and suppliers 100% • Inculcation of the principles of the supplier code into client documentation 80%
Human Resources (incl. Equitable Employment Policies)	<p>In 2009, Landell drafted a Human Resources Framework which:</p> <ul style="list-style-type: none"> • mandates regulatory compliance; • precludes discrimination; • encourages equal opportunity, diversity, job security, work-life balance, high morale, teamwork and training; and • ensures organisational health and safety. <p>Landell's Human Resources Framework is regularly reviewed to ensure that employment standards are respected.</p>	<ul style="list-style-type: none"> • Total training hours per employee per annum 40 hours • Gender profile: <ul style="list-style-type: none"> ○ Employee/sub-contractor gender profile 50% male / 50% female ○ Managerial gender profile 50% male / 50% female • Total number of incidents of discrimination and actions taken against Landell 0 • Total number of incidents of violations involving rights of indigenous people and actions taken 0 • Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data 0 • Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts 0 • Annual Landell turnover rate: 10% • Full-time employees receiving the following benefits sick leave; recreation leave; carer's leave; bereavement leave; and study leave 100%

LABOUR <i>cont.</i>		
Initiative	2009 Project	Performance Indicator Measurement for Landell's second COP in 2010/11
Code of Conduct	<ul style="list-style-type: none"> Landell has recently developed a Code of Conduct, which canvasses key Global Compact principles including: <ul style="list-style-type: none"> respect for human rights and equal opportunity; and deterrence of discrimination and corruption The Code of Conduct provides for the confidential reporting of conduct breaches to senior management 	<ul style="list-style-type: none"> Code breaches investigated and remediated 100%

HUMAN RIGHTS		
Initiative	2009 Project	Performance Indicator Measurement for Landell's second COP in 2010/11
Commitment to Human Rights	<ul style="list-style-type: none"> Landell has developed a Human Resources Framework which addresses the following matters: <ul style="list-style-type: none"> employment, diversity, equal opportunity and discrimination; and occupational health and safety. In compliance with Landell's endorsement of the UN Global Compact and its underlying principles, Landell has adopted a statement supporting basic human rights. 	<ul style="list-style-type: none"> Operations having a significant risk for incidents of child labour 0 Landell staff received who receive Landell's human rights statement 100%

ENVIRONMENT		
Initiative	2009 Project	Performance Indicator Measurement for Landell's second COP in 2010/11
Dissemination of green policies to clients and the wide community	<ul style="list-style-type: none"> Landell was originally established as a procurement organisation "Green" procurement practices are critical, as they filter down to all government activities Landell has actively sought to: <ul style="list-style-type: none"> develop partnerships with green organisations; and inculcate green requirements in all of its procurement projects In 2009, Landell: <ul style="list-style-type: none"> signed a Memorandum of Understanding (MoU), with the pre-eminent NGO green procurement agency, ECO-Buy; and undertook the development of 8 "green" procurement training modules for ECO-Buy to be provided to Victorian Government agencies 	<ul style="list-style-type: none"> Maintenance of the MoU between Landell and ECO-Buy Inculcation of "green" procurement clauses in all procurement documentation drafted by Landell for government agencies
Reduction of Landell's environmental footprint	<ul style="list-style-type: none"> Landell has implemented an internal environmental strategy to reduce our organisation's environmental footprint, by implementing initiatives relating to: <ul style="list-style-type: none"> recycling; water consumption; electricity consumption; and carbon emissions 	<ul style="list-style-type: none"> Contract with a green paper recycling company Jan 2010 % reduction in CO₂ emissions 10% from 2009 % reduction in paper use 10% from 2009 % reduction in electricity use 10% from 2009 % reduction in water use 10% from 2009 Staff working from home 40% Use of Skype (to preclude unnecessary travel by employees) 20% increase from 2009 usage

ANTI-CORRUPTION		
Initiative	2009 Project	Performance Indicator Measurement for Landell's second COP in 2010/11
<ul style="list-style-type: none"> • Probity 	<ul style="list-style-type: none"> • Landell Consulting is only one of 11 members of the whole-of-Victorian-Government Probity Practitioner Services Panel 	<ul style="list-style-type: none"> • Renewal of Landell's membership of the whole-of-Victorian-Government Probity Practitioner Services Panel 2011
<ul style="list-style-type: none"> • Accountability and Transparency 	<ul style="list-style-type: none"> • Landell's policies and operations have been reviewed to incorporate the concepts of public accountability, transparency and continuous improvement • Landell promotes clear corporate transparency to preclude any risk of malfeasance 	<ul style="list-style-type: none"> • Employee training in public accountability, transparency and continuous improvement 2010 • Internal malfeasance breaches 0
<ul style="list-style-type: none"> • Privacy and Confidentiality 	<ul style="list-style-type: none"> • Landell has developed strict privacy and confidentiality protocols 	<ul style="list-style-type: none"> • Dissemination of privacy and confidentiality protocols to employees and stakeholders Jan 2010

Table 1: Landell's 2010 CSR Performance Indicators

6. COMMUNICATION THE COP

Given that Landell is a small, private company, which does not produce an annual report, Landell's COP will be published on its website at: <http://www.landell.com.au>, to enable the company's stakeholders and clients to view Landell's progress in implementing its CSR strategy.