

Corporate Social Responsibility Report for 2009-2010



UDC



October 9, 2010

To: The Global Compact Office

Statement by the CEO

As CEO of UDC AB I am happy to see our team deliver our third COP. It has been a year full of activities and we put a high value in being part of this excellent organization.

As an active member of the United Nations Global Compact, UDC continues to adhere to the ten principles stipulated by the UN GC in the areas of human rights, fair labor, environment and anti-corruption. Our on-going commitment to these principles provides guidance for the development of policies and practices in our company.

Our COP 2010 provides an overview of the commitment to the sustainability work we have undertaken during the past year, in alignment with the objectives of the Global Compact.

In order to secure the protection of human rights and fair labor practices throughout our operations, to protect the environment and to avoid corruption, we have included all of the ten UN Global Compact principles in our Code of Conduct and Code of Business Ethics.

We mainly work within two business areas, the International Consulting and the CSR areas. The first area is concerned with supplying top level consultants for aid-financed international projects, while the other involves providing expertise knowledge and support to other corporations within the CSR area.

Our mission is to be an Ambassador for UN GC and to be one of its main recruiters in Sweden. We therefore make our utmost to get companies and organizations to become members of the UN GC.

In addition, UDC is a member of the so-called "Globalt Ansvar", a national platform for Swedish members of the UN GC, run by the Ministry for Foreign Affairs. Its purpose is to sustain and develop further the CSR field in Sweden as well as to share best practices between its members, a group we are proud to be a member of.

Besides the forth-mentioned, our company is also a member of different non-profit making organizations such as Rotary, Round Table, Chamber of Commerce, as well as different business-clubs, where we many times have had the occasion to discuss and promote UN GC and its principles.

Apart from engaging with the UN GC principles in our daily internal and external operations, we work with the broader scope of CSR, where our target is to lead companies into developing their own CSR activities and integrate the UN GC's ten principles into their daily activities, as well as into their stakeholder relations.

UDC wishes to express its sincerest support to the Global Compact mission, and would like to communicate our on-going commitment to work in support of the Global Compact principles in the coming year.

Yours Sincerely

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We support the UN Global Compact.



UDC AB in Brief

UDC offers its customers an extensive range of competence and experience within development work, through the companies roster of international consultants.

Our customers can be found in both developing and developed countries, and in areas as for example the Business sector, Public sector, Organizations and Ministries. We mainly work with developing countries and aid-financed projects and programmes. UDC either works as a consultant directly to the ordering organisation, or as a sub-consultant to senior colleagues.

At UDC we put a pride in sharing and transferring the knowledge and experience that our consultants have. The women and men in the roster have besides solid studies and work, also been working internationally, and within the developing countries.

A direct effect from us working with countries in change and need, is that we can with trustworthy assist companies and organisations in developed countries in their work with CSR (Corporate Social Responsibility).

UDC is since year 2006 a member of the UN Global Compact. It is our intention to both live after these principles and to act as an Ambassador for them. We see CSR as a natural part of our business and our view on the issue is long-term.

UDC also offers companies, organisations and private persons its competence and experience. Today information and education about CSR is an area with increasing interest. Philanthropic individuals with strong financial resources are prepared to do an increasing amount of assistance in projects aimed at developing countries. UDC is a resource in assisting these persons in how to reach the people and projects that they want to support, and to do it in an effective and efficient way.

Furthermore, UDC is also a resource hub in several important subject and geographical areas such as Eastern-Europe and Central-Asia, as well as in the areas of Business sector development and Public sector development and reforms, in which we hold substantial competences in-house.

Our customers shall feel that UDC besides delivering a very good work, also gives additional value in form of extraordinary knowledge and engagement. The overarching goal of UDC is to be part of the work of strengthening developing countries and through that create better living-conditions. We see ourselves as being a bridge between countries with different prerequisites and levels of development



Our Corporate Social Responsibility Activities

At UDC we work towards full integration of CSR in all parts of our business.

We have since the start of our company in year 2006, when we also became member of the UN Global Compact, all the time given excellent service to our customers, and at the same time:

- been a good employer, actively encouraging equality and ethnic diversity
- using high standards of governance
- playing an active role in the community
- and respecting the environment while addressing the challenges posed by climate change

In this Corporate Responsibility Report we describe how we strive to live up to these commitments.

UDC contributes to social development in numerous ways. Our most important contribution is our role as a Consulting Hub, providing complex analysis services, concrete development and action plans and trainings within both the International Consulting area, as well as within the CSR. In our role as consultants, we help businesses, organizations and individuals to realize their goals both within sustainable development and CSR.

UDC has an explicit policy for its Corporate Responsibility and supports the principles of the UN Global Compact. This report is the result of a decision to strengthen UDC's commitment to Corporate Responsibility. That is in turn a commitment to an on-going enhancement process. From late 2009, we have mainly focused on four priority areas:

1. Managing our direct impact on society

Our long-term ambition is to become climate neutral. We will therefore review our internal operations with the aim of minimizing environmental impact. This will require addressing a range of issues, including reducing our energy consumption, carbon dioxide emission and paper consumption.

2. Enhancement of internal business processes:

Revise and strengthen our activities within both of our business areas. In particular, we have actively worked to improve our recruitment and consulting processes within the International Consultancy division. Within this, we have strived to train and work actively with our

consultants in issues and problems related to CSR, so that they can take on this knowledge and engage actively in CSR and UN GC wherever they are sent for work in the world. In the same line, we have expanded our team of staff.

3. Improving our communication regarding our CSR, UN GC and community involvement:

Our on-going ambition is to improve our communication regarding our CSR, UN GC and community involvement. As a young company, that is not always easy, but during the past year, we have worked actively in improving our external communication and engagement in stakeholder dialogues with both our own stakeholders, and other community participants. This has resulted in several seminars we have arranged for existing and potential clients, in engaging university students in CSR activities, in participating in important summits and CSR meetings, and in writing CSR newsletters and blogs. Likewise, we use our COP and other relevant materials as prospect material when we visit potential and existing clients. Our intention is to, once our new web-system is ready, upload our Communication on Progress, press-releases reports, and newsletters on our own homepage. This will be further elaborated in the next section.

4. Take an active role in community projects:

We believe in community development. That is why, taking into account our limited resources, we have tried to engage in multiple social activities. Apart from educating young university students in the area of CSR and Sustainable Development and engaging them in the respective activities, we have assisted non-profit organisations in their social projects, as well as helped third-party corporations in sending their resources to conflict countries. As we consider this to be an on-going project, we are committed to enhance these activities in the future.

Our commitments for the coming year:

From late 2010 and during the coming year, we are planning to focus on the following areas:

1. Making our environmental processes more efficient and reducing our own negative impact on the environment.
2. As a part of our aim to improve our internal and external communication on CSR, UN GC and community involvement, we plan to continue organising external and internal events where we can express and share our involvement. We also aim to put up our COP and other relevant CSR material on our webpage. We also plan to engage further with local, regional and national media in order to promote active CSR work in our area, work as Ambassadors for the UN GC, and hopefully engage in vivid debates regarding this topic. Also, our commitment to participate in relevant summits, meetings and dialogues such as the 'Globalt Ansvar'. CSR-reference group, and others will continue also during the coming year.
3. Our engagement in student and community education will also continue during the coming twelve months. For the first time we will also be lecturer outside of Sweden,

in late October 2010 we at UDC will do a CSR-Education for the Swedish Trade Council in Kairo, Egypt, its for the Egyptian business sector. We will engage in seminars, workshops and activities with the students at both Aspero Kompetens, EFL and Piku (three Swedish companies involved in the areas of teaching and student/company training). We also plan to get involved in more social projects during the year, by either assisting other corporations in investing or assisting in social projects, or by our-selves engage and promote such projects. We will have to plan this further during the course of the year.

4. As a part of our internal improvements, we plan to work further on our internal Codes of Conduct, Business Ethics policies and internal training systems. We expect in due time, to have a reasonably specified Codes of Conduct, Handbook of Business Ethics and have undergone training in these areas with our staff. Likewise, our hope is that we will have a training package ready for all our new company staff with relevant information, guidelines and practices in several areas such as Business Ethics, Environment, CSR, HR and Diversity, Community Involvement, and others.



A presentation of our on-going efforts and activities related to the UN GC principles and CSR/Sustainability work

The past year has been full of activities within a wide array of areas related to UN Global Compact/CSR/Sustainable Development. Despite being a quite young company and of limited size and turn-over, we do believe it has had significant impact in many senses, and would like to share our experiences with you. Rather than presenting each activity *per se*, and explain what those involved, we were thinking in linking those to the UN Global Compact principles, in order to demonstrate how our corporate efforts are interlinked with the broader vision, mission and activities of the United Nations Global Compact.

Internal process-enhancements

During the past year, several important changes to our internal structures have taken place. The first has been that we have both expanded the International Consultancy division as well as the CSR division. We have employed new staff, as well as expanded our roster of consultants. Taking into account that the world is currently in a financial and economic recession, these have been great changes for us. We strongly believe that diversity is business strength, and have not only employed staff from different professional backgrounds and experiences, but also of different generations, and cultural backgrounds. Further, by being an international consulting house, we strongly welcome consultants from all over the world, and from many different professional categories, ranging anything from anthropologists, sociologists and politologists, to engineers and natural scientists. In addition, we keep an open policy towards gender, sexual and social diversity within the company, and strongly encourage candidates from different backgrounds.

Further, we are greatly concerned that all our staff is aware of, and understand the importance of CSR and Sustainability work. Periodically we hold internal meetings where we train all our employees in the CSR area, and update them on our newest projects, activities and commitments within that division. We also emphasise on the central role that they have in promoting UN GC principles and CSR work to our clients and other stakeholders, and we actively encourage the employees and the consultants to engage in such projects with our clients and suppliers.

A third and equally important development has been that we have improved our internal environmental policies and actions. We have actively engaged in reducing our carbon dioxide emission by reducing the number of business trips, reducing the number of physical meetings and reducing the use of car in work. Instead, we have tried to promote in all our lines of activities and divisions the use of public transport or collective driving, to hold meetings per phone, and to incentivise our staff to work from home as much as possible. Moreover, as a part of our on-going commitment to ecological products and recycling, we have implemented an internal policy to acquire to the maximum possible level environmentally friendly products which are easy to recycle.

Membership recruitment

One of our company's aims is to become one of UN GC's main recruiters in Sweden. By introducing CSR and the UN Global Compact principles to as many corporation and organisations as possible in our region, we are actively expanding the reach of the UN GC as well as involving more actors in the development of our common work. Therefore, we are proud to be an Ambassador of the organisation in Sweden. We achieve this in mainly two ways.

As a part of our integrated CSR service product that we offer our clients, we introduce the client firms to the UN Global Compact organisation. That means that almost every client that we work with must become a member of UN Global Compact, as we see it as an essential component in order for a company to develop a good and credible CSR-commitment. Apart from assisting them in their application, we help them in implementing the ten principles in their own organisations, in promoting the UN GC and CSR work amongst their stakeholders, and in understanding and engaging in the wide variety of activities that an active and on-going CSR work involves. Thereby, we do not only assure that the client firms are part of the organisation that we strongly believe in, but we assure that they know how to work within this area, and that they achieve a good quality in their UN GC and CSR work.

Likewise, we take an active part in the national UN GC dialogues and meetings. Through 'Globalt Ansvar', the national UN GC platform in Sweden, we try to share our best-practices in the CSR area, contribute in development of new and innovative methods in the CSR area as well as assist the national platform in problems and difficulties that we potentially face as a nation in our on-going work. Furthermore, as a member of the Swedish CSR reference group, the leading CSR group in Sweden, we are committed to contribute as much as possible to the positive development of the CSR field in Sweden and internationally.

Networking activities:

As an all-round service supplier within the CSR and international consulting area, we are extremely depended on our networks and good relationships with our stakeholders. Therefore, we use this opportunity in two ways. Apart from expanding our networks for our future businesses, we try to promote responsible corporate behaviour to all our clients, and to make them aware of the importance of such commitment. Therefore, by using our networking channels, we try to engage as many business and social actors as possible in the CSR work.

One example of this has been some CSR seminars that we had arranged for companies, public institutions and non-profit organisations in southern Sweden in the spring of 2010. Together with partner firms we organised two seminars, where we gave an introduction to the CSR/Sustainable Development area, and a presentation on our own CSR and UN Global Compact work, and the support we provide within this. Apart from having an opportunity to communicate on the work and commitments that we have within the CSR field, it was a perfect example of how we use our extensive networks in a constructive manner in order to make other stakeholders aware of the importance of responsible corporate engagement.

A further example has been our active engagement in CSR blog-writing and newsletter publishing. The Vice-President of UDC has since year 2008 been involved in national CSR-blog writing. As an effort to promote an active CSR engagement and the importance of good Sustainability work, a national web-site dedicated to socially responsible work for businesses and the industry, had asked our vice-president to contribute with his knowledge and expertise in the CSR area with inspiring blogs on the topic. He has been involved in the writing, and UDC have used this opportunity to both expand the knowledge on good CSR work, and promote the UN GC platform and its principles. In addition UDC is a member of a national on-line platform on Sustainable Development, where we are writing inspiring newsletters on how to develop best-practices within CSR.

Besides, UDC is a member of several local, national and international business societies. Through the regular weekly meetings that are arranged, we at UDC have had many successful opportunities to promote our and UN Global Compact's work to the vast number of members of those societies, and actively engage them in our sustainability work.

Community Involvement

To promote responsible management and community involvement, you first have to believe in it yourself. And to believe in it yourself, you have to show your engagement. That is why we at UDC promote and engage in responsible actions and involve ourselves in community projects as much as we can. There are mainly four projects that we have been engaged in during the past year, where we both have been able to do good and to promote our work in the UN global Compact.

Our first project during the past year was with a higher education organisation that enables students to take shorter higher education degrees. Knowing that we deal with CSR and Corporate Responsibility in our daily work, we were asked to give a few short courses to their students in this area, as they believed that promoting such management from an early stage might have a greater impact in the business world tomorrow. Due to their limited financial resources, they were not able to re-compensate us financially for that, but we believe that investing in young generations is an important duty of our society, and we wanted to contribute to it as much as possible. Therefore, as a result, we gave them a few multiple-day courses on a range of aspects of the CSR area. The students were really engaged and enjoyed learning more about the field. As a part of the course, we of course introduced the UN global Compact principles and the importance of the corporate world to work towards a global improvement in the conditions. We were really happy with the results from the students and were glad to contribute to the youth investment. We plan to continue these projects, and expect to contribute in these areas to two other organisations, where our role will be to initiate interesting debates and dialogues within the CSR area for the society as a whole.

Other community projects that we have been involved in during the past year has been an educational training project financed by the European Social Fund, coordinated by the city of Malmoe (a town in southern Sweden) and the business network in the same region. It is still on-going, and it is a good platform for sharing knowledge and experience.



The ways in which UDC works with CSR, following the ten UN GC principles.

UDC recognises and supports the ten principles of the UN Global Compact and works to promote these in the societies and environments where we conduct business.

Please find below actions, outcomes and targets for all the ten principles.

Principles	Actions in 2009-2010	Outcomes in 2009-2010	Targets for 2011
<u>Human Rights</u>			
1. Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence.	<ul style="list-style-type: none"> We respect the UN's Universal Declaration of Human Rights and continuously promote and support those rights with all our stakeholders. We wish to explicitly communicate our engagement within this field. As a sign of support for the Human Rights and as a signal that we respect them, we highlighted the day of the universal declaration of the human rights. 	<ul style="list-style-type: none"> Discussions on these issues with all the staff, new employees and consultants have taken place. As an integral part of our CSR consulting service for our clients, we have developed policies and measures for them which assure them that no activities developed in the company, as well as in their stakeholders' firms violate the Human Rights principles. 	<ul style="list-style-type: none"> UDC will do a Code of Conduct, and communicate it on the home page and in the Annual Report.
2. Businesses should make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> We have during the past year arranged multiple CSR seminars for the industry sector in Sweden, where we have emphasised on the good practices within the sector and of the danger of abusing human rights, whether it be in the production plant in Sweden or somewhere globally such as for instance in Asia or Africa. New employees have all received contracts where we explicitly state our protection of the human and labour rights in all chains of our business. 	<ul style="list-style-type: none"> We have achieved in engaging the industry sector in Sweden in important debates concerning global human rights. Sweden is famous for being pioneer within this field, but we believe there are still things to be achieved globally. We accept our responsibility for protecting the rights of employees and society in our operations. This is secured through the formal contracts that we have signed with our employees & stakeholders. 	<ul style="list-style-type: none"> We plan to hold seminars for university students interested in the business and industry world on the importance of respecting the human and labour rights internationally when developing businesses.

Labour Standards

3. Businesses should uphold the freedom of association and the effective recognitions of the right to collective bargaining.

- All our terms of employment comply with the provisions in collective agreements, National laws and the relevant ILO conventions. We allow the employees to be represented by trade unions and to enter collective agreements

- We plan to include the trade unions & trade union representatives in the CSR stakeholder dialogues that we plan to hold during the coming years.

4. Businesses should support the elimination of all forms of forced and compulsory labour.

- We have taken an active role in the national UN GC meetings, where we have discussed and contributed in the formation of new methods to reject forced labour, child labour and other labour practices that go against the human rights declaration.

- We have attended all 'Globalt Ansvar' (Swedish UN GC) meetings, and assisted in the development of new methods.

- To take part in all coming Globalt Ansvar meetings and other CSR forums, and contribute to the debate and innovation within the CSR area.

5. Businesses should support the effective abolition of child labour.

- We have assisted a client in developing an integrated production and labour standard system so to ensure the quality of the goods and labour conditions in production in all of its stakeholders.

- We have concluded the implementation of the integrated system.

- Through social auditing, which we plan to conduct at our client firms in collaboration with their stakeholders, we hope to assure that no child labour is used in the production of goods and services even in the future.

6. Businesses should support the elimination of discrimination in respect of employment and occupation.

- We have during the past year increased significantly our team of staff and consultants. We have welcomed applications from many different cultural, social, professional, sexual and generational backgrounds.

- We were successful in incorporating candidates from several of those groups, increasing thus our company's diversity.

- We hope to receive more female candidates as well as younger candidates in the future, as generally our sector is dominated by more mature men.

Environment

7. Businesses should support a precautionary approach to environmental challenges.

- We have during the year improved our internal environmental processes, and have engaged actively in reducing our carbon dioxide emission as well as our negative impact on the environment.

- We have reduced the number of business travels, the number of physical meetings, promoted the use of public transport or collective driving to and from work, as well as promoted the concept 'work from home'.

- To develop further processes and methods in order to reduce our negative impact on the environment. Carbon dioxide emission reduction by 50% in the coming three year period.

8. Businesses should undertake initiatives to promote greater environmental

- We have internally implemented a policy of acquiring environmentally friendly products, which are easy to recycle in our daily operations

- We have achieved in increasing the use of environmentally friendly products in our daily activities.

- To increase the acquisition of environmentally friendly products by 30% in the coming year.

responsibility.

9. Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against all form of corruption, including extortion and bribery.

- We have been in contact with several companies which are engaged in the research and development of environmentally friendly technologies in order to assist them in their CSR work, and assist them in promoting their technologies.
- Faced by the downturn in the current economic crisis, the projects had to be rescheduled for a later date.
- To assist the forth-mentioned companies in their CSR work and assist them in promoting their products and know-how.
- UDC strictly forbids offering of, requests for or acceptance of bribes in any part of our activities.
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- On-going.