

UNITED NATIONS GLOBAL COMPACT

EMPANDA COMMUNICATION ON PROGRESS

18TH JULY 2018

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CEO Statement of Support:

18th July 2017

To our stakeholders:

I am pleased to confirm that Empanda Pty Ltd reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. We are excited about our progress this year, and about our plans for the road ahead.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Our highlights include our update on the Anti-Corruption work we are doing; and the work we are doing to support our South African local network and to network with the New York based Global UNGC organisation to campaign supporting communications and eLearning capabilities.

We are proud of the role that we are continuing to play in the learning, development and organisational change consulting space. This involves working with our clients to enable their people to evolve in ever changing environments. We are fortunate that working at the coal-face of people transformation is fundamentally and inherently aligned to the United Nations Global Compact agenda to support a sustainable future that is better for everyone and everything.

We are authentically committed that this progressive agenda is central to our ways of working, giving us a feeling of purpose that enriches the professional lives of our people.

Sincerely yours,



CHRISTY HUNTER-CHAPMAN

Founder and CEO

Introduction

We have continued to work hard to punch above our weight in terms of contribution. This year we are delighted to report that we have connected with the UNGC organisation itself at a more real and tangible level. This has helped us to align agendas and given us direction. It has also enabled collaboration on the identification of future opportunities that may have mutual benefit.

As such our key area of proactive focus has continued to be Anti-Corruption. Over the last year South Africa has seen major brand names such as KPMG, SAP, Bell Pottinger, and even McKinsey entangled in difficult situations. We believe that we can play a meaningful role building resilience to corruption. Our rationale is that corporate corruption is a 'white collar' crime that is hard to understand if you don't have technical business process understanding. More importantly, most of our corporate citizens don't have a visceral feeling that corruption is wrong, the way we would with, for example, murder.

Our core value proposition involves telling stories. This is what we do when we deliver corporate communications or learning and development programmes. We want to extend our story telling capability to cover real experiences of corruption, encompassing the perspective of the victims and the extorted perpetrators to create awareness and an emotional connection with the problem. We believe that by building an emotional rejection of corruption, we inherently build resilience against it within our organisations.

We are now well on the way to developing an accredited engagement programme that we can offer to UNGC members that will enable them to strengthen themselves against this blight. We are collaborating with our local network to tap into existing resources to support this initiative, and networking with the global anti-corruption working group to ensure that we not only create a simple and intuitive story, but one that is accurate and well balanced.

We are leveraging our Anti-Corruption campaign within our own organisation to provide a focal point in internal learning and development. We have seven interns, the 'Shining Panda's' who are learning our content development process by telling stories about their experiences with corruption. We have positioned these stories at the heart of our campaign and intend to see if we can effectively share the messages on social media as a part of the campaign. You never know, we could go viral!

At the same time, we have taken on board our South African Local Network focus: which is to prioritise addressing gender, racial and demographic inequality. This is extremely relevant in our South African context, where our gaps are bigger than average. We have delivered a website for our local network to support the development of membership, which is essential to growing the positive impact of the network.

South Africa has serious inequalities to address. It is totally unacceptable that the resources we dedicate to addressing inequality, or to driving economic growth, which creates employment and opportunities for all be siphoned off. We are passionate about the work that we have delivered so far. We are also keen to draw together associates and collaborators as we move it forward. If you want to come and play, please reach out to us and be welcome. Let's make the circle bigger.

The rationale around forming Empanda was to embrace a spirit of openness and to support change and innovation, it is why we came together, and it is what we deliver. It is our core function to ensure that our clients engage with their stakeholders (internally and externally) to drive forward ethical ways of working that consider the modern world, constantly disrupted and constantly innovating. Supporting the journey of people as we work to adapt to the future.

If you are interested in our value proposition and understanding the statements above at a greater level of detail, please see our website at www.empanda.co.za, which details our purpose and scope of offering.

Update: Human Rights

ASSESSMENT, POLICY & GOALS

Last year we stated that Empanda is committed in principle to the Universal Declaration of Human Rights and other international standards relating to Human Rights. We valued the time that writing our report took, because it gave us opportunity to consider whether we were complicit in human rights abuses of our own staff.

Working in large scale corporate projects is hard work. Our concern was the impact that this has on our people, who go the extra mile. This includes extensive travel and overtime, as well as disruption to a normal life. Our people are experienced professionals who understand the level of commitment needed to deliver our roles. That said, we were concerned that we were failing to hold our primary client to account on what is reasonable practice. We are still concerned. Why? We fear that if we push back on the unreasonable we will be fired, individually or collectively. We also don't want to let our client down on their delivery.

We have policies, goals, values, behaviours, all of which are designed to protect and strengthen our people, to create humane and positive ways of working, and to enable people transformation and enlightenment in the client space. Also, we are organisational change specialists, meaning that we are stakeholder engagement experts. Yet all these factors seem insufficient in our game of David and Goliath. We feel dispensable, and replaceable.

Our people still do hundreds of hours of unpaid overtime because they are passionate about what they do. They still sacrifice their personal lives. They still endure rudeness and harsh treatment on client site. When tempers fray, they are still expected to internalise and manage hostility. We are still treated as 'collateral damage'. Overall our assessment is that our own internal staff are not being managed humanely.

At the current time, this same client is running a transparency and governance review. The intention of this review is to prioritise proper terms and conditions for the benefit of consultants and contractors. We hope that this exercise will provide a much-needed communication to legitimately and constructively address our concerns.

We need to ensure there is a healthy, modern, and innovative dialogue at Empanda (and with our clients) that relates to how over commitment works and is managed. We need to have the courage to engage in a way that protects our people better. And we need to be commercially unafraid to stand up for high integrity human rights practices. This is needed despite our dependency on our big and strong clients.

IMPLEMENTATION

We have a strong people team that is available to our people. We have significantly professionalised our personal development and counselling process over the last year. We have key process in place to proactively listen out for issues and escalate them to the client. We also provide counsel on how to manage difficult requirements and requests. We have used the information gathered through our listening processes to prioritise improvements to our employee value proposition. Additionally, we run a substantial social and engagement programme to build and develop camaraderie in the face of challenging times. Most of our people report that they strongly value their peer network in terms of it's ability to provide emotional support.

MEASUREMENT OF OUTCOMES

Our process for measuring where we are on key issues include:

- Annual Employee Pulse Check – a survey with qualitative and quantitative measures
- Empanda SHINE Coaching – a 2-hour health check session with an industrial psychologist

Update: Labour

ASSESSMENT, POLICY & GOALS

Empanda is deeply committed to upholding freedom of association, eliminating forced and compulsory labour, the abolition of child labour, and eliminating discrimination. We believe in this at a global level, at a South African level, at a client level, and within our own internal practices. Many of our internal challenges are addressed within the Human Rights update in this report.

Over the last year we have established an Employee Engagement Committee. This is a properly governed organisation, with a wide mandate to strengthen collaboration between all Empanda people. Further to this we are going through a process to place a proportion of Empanda's equity into a trust. The beneficiaries of this trust will be our employees, ensuring that we are sharing our profits and ownership with our people.

These are material changes. We hope that it will support our ongoing excellent retention of talent. We also believe that by making our employees owners we will influence our organisational culture for the better. We are keen to continue materially building the mandate for our people to speak up about their ideas and views.

Our rationale in this regard is that ownership is the direction of travel that most modern and progressive organisations are taking. Empowered and owning employees are those most likely to create environments where labour rights are respected and central to ways of working.

IMPLEMENTATION

As mentioned last year, one area that warrants special attention is the Empanda response to the South African Broad-Based Black Economic Empowerment (BBBEE) challenge. We have worked hard on this agenda. This has created an integrated platform for ensuring action and includes:

- **Improving our procurement spend**, ensuring that we work with companies that are accredited as working to deliver economic empowerment.

- **Making economic development loans**, partnering with Engeli to invest in Sunday River Citrus Company, an emerging enterprise that is empowering people and growing the economy.
- **Working on supplier development**, donating a free eLearning module to On the Ball Training College, which works to deliver ICT learnerships.
- **Delivering skills development**, mobilising SHINE, an internal skills development programme and onboarding junior java programming interns to support their route to productive employment.
- **Donation of IT Equipment**, we have donated to a poor primary school in Athlone, a deprived part of Cape Town to provide laptops for classrooms, investing in the education of our children

We hold regular team planning and social events designed to ensure the sharing of ideas and the cross fertilisation of best practices. These are now run from our Inspiration Centre, which is a small conference centre that we have built to focus on leadership and development.

MEASUREMENT OF OUTCOMES

We operate in the modern 'gig' based world. Our consultants are talented and can only be retained if we treat each other well. Naturally retaining the best people is fundamental to our ability to deliver to the best quality standard for our clients. So far, despite challenging client engagements our retention is excellent, and this a primary outcome.

The key dashboard for measuring our success otherwise is our BBBEE scorecard. At the time of writing we are under verification, but we expect the outcome to be Level 4, which is a big achievement given that it will be our first reporting cycle where we are not exempt due to small size. This is a tremendous milestone achievement and we are very proud.

Update: Environment

ASSESSMENT, POLICY & GOALS

Whilst it is easy to understand Empanda as a consultancy business, we have an extra dimension when it comes to the environment. We are based on a 4-hectare smallholding with more than 300 productive Almond and Pecan trees. This space is very naturally beautiful, and relies entirely on borehole water and is entirely organic. We are progressively working on making our space entirely sustainable. This situation and context means that we tend to draw talent that is very interested in the environment. From recycling through to animal welfare, our culture is inherently environmentally orientated.

This approach is integral to our value proposition, as we have built a small 'Inspiration Centre' which is there to enable lateral collaborative thinking with our clients, and to provide a home for our Leadership and Development Course offering. We believe that people think and work best in natural and sustainable spaces.

The Western Cape, where we are based is currently going through a drought. We are working hard to be very responsible about water usage. Due to our sustainable approach, we have a very light footprint, and are constantly investigating new technologies relating to energy efficiency. We have implemented a bio sub water management system that is able to process all brown and grey water, ensuring that we are able to

continue to function by recycling our water. Additionally, major effort has gone into ensure that we are water efficient.

IMPLEMENTATION

Over the coming year we are seeking to continue to develop our infrastructure to build greater sustainability on the small holding. We are also doing considerable landscaping to create a natural swimming pool and plant indigenous species. These moves will increase our biodiversity and ensure that our space is a haven for wildlife.

The best treatment for putting nature first is to be a part of it Empanda is differentiated by having a particularly exciting environment in this regard. We believe that people who come to visit us enjoy the space so much that the environment is naturally strengthened as an agenda item in the hearts and minds of all who spend time with us.

MEASUREMENT OF OUTCOMES

We have substantial planning documents that represent the developments that we are making on the property, we also take a lot of photos of before and after.

Update: Anti-Corruption

ASSESSMENT, POLICY & GOALS

Empanda delivers change management, learning and development. We are focused on creating a business that has purpose, to enable transformation that will close our poverty gap that has been widened by the horrific legacy of apartheid. We are developing a leadership programme that builds confidence by championing collaborative play at work, building a sense of shared purpose and placing attention on the attainment of our potential while mitigating emotional and economic pressures and overcoming inertia. Strong and ethical leadership is resilient to corruption. Secondly, we are leveraging our story telling capability to create a movement that will build an authentic sentiment that corruption is wrong and must stop. We want to prevent the appropriate consumption of resources we critically need. At the centre of this initiative are our beautiful 'Shining Panda's', seven young South Africans from informal settlements who are crafting stories of their experiences, that will help us feel, rather than just think, about the future we want.

IMPLEMENTATION

We are collaborating with Dr Achieng Ojwang, the Executive Director of the South African Network. We are excited about this and have developed a pro bono website to support membership. Achieng has been wonderful to us: supporting our identification of various existing UNGC anti-corruption artefacts, we are keen to deepen our collaboration. Initial feedback from corporate members is that youth engagement is very challenging, so our work to create a ground-based movement created and led by our 'Shining Pandas' is fresh and exciting. Our local network is also supporting our connection to the UNGC Academy and Anti-Corruption Working Group. We hope our eLearning value proposition can add value to the next stage in the Development of the Influencer series. We have had great discussions with Nehar Das (Governance & Anti-Corruption), Alyssa Alicino (UNGC Academy & UNGC Strategic Development Programmes), Claire Kells (Participant Engagement).

We have developed an innovative process for storytelling that results in high calibre online interactive tools that can be used for communicating, learning, and for listening to views and perspectives. Our approach blends vocational, business, analytical, creative, facilitation and technical skills to create high impact, strategic outcomes. Our success has been very successful and innovative in the corporate world. Our first SDG venture in this regard is our Anti-Corruption campaign. Development is still in the early days of development, however the time is right for first mover participation, so we can collaborate to make the circle bigger. We can already share our Shining Panda story voice overs, which are powerful before we even add the graphic design and the overarching training and engagement plan. Our Shining Panda's own their unique stories.

MEASUREMENT OF OUTCOMES

We have placed a very strong emphasis on our leadership programme and anti-corruption campaign within our internal development programme, which is called SHINE. In addition, we have created a thought leadership presentation that we recently presented at the Eventful Conference in Johannesburg to get corporates interested in our approach to leadership development. We have a YouTube presentation of this "Battle Formations of Strategic Change" to share with industry associates interested in collaborating. Our intention is to leverage our interns (who are fully time dedicated to our anti-corruption campaign), the Shining Panda's, to run a social media campaign with their anti-corruption stories, as part of their training in our story telling approach (Deployment Phase). Our intention is to reach their communities and beyond. Watch this space!

If you would be interested in seeing our stories, then let us know and we can provide an early view. Once the social media campaign is launched we will track it with the normal measures to understand our achievement and improve accordingly.

Summary of Sustainable Development Goals:

We believe we are a motivated and active member of the Compact. We have areas for work, particularly on raising our courage levels, as a small fish in a big pond; not accepting inhumane treatment as a cost of doing business. That said, our people and our business is committed and authentically engaged in driving the 10 pillars.

The sustainable development goals we actively align to include:

- ✓ SDG 1: End poverty in all its forms everywhere
- ✓ SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- ✓ SDG 3: Ensure healthy lives and promote well-being for all at all ages
- ✓ SDG 4: Ensure inclusive and equitable quality education & promote lifelong learning opportunities
- ✓ SDG 5: Achieve gender equality and empower all women and girls
- ✓ SDG 6: Ensure availability and sustainable management of water and sanitation for all
- ✓ SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all
- ✓ SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- ✓ SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- ✓ SDG 10: Reduce inequality within and among countries
- ✓ SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable
- ✓ SDG 12: Ensure sustainable consumption and production patterns
- ✓ SDG 13: Take urgent action to combat climate change and its impacts
- ✗ SDG 14: Conserve and sustainably use the oceans, seas and marine resources
- ✓ SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
- ✓ SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- ✓ SDG 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development

With respect to our actions to advance the Sustainable Development Goals (SDGs), our COP describes:

- ✓ Opportunities and responsibilities that SDGs represent to our business
- ✓ Where the company's priorities lie with respect to one or more SDGs
- ✓ Goals and indicators set by our company with respect to one or more SDGs
- ✓ How one or more SDGs are integrated into the company's business model
- ✓ The (expected) outcomes and impact of your company's activities related to the SDGs
- ✓ If the companies' activities related to SDGs undertaken in collaboration with other stakeholders
- ✓ Other established or emerging best practices

Approach to Stakeholder Engagement:

We will distribute this report to our employees, partners, key clients and primary service providers through our usual business channels and host it on our internet and intranet sites.

APPENDIX 1: Initial letter of commitment to join the Global Compact

10 July 2016

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

Dear Mr. Secretary-General,

I am pleased to confirm that Empanda Pty Ltd supports the ten principles of the Global Compact on human rights, labour, environment and anti-corruption. With this communication, we express our intent to implement those principles. 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 Sustainable Development Goals.

Empanda Pty Ltd 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 and support any specialized UN Global Compact issue platform that our company may join at a later date. 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.

This includes:

- A statement signed by the chief executive expressing continued support for the Global Compact and renewing our ongoing commitment to the initiative and its principles. This is separate from our initial letter of commitment to join the Global Compact.
- A description of practical actions (i.e., disclosure of any relevant policies, procedures, activities) that the company has taken (or plans to undertake) to implement the Global Compact principles in each of the four issue areas (human rights, labour, environment, anti-corruption).
- A measurement of outcomes (i.e., the degree to which targets/performance indicators were met, or other qualitative or quantitative measurements of results).

Sincerely yours,



CHRISTY HUNTER-CHAPMAN
Founder and CEO

APPENDIX 2: Empanda Company Profile and Context of Operation

Further to the requirement that the Communication of Progress incorporates high standards of transparency and disclosure we have included this appendix. It communicates our ownership structure, countries and scale of operation, the markets that we serve with geographic and sectoral breakdown, including the types of companies and beneficiaries. It also defines our primary brands, products and services. Supply chain and commitments to external initiatives.

LEGAL:

Empanda Pty Ltd was registered on the 9th December 2014 as a People Consulting business with deep skills in organisational change management, leadership and coaching, people strategy, learning and development, as well as human capital management.

GROUP AND OWNERSHIP STRUCTURE:

The Owner, Director and CEO of Empanda Pty Ltd is Christy Hunter Chapman, who currently owns 100% of the shares in the company. We are currently undergoing restructuring to introduce two new Directors, one responsible for People and Labour related matters, the other to focus on Talent, Diversity and Business Development. At the time of writing Empanda is home to 10 Permanent Employees, 21 Independent Contractors and 7 Interns.

COUNTRIES AND SCALE OF OPERATION:

We are headquartered in South Africa but do have some eLearning clients based in Europe. Over the last year our consultants have delivered services across sub-Saharan Africa including Ghana, Nigeria, DRC, Uganda, Angola, Zambia, Mozambique, Madagascar, Namibia, Botswana, Swaziland and Lesotho.

MARKETS SERVED:

Our major clients are based in the cities of Cape Town, Durban and Johannesburg. We have worked in the public-sector transport industry and have a strong client base in retail and catering. We work closely with IT service providers, particularly ones that focus on the delivery of SAP solutions. We also collaborate with various learning and development consultancies and colleges.

PRIMARY BRANDS / PRODUCTS / SERVICES:

We deliver people consulting services, specifically organisational change management, learning and development and communications. We deliver both consulting projects and talent search for individual specialist consultants (permanent and contract). We have a strong graphic design team that delivers eLearning, Branding, and Web related projects. We have also developed a content hosting software that provides an enabling platform for our clients. We have strong expertise in the managing the people aspects of large scale technology change.