CORPORATE SOCIAL RESPONSIBILITY – EVALUATING THREE SOUTH AFRICAN COMPANIES’ INITIATIVES

By

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Submitted in partial fulfilment of the requirements for the degree of Magister in Business Administration at the NELSON MANDELA METROPOLITAN UNIVERSITY BUSINESS SCHOOL

PROMOTER: PROF W FOX

DECEMBER 2005
30 November 2005

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Re: CONFIDENTIALITY CLAUSE

This work is of strategic importance.

It would be appreciated if the content of this research paper remain confidential and not be circulated for a period of five years.

Sincerely,

________________________
Neil Fourie
DECLARATION

"I [NEIL FOURIE] hereby declare that:

• The work in this research paper is my own original work;
• All sources used or referred to have been documented and recognised; and
• This research paper has not been previously submitted in full or partial fulfilment of the requirements for an equivalent or higher qualification at any other recognised education institution."

Signed .................. Date ..................
ABSTRACT

The aim of this research project was to evaluate the available theoretical information on Corporate Social Responsibility and with this knowledge to then also evaluate three companies’ initiatives based on this information.

Gone are the days when an organisation could do business for the sole purpose of making a profit. If the organisation does not take the environment into account in doing business, or if the community where this organisation is situated or does business, feel “abused” or that their needs are not being addressed, the organisation will not survive and its future sustainability can not be assured or guaranteed.

This has been proven internationally, but how does South African organisations fare when it comes to corporate social responsibility, and more specifically, what social responsible initiatives are taken? The research also attempted to determine how “industry specific” the three companies´ initiatives are and whether any changes in initiative-directions should be considered.

The Social Responsibility Initiatives of Woolworths, ENGEN and SABMiller (South Africa) were evaluated and certain shortcomings were identified and presented to the various companies. These companies deliver excellent products and services to their client base, but it was felt that should adherence be given to the recommendations that were made, the mentioned companies could in future improve their turnover, market position and increase their client support base. Finally, it could also assist in increasing brand loyalty amongst their customers.
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<td>Acquired Immune Deficiency Syndrome</td>
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<td>ARA</td>
<td>The Industry Association for Responsible Alcohol Use</td>
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<tr>
<td>BEE</td>
<td>Black Economic Empowerment</td>
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<tr>
<td>CBOs</td>
<td>Community Based Organisation(s)</td>
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<td>CCC</td>
<td>Centre for Corporate Citizenship of UNISA</td>
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<td>CSI</td>
<td>Corporate Social Initiative(s)</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>EQUIP</td>
<td>Education Quality Improvement Partnerships Programme</td>
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<td>FARR</td>
<td>Foundation for Alcohol Related Research</td>
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<td>FAS</td>
<td>Foetal Alcohol Syndrome</td>
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<td>FMCG</td>
<td>Fast Moving Consumable Goods</td>
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<td>HIV</td>
<td>Human Immune Deficiency Virus</td>
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<td>ICAP</td>
<td>International Centre for Alcohol Policies</td>
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<td>JET</td>
<td>Joint Education Trust</td>
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<td>Johannesburg Stock Exchange</td>
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<td>National Business Initiative</td>
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<td>ROI</td>
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<td>SACC</td>
<td>South African Council of Churches</td>
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<td>UCT</td>
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CHAPTER 1

PROBLEM STATEMENT AND SCOPE OF STUDY

1.1 INTRODUCTION

What is the business of business? Is it solely to make profit and increase return on investment for their shareholders or is the face of business slowly changing? Does business have a role to play when it comes to the environment and the people they render their services or sell their products to? And is enough being done for the community and the environment?

Mr Cyril Ramaphosa (Trialogue, 2004: xiv), Chairman for the Shanduka Group explains that much is still lagging in his guest foreword of the 7th edition of the CSI Handbook, which is published by Trialogue: “Despite substantial progress in our New Democracy, the transformation of South African society and economic empowerment of all our people remain thorny and much debated issues.” It is therefore clear that South Africa has achieved much in this regard, but that a lot more can be done.

1.2 MAIN PROBLEM

Gone are the days when an organisation can do business for the sole purpose of making profit. If they do not take the environment into account in doing their business or, if the community where this organisation is situated, or does business, feels “abused” or that their needs are not being addressed, the organisation will not survive and their future sustainability can not be ensured or guaranteed. This has been proved internationally, but how does South African organisations fair when it comes to Corporate Social Responsibility (CSR)? Once this is determined, the shortcomings that are identified must be published to enable other companies to evaluate themselves against this research and to, where possible, take corrective action.
The first question that needs to be asked is whether enough is known about Corporate Social Responsibility, not just by business and government, but also by the general public? I have personally attended the first national workshop on Corporate Social Responsibility, which was presented by the Centre for Corporate Citizenship of UNISA in Midrand (Johannesburg), where they tried addressing the csr-knowledge issue.

Secondly, it might be asked how does business understand Corporate Social Responsibility? What do their initiatives entail? Is it addressing the needs / problems that it should? Many companies believe that by simply donating money, giving “hand-outs” and through their philanthropic gestures, they are performing socially responsible. But is this enough? Does this qualify them to be called good corporate citizens?

Lastly, one may ask what can be done to ensure that initiatives are focused on the core business of the organisation? How do we educate and empower the general public on their basic rights as far as Corporate Social Responsibility is concerned?

Internationally, the emphasis on corporate social responsibility has increased due to more and more people becoming aware of what damages are being done to the environment and the citizens of the world, by “big business.”

Not a day goes by without an article being published, a speech being delivered or a protest action being led, in the name of corporate social responsibility. Why, one might ask? Well, if one sits down and think about it soberly, somehow, the injustices that are being performed by big business throughout the world, has a direct or indirect impact on our daily lives.

Many organisations today would like the general public to think that they care about the environment and the people that live in the vicinity of that company. But the truth is that all big businesses are not doing business
“above board.” There are many examples of bad corporate citizenship. Businesses will make use of child-labour (the so-called “sweat shops”), they are polluting the environment (hazardous gasses, industrial waste), stripping local vegetation, ignoring oil spills, global heating…. And the list can go on and on and on.

It is high time that big business is called to book for their “wrong-doings” and given instruction to report on their social responsibility. In other words, what are they doing to rectify the mistakes that they have made, or to ensure that they do not make them again. Furthermore, they also need to inform the general public on what they are putting back into society, in return for the profits they make.

In the King II Report, Judge King gives guidelines on how business should submit their annual reports in future. As mentioned earlier, gone are the days when big business only reported on what profits they make. Although this is of utmost importance to their shareholders, other role-players want to know what businesses are ploughing back into the communities they render their services too. The guidelines that are described in the King II Report explain what is meant by the term “Triple Bottom Line Reporting.”

A critical evaluation of three South African companies’ Corporate Social Initiatives will also be done during this research and recommendations will be made as to where they could possibly improve. The research will however not just focus on the negative side of the reports of these companies, but will also give credit, where credit is due. The evaluation will take place by scrutinising their social responsibility reporting, and complementing this with interviews at the particular companies, should this be possible.

1.3 SUB-PROBLEMS

To address the above-mentioned problem, the following sub-problems were identified, which will assist in developing the research strategy:
(a) What have previous studies and literature shown as far as Corporate Social Responsibility is concerned?
(b) What are South African companies doing to ensure that they can call themselves “good corporate citizens”?
(c) How does South African companies fair at being “good corporate citizens”?

1.4 DEMARCATION OF THE STUDY FIELD

It is essential to demarcate the research area to ensure that the research topic is manageable, focussed and specific.

1.4.1 The industry

Three South African companies of varying sizes, from varying industries will be researched. The reason for this is to eventually compare the initiatives of the three companies concerned and to then determine how they compare amongst each other.

1.4.2 The organisations

(a) Woolworths Holdings, Limited
(b) ENGEN Oil
(c) SABMiller (Only their South African operations)

1.4.3 Geographical demarcation

The empirical component of this study will be limited to the Head Offices (policy makers) of the various organisations, within the borders of South Africa.
1.4.4 Time Period

The research will be undertaken during the 2005 calendar year, with the literature review stretching over the first eight months of the year, while interviews were scheduled for July, August and September of 2005. A symposium on Corporate Citizenship will also be attended during July 2005, at the UNISA Graduate School of Business Leadership in Midrand, South Africa.

1.5 DEFINITIONS OF SELECTED CONCEPTS

1.5.1 Corporate Governance

“Corporate governance” refers to those rules, regulations and legislation that determine how a business or department should be managed. Non-conformance is also stipulated, with the resulting corrective steps.

1.5.2 Business Ethics

Also known as a company credo, declaration of business principles, value statement, standards of conduct or code of conduct.

1.5.3 Corporate Social Responsibility

What are organisations doing for the environment and communities in which they operate or do business in?

1.5.4 Code of Ethics

See “business ethics”
1.5.5 Corruption / Fraud

Any dealing where an individual is performing an illegal action, to either enrich himself or to prevent the company or department from reaching its goals or objectives ~ usually measured in financial terms.

1.5.6 Global Competitiveness

How well do does an organisation compare to the international market, in terms of standards, service delivery and international business in general. Are they a preferred business partner, if compared to other countries?

1.5.7 King II Report


1.5.8 “Triple Bottom Line”

This is when companies disclose their social and environmental performance together with their financial results in their Annual Reporting.

It needs mentioning that a more complete list of definitions, which are applicable to this research, can be found as Annexure A, titled ADDITIONAL DEFINITIONS. Maplecroft.com, an organisation that helps companies address their social, environmental, economic and ethical responsibilities through research, training and the development of innovative communication and management tools, has compiled these definitions. Written permission has been granted for the reproduction of these definitions.
1.6 ASSUMPTIONS

It is assumed that the information that was rendered during the various interviews was correct, complete and applicable to this research.

1.7 THE SIGNIFICANCE OF THE RESEARCH

Wilson (2002) says, “There is a strong trend towards investors and companies embracing the principle of good corporate social responsibility (CSR). This has largely been attributed to recognising that there was a strong interrelationship between good CSR practice and long-term shareholder value, Nicky Newton-King, general counsel and director of new business at the JSE Securities Exchange, said at a forum regarding the sustainability index held at the Gordon Institute of Business Science recently. Corporate governance is a big issue for emerging markets, particularly within South Africa, not least because of the pioneering work of the King committee.”

According to Finlay (2004), “Socially responsible business has become the buzz-phrase in corporate circles – and companies in South Africa may have to reach beyond the chequebook philanthropy of the past if they want to walk the talk of sustainable business.” He goes on to warn “(A)nalysts have, however, sounded a word of caution about the new trends. In the United States, one dollar out of every nine is socially responsible investment, while in South Africa only 1% of a R1.7-trillion investment industry goes towards socially responsible investments.”

From the above statements, it is clear that investors are becoming more and more selective when they make investor decisions. They are not just satisfied with high returns on investment (ROI), but also want to know that the organisations where they invest are doing business ethically.

The fact that local investors can now also invest globally, has forced local business to take note of what is happening internationally and to adjust to
international best practices, to ensure that investments stay local. It is however clear from the above that much more needs to be done, for local business to be “on par” with international trends.

“It is gratifying to observe that CSI has evolved from a ‘feel-good’ charitable side-show to an industry that is large, strategic, and integral to South Africa’s transformation effort. The tactical value of CSI is increasingly reorganised by development specialists, government and corporate executives alike, and our successful CSI programmes are leading edge in world development terms. Now, as CSI becomes part of formal transformation frameworks and attract even greater attention, we can be confident of reaching the highest ground. The future of CSI looks good” (Rockey, 2005: 20).

If organisations want to ensure their future sustainability within the South African context, it is essential for them to integrate their Corporate Social Responsibility programmes and initiatives into their strategic objectives. Not only should this have a direct impact on the way they run their business, but also it should eventually have an impact on society and the environment.

John McFarlane (2005) had the following to say during a recent speech to the University of Melbourne’s 2005 Town and Grow event which took place on 31 August 2005: “Companies are not islands that exist separate from the communities within which they operate. Today, based on country GDPs and the value added of large corporations it has been claimed that in 2000, 52 of the world’s 100 largest economic entities were corporations, not countries. When companies falter or disappear there are significant social consequences. One of the reasons for a company’s long-term success and continued success is the skill with which it engages and invests in the community. How the community feels about a company really matters. Reputation takes years to build but only seconds to destroy. It matters because when the community speaks, government listen and this can not only affect the amount of regulation and the cost of
compliance. It also matters because the community is our current and future customer base.”

The success of a company is firstly important to its shareholders, but even more so to its remaining stakeholders, who include, amongst others, its employees, suppliers and customers.

Organisations should therefore not see themselves as an ‘isolated’ institution, but should realise that they are a link within a larger ecosystem. A change at one section of this eco-system will inevitably have an influence on the remaining sections. Should an organisation “release” hazardous gasses into their environment, it is clear that the community within that environment will be forced to move to a safer area, which will again lead to a decrease in available labour, or increased transport costs for employees. And so the vicious circle continuous.

1.7.1 Significance of this study in contributing to Corporate Social Responsibility:

- Certain shortcomings will be identified at the three companies that were evaluated and recommendations will be made to address these shortcomings;
- Additional recommendations will be made, which, should it be implemented, could contribute to a wider customer base, better brand recognition, improved market position and ultimately, increased profits;
- It is also envisaged that an abstract of this research would be published in business journals and management magazines.

This will hopefully contribute to greater knowledge and understanding of Corporate Social Responsibility and the initiatives that are taken by business within South Africa, not just by business, but also by the general public.
1.8. RESEARCH DESIGN

In this section of the research, the broad methodology that will be followed is described.

Research methodology
The following procedure will be adopted to address the main and sub-problems, which were listed above:

1.8.1 Literature survey

- Information on “international best practices” on corporate social responsibility will be identified from various literature sources;
- Documentation pertaining to the Corporate Social Initiatives of the three companies will be evaluated.

1.8.2 Empirical study
The objective of the survey will be to identify:

- How effective are the Corporate Social Initiatives of the three identified companies?
- What percentage of “after tax profit” of each company is being invested in Corporate Social Responsibility?
- What shortcomings and deficiency can be identified within these companies’ initiatives?

The empirical study will consist of the following:

(a) Structured Interviews
Structured interviews will be done at two of the three companies, which have their Head Office based in Cape Town.
(b) Formal Questionnaire

A formal questionnaire was sent via electronic mail to the third company, as their Head Office is situated in Sandton, Johannesburg. Due to a limited research budget, it was not possible to do a structured interview.

(c) Explorative Study

The First Southern African Corporate Citizenship Symposium, presented by UNISA from 21 – 22 July 2005 at the UNISA Graduate School of Business Leadership in Midrand, South Africa, was attended.

1.9 CONCLUSION

This concludes the first chapter of this research project, which identified the scope of the study and the significance of the research.

It is therefore very clear that certain organisations are already addressing corporate social responsibility within their business. But, it is also true that much more can and needs to be done if business within South Africa would want to be favourably compared to international standards and trends.

Chapter 2 introduces selected theory and findings of other researches with regard to Corporate Social Responsibility and Initiatives and its impact on business in general, but more specific South Africa.
2.1 INTRODUCTION

In line with the guideline that has been set for this research, Chapter 2 will address the literature review on the subject matter of Corporate Social Responsibility and the initiatives taken by companies. Even though it will be attempted to focus on the South African perspective, sight cannot be lost of international developments in this field. Maitland (2005) states, “To Chinese consumers the hallmark of a socially responsible company is safe, high-quality products. For Germans it is secure employment. In SA what matters most is a company’s contribution to social needs as health care and education.”

There are many arguments that corporate social responsibility is a fairly new phenomenon, but it can be traced back many hundreds of years. Aristotle, a Greek philosopher and scientist who lived around 380 b.C. was quoted as saying: “We do not act rightly because we have virtue or excellence, but we rather have those because we have acted rightly.” Henry Ford, the great American industrialist from the late 19th century went on to say: “A business that makes nothing but money is a poor kind of business.” Both of these are great examples of corporate social responsible thinking.

Lane (2003) stated, “CSR is in essence about a company recognising and responding to the needs of its key stakeholders, and demonstrating them publicly.” He continuous by saying that focus will be given to the impact the company has on the environment, its people, the marketplace and the wider community. Furthermore he states that CSR and the wider concept of sustainability is no longer a management trend, but becoming increasingly important for the future success of any organisation.
This chapter will attempt to and shed light on good corporate citizenship practices within a South African context, as it is argued that to be a good corporate citizen, you need to ensure that your corporate social responsibility practices need to be in place. Once this has been established, the origin and development of corporate social responsibility from a South African perspective will be addressed.

Furthermore, company reputation and the investment that is made by companies, will be addressed, as this basically forms the foundation for funding their various initiatives.

Lastly, this chapter will address the benchmarking of various initiatives and evaluate if South African companies are really world-class citizens.

2.2 ORIGIN AND DEVELOPMENT OF CORPORATE SOCIAL RESPONSIBILITY FROM A SOUTH AFRICAN PERSPECTIVE

To do justice to this part of the research, it will be divided into three sections:

- Developments prior to the 1994 Democratic Elections
- Milestones and trends from 1994 to 2004
- Quo Vadis – where to from here?

2.2.1 Developments prior to the 1994 Democratic Elections

It can be said with certainty that the first industries that came to the proverbial “CSR-party” in the early 1970’s, came from the banking, mining and oil industries. The first “recorded” case of corporate social responsibility can be traced back to Meyer Feldberg, a professor of business at the University of Cape Town (UCT), when he encouraged business leaders “to get involved in the communities in which they operate and sold products, or from which they drew employees. This based on common sense, good-for-business notion that socially
responsible behaviour is fundamental to the long-term growth, prosperity and profitability of the company” (Trialogue 2004: 2).

Bishop Joe Seoka (2003) mentioned during his statement at the launch of the Principles for Global Corporate Responsibility: Bench Marks for Measuring Business Performance that South Africa has a particular history where big business, in particular, benefited from the Apartheid Regime and made enormous profits at the expense of black workers.

The injustices caused by the Nationalist Party’s Apartheid Policies, are well recorded. It was essential for society to step up and try and address these shortcomings. This gave birth to the non-government organisations (NGO)-movement. Not getting the required support from Government at that stage, the NGOs could only deliver limited “services” to those areas in which they were specialising. When foreign aid and donations started flowing into the country to assist the NGOs, organisations like the Kagiso Trust, the South African Council of Churches and the South African Catholic Bishops Conference (SACBC) were formed.

The uprisings and riots in 1976 caused huge social and economical pressures within South Africa. Various business leaders met during November 1976 and this led to the formation of the Urban Foundation (UF). It needs mentioning that when the UF came to a closure in 1995, it had contributed R1.8 billion towards housing projects, built more than 2 000 classrooms, 12 complete schools and 14 community resource centres and had trained more than 20 000 teachers.

During 1977, the Sullivan Principles were introduced in South Africa. These principles required American companies doing business in South Africa, to contribute a percentage of their profits towards charitable causes. This lead to big business in South Africa also starting to establish “trust funds” which would contribute to social causes. Anglo American and De Beer’s Chairman’s Fund, the Gencor Development Fund, Gold Fields Foundation and the Liberty Foundation were among the first to be established.
When Mr Nelson Mandela was released during February 1990, sudden political changes came about. Immediately business realised that this was the right opportunity to get involved and the Joint Education Trust (JET) was established. In its first five years of existence, fourteen businesses donated a total of R560-million to the Trust.

It can therefore be seen that the majority of organisations contributed to certain funds. Where these funds did not exist, requests for donations were considered and once it was allocated, the role of business was solely to ensure that the funds were utilised for the intended cause. Formal educational organisations received the bulk of these contributions as donations were “tax deductible” and therefore had a direct impact on the final profit of the donating organisation.

The biggest problem during this period was that very little consultation took place between organisations and their respective societies. Organisations’ only concern was to ensure that their donations were used for the intended causes, but they did not really care whether it had any significant impact on the intended society. It can therefore be said that donations were made without any strategic management behind the actual utilisation thereof.

The publication of the King Report on Corporate Governance in South Africa during 1992 played a huge role in companies starting to align them as far as corporate governance was concerned, as now, for the first time, direction was given on how to manage an organisation properly. And for the first time, the idea of including all stakeholders in the way businesses were run was also introduced.

### 2.2.2 Milestones and trends from 1994 to 2004

Elections took place from 18 to 27 April 1994 and led to Mr Nelson Mandela being elected the first democratic president of South Africa. For the first time, businesses actually wanted to do business with Government and were indeed interested in assisting them in “delivering
services” to the majority of South Africans. Unfortunately many NGOs’ right of existence was in question, as foreign donors now wanted to do business directly with Government. This compelled many NGOs to rethink, re-position and strategise to ensure their sustainability. This inevitably led to them approaching the South African corporate sector for possible funding.

Government soon realised that they could not ignore the substantial contributions that were made by NGO’s and non-profit organisations (NPO’s). This led to the introduction of various innovative legislation, which was seen as contributory to their causes:

- Launch of the Reconstruction and Development Programme
- Development Facilitation Act (Act 67/1995)
- Bill of Rights of the new Constitution of South Africa (Act 108/1996)
- Employment Equity Act (Act 55 of 1998)
- Skills Development Act (Act 97/1998)
- Promotion of Access to Information Act (Act 2/2000)
- Air Quality Bill of 2003
- Establishment of the National Development Agency
- The Poverty Alleviation Fund
- The Umsombomvu Youth Fund and
- The National Lottery Distribution Trust Fund
Even though none this legislation compelled any organisation to “contribute” to social causes, organisations started realising that their CSR-initiatives were no longer “nice-to-haves,” but became “must haves.” This basically resulted in public-private partnerships (PPPs), where organisations started getting involved with government in addressing social issues and infrastructural backlogs.

During 1999 big business assisted in establishing the Business Trust, which was meant to address development needs at national level. With senior government officials serving on the Trust, it was made possible that the Trust could contribute to crime prevention, job creation and education. In its mandated five-year existence, more than R1-billion was raised from a total of 145 companies. Government has now extended the Trust’s mandate to 2010 to also assist with enterprise development, unemployment and assisting in uplifting communities in need.

As mentioned earlier, companies could deduct their contributions from tax if it was earmarked for education. But during 2000 legislation was relaxed and contributions to public benefit organisations (PBO’s) also became tax deductible. With the HIV/Aids pandemic, CSR Initiatives were now being diverted to the health and welfare sector.

During 2002, the Institute of Directors issued a revised and updated edition of the King Report (now known as the King II Report), which had a chapter on Integrated Sustainability Reporting included. This then formally introduced the “triple bottom line” concept to business in South Africa and requires that business should at least annually, report on the nature and extent of its social, transformation, ethical, safety, health and environmental management policies and practices” (IoD: 2002). Even though this code remains voluntary, the JSE has listed compliance thereof as a listing requirement. At the launch of the JSE Socially Responsible Investment Index, its deputy CEO, Nicky Newton-King (2004), had the following to say: “The last few years have seen an increasing awareness of and need to measure sustainable business practices. In South Africa, in particular, the Second King Report on
Corporate Governance urges companies to embrace the triple bottom line as a method of doing business."

Also during 2002, Kemp evaluated the report “Giving Back 2,” which was published by global communications research group Echo research. This report evaluated CSR Reporting internationally and found that the “message coming from South Africa is different from those in other countries.”

Diale (2003) was revisiting corporate social investment in South Africa by stating that “in almost all CSI transactions, business corporations of any size, shape or form are assumed and expected to be the main benefactors, the cheque writers. On the corollary, the deemed beneficiaries are societal causes needy of financial and/or (rarely) in kind support.”

According to Visser (2004) from the International Centre for Corporate Social Responsibility, Globalisation also started playing a huge role in South Africa, with various local businesses expanding overseas and becoming Fortune 500 global companies (BHP Billiton, Anglo America, Old Mutual) and FTSE 250 companies (SABMiller). International companies also started returning to South Africa (Levi Strauss, Body Shop), which had a direct impact on Corporate Citizenship, as South African companies now had to “compete” on an international level and could not allow society to view them as lagging on the CSR-front.

Harrison (2005) re-iterates that internationally companies are being pressurised to channel profits back into the community and environment and South Africa has not escaped this. Due to the legacy of apartheid and the HIV/AIDS pandemic, “doing good has become a crucial component of success.” She also emphasises that local companies spent R2.4 billion on social investment during 2004, which was an increase from the R1.63 billion spent during 2003.
Hogg (2005) agrees with this when quoting Bobby Godsell, CEO of AngloGold Ashanti: “[He] argues that while the primary purpose of any company must be to provide competitive returns for shareholders, at his group ‘our business principles go further.’ He talks of a business needing ‘a moral licence to operate,’ one which in the simplest terms would ensure all who are touched by the company ‘must be better off for our having been there.”

Currently, the trend among big business is to move away from various small initiatives and to concentrate their contributions in a few larger, business related projects. This ensures marketing possibilities and better brand recognition for the companies, while still contributing to the improvement and upliftment of the broader society.

2.2.3 Quo Vadis – where to from here

One of the first post-1994 transformation efforts that were introduced was black economic empowerment (BEE). It was soon realised that BEE would not come to its right and currently a more encompassing approach is being introduced, known as the Broad-based Black Economic Empowerment Strategy. The balanced scorecard, as described in this Strategy makes mention of a “residual amount,” which is usually filtered through to Corporate Social Initiatives within the respective organisations. This has also led to various industry charters being drafted, which serves as guidelines for companies to ensure good corporate citizenship.

A problem that is currently developing, is that organisations now only want to focus on industry-related initiatives which support the marketing, procurement, production and human resources divisions within their own businesses. This could lead to “over-saturation” in one area and a dire need in another. It can however be overcome by consultation taking place between the various stakeholders.
With the increase on CSI Reporting starting to take place, more and more stakeholders are asking questions about the reported actions. Stakeholders are demanding to know exactly how the “figures add up” and whether enough is being done for society and the good of the environment.

Reports are not just a financial reflection of the company anymore, but also have to include the strategic direction that the company will be taking, while addressing their social responsibilities, both within the company (e.g. HIV/Aids Counselling, Family Responsibility Leave, Employee Dependant Study Grants) and outside (School Development Funds, Feeding Schemes). They also need to report on how their operations impact on the environment (recycling of waste paper, using recycled sewerage water for irrigation of gardens).

Unfortunately, CSI is still seen as “something done by big business” and smaller enterprises either try and hide or hope that their absence is not noticed. It is very clear that corporate citizenship has come a long way, but there is room for much more involvement and development in this regard.

Laurian Miles (2005) agrees that we still have a long way to go, when he claims: “In spite of the progress of computers and scientific discovery in the information age, millions of people may as well be living in the industrial age: the violence of poverty; no clean water; no light; no nutritious food; no warmth in the bitter winter; no shelter from the storms; no decent wages or a share in the “miracle-pie” baked by the government.”

If one however considers the recent award that was won by Nedbank, then it is safe to say that we are on the right track. The bank was presented with the ‘Emerging Markets Corporate Social Responsibility Bank of the Year Award’ during The Banker Awards 2005, in London. Nedbank (2005) stated that “3.1% of net profit after tax had been
invested in Community Social Investment projects, already far above the 2008 industry target of 1.5%.”

Felicity Duncan (2005) reports on the annual conference of the Institute of Directors of South Africa, where attendees were asked to list their top ten priorities. The top five priorities on the list, which was agreed upon, are as follow:

- **“Tone at the Top”** – It was argued that top management had to be responsible, transparent, accountable and fair. It was essential that leaders set the standard and that this is emphasised in their long-term sustainable vision;
- **“Board Effectiveness”** – Members of the board should actually be active participants in the management of the organisation and should not just be “sounding boards” for organisational decisions;
- **“Board Evaluation”** – Attention needed to be given to how board members were performing and what contribution they bring to the organisation;
- **“Directors Remuneration”** – The pressure is increasing on remuneration committees to ensure “balancing the demands of stakeholders calling for lower executive salaries and the executives who expect competitive pay packages;”
- **Corporate Social Responsibility**” – Various questions exist. It was stated that “in South Africa, boards must grapple with the challenges of black economic empowerment (BEE), HIV / AIDS, widespread poverty and unemployment, and how to spend their CSR budget on alleviating these problems.”

From this it is clear that company directors realise that CSR should receive serious attention for their organisations to ensure their future sustainability. If these matters are not addressed urgently, it could result in huge losses for the company – and even closure.
Finally a quote from Trialogue, (2004: 19) “Patently, corporate social investment is emerging from a position of voluntary contribution to expedient necessity.”

2.3 CORPORATE CITIZENSHIP PRACTICES IN SOUTH AFRICA

Rothgiesser (2005: 14) posed the following questions on the Triple Bottom Line Reporting:

“In a developing economy like South Africa, do companies need to be saddled with this additional burden, does this approach make business sense, and should business be required to be concerned with uplifting the lives of their workers which arguably falls within the ambit of government?”

These questions could possibly be answered by research conducted by Trialogue, a South African company that publishes books specialising in Good Corporate Citizenship and Corporate Social Investment, which focused on various areas pertaining to corporate citizen practices in South Africa.

Their sample group included formal interviews with senior management from more than 100 South African companies, which was drawn randomly from the JSE top 300 organisations, by market capitalisation, together with large unlisted companies and state-owned enterprises. The bases of their research were fourfold:

- What motivates companies to pursue good citizenship practices?
- What constitutes a good citizenship programme?
- How are these programmes driven and managed?
- How are they seen by their peers and how has good citizenship contributed to their reputation?
2.3.1 Motivations for companies to pursue good citizenship practices

Asking the sample group whether companies treated citizenship seriously started off the research. From Graph 1 it is clear that citizenship is high on the agenda of most companies, as 75.3% of the respondents indicated it was taken seriously, while only 2% indicated that it was not taken serious at all.

![Graph 1](image1.png)

Trialogue also asked the sample group whether citizenship was given any priority within their organisation. Again, this proved to be the case and again, positive feedback was received, as indicated in graph2.

![Graph 2](image2.png)

All respondents indicated that good citizenship was a corporate priority. A total of 58% indicated that it was a strategic priority within their organisation, 41% indicated it was high on their corporate agenda, while
only one percent of the respondents indicated that it was low on their agenda.

When asked which factors contributed to good citizenship, the sample group gave various responses, as can be seen from graph 3.

From the graph, it is clear that most respondents indicated that good corporate citizenship contributes mostly to the protection of their reputation.

2.3.2 Good citizenship programmes

It is argued that many organisations have had their corporate citizenship programmes running without them realising it. Many have either contributed to employees’ dependant educations funds, environmental development funds or some form of social conscience fund. These programmes were not necessarily focused on one specific group or department, but could span across any division within the organisation, stretching from the supply chain right through to the actual customers.

In the research by Trialogue (2005), they identified thirteen areas that are currently receiving attention in one form or another, within organisations in South Africa:
• **Black ownership and control** – where the majority shareholders are black and no “fronting” takes place.

• **Corporate Governance and ethics** – since the introduction of the King I & II Reports, a huge emphasis has been placed on governance and sound business ethics. The role that corruption has played in various large organisations has also contributed to this.

• **Employee equity** – is employment equity being addressed in the organisation, have targets been set and how is the organisation performing?

• **Employee relations and support** – do they have sound HR policies in place, are grievances addressed, what disciplinary procedures are followed?

• **Employee skills development** – to what degree does the organisation contribute to the development of its employees and do they actively contribute to the Skills Development Fund?

• **Health and safety** – do the employees work in a safe and healthy environment, do they have SHE-representatives?

• **HIV and Aids** – no discrimination should take place on grounds of status. Voluntary testing and continuous counselling should take place. Its impact on the organisation should be addressed.

• **Preferential procurement and enterprise support** – businesses from the previously disadvantaged groups should receive preference when considering procurement and their supply chain.

• **Supply chain compliance** – how well do those that contribute to your supply chain perform when it comes to corporate citizenship?

• **Product development** – are you addressing the needs of broader society and is the impact on the environment addressed?

• **Marketplace stewardship** – is sufficient market research done and how does the marketing practices of the organisation impact on the broader society?

• **Corporate social investment** – Is the organisation only interested in making profits, or do they contribute to social upliftment and the protection of the environment? What percentages of their profits are “ploughed back” into social initiatives?
• Environmental impact of operations – What is the impact of operations, on the environment? Are we performing above prescribed legislation? Do we contribute to the improvement of the environment in general?

It was very encouraging to see that the sample group indicated that most of them were complying with the abovementioned elements of good corporate citizenship. Governance and ethics appear at the top of their evaluation list, with skills development in second place, employee relations in third and corporate social investment in fourth. Supply chain compliance was found at the bottom of the list.

2.3.3 Driving and managing these programmes

From the above it is very clear that organisations do not become good corporate citizens just by producing impressive glossy CSR-Reports. To qualify as a good corporate citizen, the abovementioned elements would have to be well managed and top management would have to openly give their support to the programme. Top management involvement is essential or corporate citizenship will only be viewed as something that some manager lower down in the hierarchy is responsible for. Involvement can be included in the management structure of the organisation (e.g. board members could be given certain responsibilities, a specific manager could be appointed, or a complete division, with its own support system could be introduced).

While addressing the question of who is responsible for CSR, Lane (2003) states “everybody is to some extent responsible.” He mentioned that many companies were appointing CSR Managers and were forming CSR Committees at Board level. It has however also happened that CSR has been delegated to Public Relations, Investor Relations, Community Affairs, Environmental Health and Safety or even the Company Secretary.
The biggest problem with corporate citizenship is that it cannot be put into a single “siloh,” as it cuts across all divisions and operations within the organisation. For any corporate citizenship programme to work, it is essential that executives, management, operational staff and all other stakeholders be included in the complete CSR-Programme. This should stretch from the chief executive officer, right through to the shop floor worker and even the contracted office cleaner. The key word to success within the corporate citizen programme is total inclusivity within the organisation and its operations.

Various reasons were also identified why certain CSR programmes are failing. The lack of financial resources came out on top of this list, with the misconception that a CSR-Programme is too time-consuming in second and lack of awareness in third place. Other reasons included lack of proper skills, poor management buy-in or lack of involvement from both management and employees, lack of true organisational benefits and poor executive support.

2.3.4 Peer reviews and community contribution through good citizenship

This issue will be discussed in greater detail in the next section of this chapter, under the heading “Company Reputation and Investment.” It should give greater clarity on how peers view each other pertaining to CSR and how well managed corporate citizenship influences the reputation of the organisation.

2.4 COMPANY REPUTATION AND INVESTMENT

What contributes to a company’s reputation? Quality products, good after-purchase service, a great sales team, value for money? It could be argued that all of these are essential for a company to be considered as “good.” But a shortcoming in any one of these fields could destroy the company – simply because more and more consumers are not satisfied with “second best.” But what puts one company ahead of the next? What
gives a company that competitive edge? Could it be good corporate
citizenship? Henry Ford, the American Motor Manufacturer (1863 – 1947)
said, “one could not build a reputation on what you were going to do.”

There are various forms of measuring reputation and these could include
SRI-indexes, media coverage, public relations, advertising, informal
feedback, customer complaints, products returns, market research and
many other sources.

In their research to determine company reputation, Trialogue (2004),
evaluated the following areas¹:

- Good corporate grant makers (Anglo America)
- Most widely recognised corporate grant makers (Anglo America)
- Biggest CSI budgets (Anglo America)
- Most hands-on approach (ABSA)
- Most strongly involve their employees (ABSA)
- Increased commitment to CSI (MTN)

They then went on to identify certain projects that benefitted from their
CSI Initiatives. During this research, Trialogue had personal interviews
with 100 companies and obtained their views on the fields involved.
Those areas where they contributed the most were:

- Job creation (Eskom)
- HIV/Aids (Anglo America)
- Social Development and Welfare (Anglo America)
- Sports Development (Vodacom)
- Arts and Culture (Standard Bank)

PricewaterhouseCooper (PwC) (2005) argues that CSI initiatives are
executed to ensure a business’ future sustainability. This view is
supported, because when a company has to close in part or completely,

¹ Those companies that come on top during the research, are indicated in brackets
is does have an impact on that company’s overall reputation. Below, a graphic explanation of how PwC views CSI contributing to their sustainability:

One of the biggest influences on a company’s reputation when it comes to CSR is undoubtedly their Annual CSI Report. Due to increased transparency, companies have to ensure that their Report has been audited by an independent company, who will then certify that what has been reported is indeed correct and accurate. Although reporting within
South Africa is still lagging, international companies use their CSI Reports to “promote” their businesses to increase stakeholder involvement and to ensure they have a good reputation.

Kemp (2004) concludes by stating that “the task will be not to defend the company’s reputation, but to persuade stakeholders of the value of their sector’s business to the world – i.e. issues first, corporate reputation second.”

2.5 FUNDING AND BENCHMARKING OF INITIATIVES

It is estimated that around R24 billion has been spent on CSR Initiatives since 1994, in South Africa alone. When considering funding CSR Initiatives, it is always difficult to determine how much should be given. How much is enough and how do companies compare with their peers in the industry? How do companies benchmark themselves against their peers? Some of the methods identified by Trialogue (2004: 69) include:

- CSI spending as a percentage of pre- and post-tax profit - When companies apply to be listed on the JSE Social Responsibility Index, one of the conditions that needs to be complied with, is their CSI contribution, as a percentage of their pre-tax profit (as indicator of performance);
- Spending per employee – Here companies will report how much has been spent in total, divide it with the number of staff and then express this as their contribution;
- Budgeting per CSI Staff member – With this method, an organisation will calculate what their expenditure is based on the number of staff specifically allocated to CSI Initiatives;

From the above-mentioned methods, companies can then evaluate their own performance and benchmark them in their respective industries.
2.6 WORLD CLASS CITIZENSHIP

Visser, (Trialogue, 2005: 118) is of the opinion that South African companies are indeed busy debating Corporate Citizenship. Having done intensive research on the matter, he gives his opinion on how far South African companies have come. Visser used the ten key principles that were identified during the 2003 World Economic Forum, to evaluate corporate South Africa².

- “The Power of Personal Leadership” (5/10)
  During the forum it was emphasised that the CEO of a company, and its top management should be actively involved in promoting corporate values and citizenship. A few past champions are listed but it is mentioned that there are no indications of any business leaders currently committed to citizenship in its broad sense.

- “Strength in collective action” (9/10)
  Our recent political past has ensured that consultation takes place at almost all levels. Prior to 1994, business also played a significant role in contributing to the development of previously disadvantaged communities.

- “Linking citizenship to corporate governance” (8/10)
  Should this not be done, citizenship will not receive the necessary attention within the organisation and would become just another “add-on,” which has to be managed. Leading on this front, is the publishing of the King I & II Reports, which gave guidelines that should be followed to ensure good corporate citizenship is linked to the proper management of the organisation. Unfortunately these are still just recommendations and companies are therefore not compelled to adhere.

² The scores that he allocated, has been included in brackets.
• “A challenge for companies everywhere” (7/10)
  It was also mentioned that citizenship should not be seen as “something done by progressive companies in the developed world,” but should also be executed by companies within the developing world (which includes South Africa). What is also important to remember, is that local companies should not just “copy” global CSR Programmes, but should develop customised initiatives to address South Africa’s unique development areas and needs.

• “Making the `business case´” (6/10)
  During the same Summit, almost 80% of the surveyed CEO’s indicated that “managing their organisation’s reputation and brand equity” was their prime concern. Unfortunately, most companies within South Africa have not realised that “good corporate citizenship makes good business sense.” The economical impact HIV/AIDS has on companies is however the one area that is well addressed at corporate level within South Africa.

• “Employees and government as key drivers” (8/10)
  Employees and government were indicated as the two stakeholder groups that enforced the most pressure on business to comply with good corporate citizenship. From a South African perspective, it is clear that a lot has been done on this front. The continuous actions led by labour, insisting on better wages, housing, reducing poverty, black economic empowerment, employment equity, social upliftment and protection of the environment, are a few examples where labour has become active in the past decade.

• “Prioritising critical issues” (9/10)
  “Corporate governance and ethics, responsibility for people (diversity and worker safety), responsibility for environmental impacts and broader contribution to development (capacity building, access and education) (Trialogue 2005: 122)” were listed as the four main areas where companies needed to direct their attention to. The KPMG 2004 Survey of Integrated Sustainability Reporting in South Africa indicated that South African companies are indeed addressing these areas. Top of the agenda within South African companies were Employment
Equity / Transformation, with ethics policies and practices second and corporate social investment reaching third place overall.

- **Embedding citizenship and emphasising internal processes (7/10)**
  
  For any organisation to become a “good corporate citizen,” it is essential that the whole organisation be involved in the CSR Agenda. Corporate citizenship cannot be managed from one division or by an individual, but needs to form an integral part of the organisation. More importantly – it should be incorporated in the company’s vision, mission and strategic plans and objectives. Each action, by each member of the company should support the citizenship agenda of that company. It is essential that employees know the detail of their job and how it contributes to the eventual upliftment of society.

- **Engaging external stakeholders (8/10)**
  
  No company can ensure its sustainability or success, without actively involving all stakeholders. This can be done in various ways, which could include communication (CSR Reports, adverts, newsletters), consultation (supply chain discussions, annual meetings) and collaboration (community development meetings, competitors). Within the South African context, many lessons have been learnt from companies have consulted widely. The following are a few examples:

  - The AECI Hazardous Gas Emissions that left the community of Macassar “covered in a haze of sulphur” when they experienced production problems,
  - The Caltex Refinery, which was taken to book for “acid rain” that caused huge damage to the Table View community and
  - The asbestos court case, which has only recently been settled in London, as a cost of several million British Pounds.

  Had proper consultation taken place, many of these problems could have been averted, or may not have had such an impact on the community.
Many South African companies have CSR Programmes running, but it's not reported sufficiently. Some companies might include it in their Annual Financial Statements, while others include their CSR Report in the Sustainability Reports. For corporate citizenship to earn its rightful place, it is essential that each company produce a separate Corporate Social Responsibility Report. It is essential that this report should not just be a glossy journal which boosts what the company has achieved, but should also include how they had performed against their set objectives and what goals had been set for the next term of reporting. To give authenticity to this report, it is also essential that an independent company, which has no direct interest in the company, should audit it.

2.7 CONCLUSION

This evaluated certain sources of literature dealing with Corporate Citizenship, Social Responsibility and Initiatives.

The efforts by South African companies are still in their infancy as far as corporate citizenship is concerned. Although big business locally has contributed to various major projects, it is clear that, from a South African context, the first steps have only been taken.

The next chapter will describe the research design that was followed to do the actual evaluation of the three companies. It gives a complete analysis of the research design, the research sample and research instruments that were used for the research.
CHAPTER 3
DESIGNING THE EMPIRICAL SURVEY

3.1 INTRODUCTION

Corporate Social Responsibility and the initiatives that flow from it, is receiving more and more attention within the South African context. It can also be argued that CEO's are now realising that, without proper CSR Programmes in place, they would not be able to assure the company’s sustainability. This section of the research will deal with the methods that were used for the collection of data from three South African companies’ initiatives.

It was decided to take a total of three South African companies and evaluate their initiatives, which, it was hoped could be classified as a “small, medium and large” company, taking annual turnover as considering factor.

Various companies within South Africa were identified for possible evaluation. These included, amongst others, First National Bank, Vodacom, MTN and Discovery Health. Unfortunately all these companies declined the offer, stating reasons that vary from acknowledging that their CSR-programmes are not up to standard or are currently being revised, to being totally hesitant to allow any “research” on their initiatives.

Finally, Woolworths, ENGEN and SABMiller agreed to the research. The rationale behind selecting these three companies is as follow:

- **Woolworths** was seen as a “small” company, which delivers FMCG of high quality and standards;
- **ENGEn** was considered as a “medium” sized company and due to the fact that the researcher’s Mother was employed by them for more than 25 years, contributed to the decision to also approach them;
- **SABMiller** was considered as a “large” company, if considered that they are one of a few South African companies, listed internationally.
Mr Wayne Visser, a PhD-student at the University of Nottingham and Special Advisor to KPMG Sustainability Services (South Africa), also referred me to SABMiller.

3.2 THE RESEARCH DESIGN

Babbie (et.al) (2001: 207) lists the following types of research design:

- Experiments – usually used for physical science;
- Survey Research – asking questions in its various forms;
- Qualitative Research – direct observation in natural settings;
- Participatory Action Research – interaction between all participants;
- Evaluation Research – experimental and quasi-experimental research; and
- Unobtrusive Research – non participatory, usually involves analysing existing data or statistics.

Due to the field of research, it was decided to conduct survey research, as the researcher was of the opinion that this would best deliver the required results.

The objective of the empirical study was to determine how effective the identified companies’ CSR Programmes are, by evaluating the various initiatives they had taken. The empirical study consisted of research instruments, which were developed specifically for this purpose. As the Head Offices of both Woolworths and ENGEX is situated in Cape Town, an unstructured interview was arranged, while a structured questionnaire was emailed to SABMiller (see Annexure B).

In order to execute the objectives of this research, the following activities, which would constitute the Research Design, were identified:

a. Defining the research sample
b. Developing the research instrument
c. Administering the survey
d. Capturing and interpreting the data
e. Reporting on the findings.
3.3 DEFINING THE RESEARCH SAMPLE

The following persons were identified as the research sample at the various companies:

- Woolworths – Mr Tom McLaughlin (Sustainability Manager)
- ENGEN – Ms Khanyisa Balfour (CSI Manager)
- SABMiller – Mr Pancho Ndebele (CSR Manager: South Africa)

On enquiring at the selected organisations, the abovementioned individuals were identified as the CSR-champions within their organisations. These individuals were also deemed the “experts” in their field, within the particular organisations. Furthermore, they were the actual managers who were ultimately responsible for the management of the various corporate social initiatives, undertaken by these organisations and were therefore seen as the most suitable to assist with the research.

3.4 DEVELOPING THE RESEARCH INSTRUMENT

Before a decision on the research design could be taken, it was necessary to decide whether it would be “qualitative” or quantitative” of nature. Sykes (1979) defines these two terms as follow:

<table>
<thead>
<tr>
<th>Qualitative</th>
<th>Quantitative</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Concerned with or depending on quality.</td>
<td>A. Measured or measurable by, or concerned with, quantity.</td>
</tr>
<tr>
<td>B. Degree of excellence, relative nature or kind or character.</td>
<td>B. Property of things that is estimable by some sort of measure, the having of size, extension, weight, amount, or number.</td>
</tr>
</tbody>
</table>

Nordhoff (1999) provides the following table, which is a comparison between qualitative and quantitative research:
**Qualitative research:** Qualitative research often is inductive (specific to general) and the researcher immerses him in the situation.

**Aims**
- to develop theories;
- to facilitate understanding;
- to increase insight;
- to understand the social phenomenon from a particular perspective;
- to promote better self-understanding.

**The research sample**
- Is not necessarily a representative sample;
- Data needs to be collected by skilled prepared persons.

**Research methods**
- are flexibility in methods;
- Use overviews of different documents and artefacts;
- Use a greater diversity of procedures;
- Use direct observations;
- Use in-depth interviews;
- make use of participant observation;
- Use unstructured interviewing.

**Results**
- are referred to as information;
- Take into account subjectivity in data analysis and interpretation;
- "tell a story" from the researcher's viewpoint.
- develop context-bound generalisations;
- aim to get an overall picture - the process is as important as the result.

**Quantitative research:** Quantitative research normally is deductive (general to specific) and the researcher is distant and objective.

**Aims**
- to test theories;
- to determine facts;
- to fulfil predictions;
- to establish relationships and explain causes of changes;
- to demonstrate relationships between variables.

**The research sample**
- has to be a representative sample;
- data is collected using an "instrument".

**Research methods**
- are standardised methods;
- control for bias through design;
- use established set of procedures;
- use experiments;
- use surveys;
- make use of structured observations;
- use structured interviews.

**Results**
- are referred to as data;
- are objectively analysed and interpreted;
- are statistically analysed;
- try to establish universal context-free generalisations;
- aim to prove a specific theory.

Welman and Kruger (2002: 160) indicate that, during a **structured** interview, the interviewer puts various pre-compiled questions (also known as the interview schedule) to the respondent (usually done face to face). The respondent's answers are recorded verbatim. The respondent is however restricted to the questions that appear on the questionnaire and very little freedom is allowed.

They also mention that **unstructured** interviews are usually used in explorative research to identify important variables in a particular area, to formulate penetrating questions on them and to generate hypotheses for further investigation.

Having taken the above into consideration, it was decided to conduct unstructured interviews at Woolworths and ENGEN, while a structured questionnaire was e-mailed to SABMiller.
3.5 DESIGNING THE INSTRUMENTS

3.5.1 Unstructured interview

Babbie (et al) (2001: 251) highlights the following general rules for face-to-face interviewing, which should be considered when doing interviews:

- Characteristics of interviewer (language, age, ethnicity);
- Appearance and demeanour (dress code, grooming, attitude and orientation);
- Familiarity with questions (know the field which you are researching);
- Recording responses exactly (do not make your own assumptions / interpretations of the answers rendered); and
- Probing for responses (ensure that the interviewee understands exactly what is asked and that the response is applicable to that which was asked).

Research Solutions (2005), a consulting company indicates that one of the disadvantages of using face-to-face interviews “is that the respondent may feel like a bug under a microscope and be less willing to open up than in the relaxed atmosphere of a group.” This can however be averted by ensuring good, sound rapport and trust.

Before the interviews took place, extensive reviewing of available literature on the mentioned companies was done. The literature review included various media articles, corporate booklets, adverts and brochures and formal educational books. This assisted the researcher in drafting the interview questions prior to the actual interview. It also assisted the researcher to get a good overview of what the companies were currently doing as far as Corporate Social Responsibility is concerned, while also giving a clear indication of which initiatives they had undertaken.
3.5.2 Questionnaire

Forcese and Richer (1973: 164) has the following guidelines for questionnaires:

- Use an introduction so that the respondent knows why he is being asked to complete it;
- Questions should flow naturally to ensure a “consistent, logical whole;” and
- Keep the questions short, concise and to the point.

While the above is also applicable to SABMiller, it was not possible to do personal face-to-face interviews with their representative. It was therefore essential to ensure that all aspects that would have been covered during a personal interview were covered in the questionnaire. It was also essential to ensure that any uncertainties with the questions that were posed were eliminated. (See Annexure B for the SABMiller Questionnaire)

3.6 OBJECTIVES OF THE SURVEY

The specific objectives of the Survey were to identify the following:

- To determine what the various organisations viewed as Corporate Social Responsibility;
- What initiatives were they currently busy with;
- Are their initiatives linked to their human resources (staff);
- How does this link with their core business of the organisation; and
- Where do they see their initiatives in the future?

3.7 LIMITATIONS OF THE RESEARCH APPROACH

The process that was followed to gather data is typical of most survey studies, where certain questions are posed to respondents and their answers are recorded. While the survey approach is the most suitable method to follow, the following limitations were experienced:
• Finances
As the researcher had a limited budget, it was not possible to do personal interviews with all the companies (which would have been the preferred method of collecting data). Having already travelled to Johannesburg once to attend the First Southern African Corporate Social Responsibility Workshop presented by UNISA, it was not possible to travel there again. Unfortunately, the trip could also not have been combined to include both;

• Organisational Structure
At ENGEN, various people were responsible for initiatives and any initiative that involved staff was not dealt with by their Corporate Social Investment Manager, but with various other Human Resources Managers. At SABMiller, the respondent first needed to get approval from his Supervisor, before he could agree to participate in the research. Once the questionnaire was mailed to him, he once again had to clear the answers with Management, prior to making them available;

• Time factor
The researcher could not put any pressure on the respondent at SABMiller and was therefore at his mercy for quick and thorough feedback;

• Confidentiality
At particularly Woolworths, the interviewee wanted assurance that the rendered information would be treated with the utmost confidentiality and requested a **five year “embargo”** on the public release thereof. It was felt that competitors (specially SPAR and CHECKERS) could use some of the rendered information to gain market share; and

• Accuracy of Data
While all efforts were made to ensure the respondents that information that was rendered, would be treated with the strictest of confidentiality, it could happen that respondents give normative answers based on what they perceive the answers should be, or what they think the interviewer would want to hear.
3.8 ADMINISTERING THE INTERVIEWS / QUESTIONNAIRE

It was essential that a major part of the allocated interview time be spent developing a “report relationship” and that the researcher could explain the research context to the respondent. This was done to ensure good cooperation from the respondents. During this initial phase, the following aspects were explained to the respondents to ensure a solid “interview relationship:”

- Why specifically they were selected (nature of sample);
- Participation was “voluntary” and the respondent should feel free to end the interview at any time;
- Confidentiality was assured;
- Accuracy was requested; and
- How the raw data would be processed.

3.8.1 Interviews

Unstructured, in-depth interviews were held with the two interviewees from Woolworths and ENGEND, averaging 90 to 120 minutes in length.

On arrival, the researcher introduced himself and also explained the objectives of the research, what processes would be followed and how accuracy of data would be ensured.

The interviews were based on an interview guideline structured around the following themes: objectives of the research, process of research, evaluation, resources and the type of organisation, while the interviews were concluded with “the way forward.”

The unstructured nature of the interviews allowed the researcher to engage in dialogue with the interviewees, and to probe, clarify and question what was considered to be important issues. This method allowed the researcher to unearth and explore issues in a manner that would not have been possible with more structured methods of data collection, such as questionnaires. It also ensured that uncertainties were
cleared before the end of the interviews and the need for a second interview was therefore eliminated.

At the end of the interviews, respondents were thanked for their time and effort and assurance was given that feedback would be given to them before any information was included in the final research dissertation. This proved to be a huge contributing factor in assuring that accurate data was provided.

3.8.2 Questionnaire

As the Head Office of SABMiller is situated in Sandton, Johannesburg, it was not financially feasible for the researcher to conduct an unstructured interview with their representative. It was however agreed during a telephonic interview, that a structured questionnaire would be provided, with a set due date for completion. It was also indicated by the respondent that the questionnaire would first have to be cleared with their Management, before it would be answered.

Once again, the researcher had to ensure that all aspects of the research were covered in the structured questionnaire as to ensure a professional impression. The respondent was however requested to also mail any additional documentation or information that the respondent felt could contribute to the research.

Even though this was not the best method to collect the required data, it was the only way it could be done, taking the mentioned limitations into consideration. The researcher did everything possible to ensure that the limitations had the least impact on the data collection process.

3.9 CAPTURING, ANALYSING AND INTERPRETING THE DATA

As mentioned earlier, the information that was made available during the unstructured interviews (Woolworths and ENGEN), were captured verbatim. Uncertainties were cleared before the interviews were concluded.
The researcher then drafted a document where the data was interpreted and this was then submitted to the two respondents. The request from the side of the researcher was to evaluate the document and after a few minor adjustments, both respondents and the researcher were satisfied with the final interpretation of the data that was gathered.

Information from SABMiller was made available via electronic mail. As the feedback was fairly detailed, it was not necessary to do any follow up questionnaires with the respondent. He was however thanked for his contribution in making this research possible.

The data that was gathered from the three organisations were complemented with additional information from corporate reports (financial reports, social responsibility reports), company adverts, case studies in formal educational books and other media articles (printed and electronic). The limited information on their respective Internet homepages also provided insight into their corporate social responsibility programmes and initiatives.

It needs mentioning that, unlike most companies internationally, independent auditing of the two of companies' initiatives is not done. If this were done, it would have given further credibility to their CSR Programme. SABMiller does however do auditing of their international initiatives, which also includes their South African programmes.

3.10 CONCLUSION

This concludes Chapter 3, which dealt with the empirical study, detailing the research methodology that was used in achieving the objectives of this study.

The next chapter will conclude the research, resulting in the aim of the survey, namely reporting on the findings of the research. This will be a collation of the main findings at the three companies, from this research project.
4.1 INTRODUCTION

It was decided to evaluate three South African companies’ initiatives to ensure that the research would be South African specific and would possibly give a good overview of how companies within South Africa are managing their Corporate Social Initiatives.

Furthermore, it was decided to research companies from varying sizes and therefore, it was thought that the following companies would be suitable, taking their annual turnover into account:

- Woolworths – Small company
- ENGEN – Medium company
- SABMiller (South African operations) – Large company

4.2 THE THREE COMPANIES’ INITIATIVES

4.2.1 Woolworths

“Woolworths – the difference. Caring for people has always been at the heart of the Woolworths way of doing business. Since inception in 1931, Woolworths has contributed too many worthy causes. In line with international best practice, the Woolworths Trust has been created. The Woolworths Trust unites and integrates all our existing and future corporate social investment projects under a single objective:

‘To work closely with our chosen partners for a brighter and better tomorrow’

We will make a difference through financial and product support as well as encouraging our staff to volunteer.”
4.2.1.1 Introduction

Woolworths addresses their Corporate Social Responsibility Programme through the principles of Sustainability. This is clear in the Annual Report of 2004, where Brian Frost, an independent non-executive director of Woolworths is quoted as saying: “We continue to be convinced that the rewards of building a sustainable business far outweigh our substantial investment (Woolworths, 2005: 35).” They argue that by being a good corporate citizen, they will ensure their future sustainability. The evaluation of Woolworths will therefore be done under the following headings:

- Sustainability – what do they understand it to be?
- Delivering sustainable products and services
- Employee Well-Being
- Extending their influences

4.2.1.2 Sustainability – What does Woolworths understand it to be?

During 2003, Woolworths started paying attention to delivering an integrated sustainability strategy, which was investigated in more detail during 2004 and it is believed that 2005 will see this trend continuing. It is also mentioned that the “Global Reporting Initiative” was evaluated and the group has therefore adopted the “GRI-guidelines” to include the “Triple Bottom Line”-reporting as prescribed by the King II Report. “We need to continually focus on balancing the triple bottom line, delivering shareholder returns whilst maintaining ecological balance and social progress” is what Mr Frost had to say on this matter.

4.2.1.3 Delivering sustainable products and services

High on Woolworths’ list of priorities is SAFETY. Their main concern is for the safety of their customers and just as important, the safety of their employees and suppliers.
All Woolworths’ products are labelled to set standards, which determine that sufficient information should be displayed on them to ensure that the customer can make an informed decision when purchasing. On food products, information that would cover ingredients, nutritional values and possible allergens are included, while the labelling on clothing would include the fibre content, care instructions, and the country of origin.

4.2.1.4 Employee Well-being

Woolworths realises that to ensure they stay sustainable, they need to keep their employees well-educated and up to date with new developments. To achieve this, they offer 10 learnership programmes, which are available to staff (See Annexure E in this regard). Furthermore, skills development is also high on their employee well-being agenda, with a total of R8 756 827 being paid over to Government as Skills Development Levy and receiving R4 142 168 in rebate during the 2004-financial year.

4.2.1.5 Extending Woolworths’ Influence

Woolworths is one of the few companies that realise that they cannot operate in total isolation, and that the communities in which they operate, play and integral part of their future sustainability. Polices and procedures have been put in place to ensure that, should Woolworths be able to play a contributing role in the development of such communities, they do so.

4.2.2 ENGEN

“ENGEN’s CSI strategy has recently seen some profound evolutionary adaptations. ENGEN has developed a more focused, hands-on approach aligned with national and business priorities. Better adapted to the current CSI context, ENGEN is committed to being a catalyst for co-creative, multi-stakeholder relationships” (Trialogue, 2004).
4.2.2.1 Code of Conduct on Commitment to Community

ENGEN has a specific code of conduct for their community involvement to ensure that they are deemed a “good corporate citizen.” They are committed to conducting business in a manner that is in line with the company’s economic needs, but not forgetting the social and environmental needs of those communities in which they operate.

4.2.2.2 Corporate Social Investment

Since 1993, more than R146 million has been invested on social upliftment projects. For the 2004-financial year, this investment amounted to R13.1 million.

As mentioned earlier in this section, ENGEN has now made an “about turn” as far as their corporate social investment is concerned. Previously, they had various small initiatives, but have decided to rather concentrate on industry-related initiatives. In doing this, four focus areas were identified, which it is believed, will also contribute to the concept of nation building in South Africa. They are:

- Education
- Sustainable job creation
- Peace and Security
- Building national (and African) pride and identity (including Sports Development).

4.2.3 SABMiller (South Africa)

According to their Media Package, available on their website, “(SABMiller)…. strive(s) for quality, we’re determined to conduct our activities in an exemplary manner. We believe in being a responsible employer to our 40 000-plus employees, in supporting the communities in which we operate and in minimising our impact on the environment.” It is said that the “best way to help society is to succeed in business –
providing products that people enjoy, creating jobs and wealth, contributing taxes and helping others to advance economically.”

Even though SABMiller is an international company, listed on various stock exchanges, this research will only focus on its operations within the South African borders to ensure that they are evaluated on an even foot with the previous two companies. It can however be assumed that, because they have international operations, they would perform better than Woolworths or ENGEN, as far as their Corporate Social Initiatives are concerned.

Their initiatives can be divided into the following categories:

- **Employment Equity**
  - Ownership – Value Creating Transactions
  - Management
  - Employment Equity
  - Skills Development
  - Enterprise Development
  - SAB KickStart
  - Distribution
  - Taung Barley Farmers
  - Tavern Training
  - Coleus Packaging

- **HIV / AIDS**
  - Internal Strategy on HIV / AIDS

- **Taking care of the Environment**
  - Water Management
  - Energy Usage
  - Solid Waste
  - By-products and Litter
• Commercial Equity
  o Procurement at SABMiller
  o Preferential Procurement
  o Driving for Success

• Responsible Drinking
  o The Responsible Way
  o Industry Code of Good Practice
  o The Responsible Trader
  o Retail Training
  o Good Fellas
  o Partnership with “Arrive Alive”
  o “There’s So Much to Live For”-campaign
  o Living Responsibly on Campus
  o Prevention of Underage Drinking Campaigns
  o The ARA Be Your Best Rock Challenge
  o Other
    • Foundation for Alcohol Related Research (FARR) and research on Foetal Alcohol Syndrome (FAS)
    • The Industry Association For Responsible Alcohol Use (ARA)
    • ICAP
    • SANCA
    • Life Skills Education

In the report titled “We’re Working in Africa,” (also available from the website) it is stipulated that “by virtue of our day-to-day business activities, profitability, corporate social investment, and responsible and accountable behaviour – the company has contributed to economic growth, created jobs and provided some life-changing opportunities for people living in the countries in which we operate.”
4.3 ANTICIPATED RESULTS

The reasons for selecting three South African companies for the purposes of this research will be explained in detail in the next chapter of this dissertation. This research is in no way trying to be totally representative of the South African economy, but tried focusing on companies from various industries and varying in size, when considering annual turnover. It needs mentioning that for purposes of this research, attention was paid only to those operations taking place within the South African borders.

Even though initiatives will vary from industry to industry, it has been decided to rate companies on the following criteria:

- Percentage of pre-tax profit spent on initiatives;
- Impact on community and environment;
- Industry-related initiatives;
- Independent Corporate Social Reporting; and
- Future planned initiatives.

When taking the above-mentioned criteria into consideration, the researcher is of the opinion that the companies will perform as indicated below:

- SABMiller (receiving the highest rating);
- ENGEN (reaching second place); and
- Woolworths (third place).

It needs mentioning that this anticipated results is solely based on the researcher’s personal knowledge of the three companies, which was mainly formed through media coverage, personal experiences and interaction with varying members of the general public, which includes amongst others, friends, colleagues, employees of the three companies and clients making use of the products / services offered by these companies.
4.4 CONCLUSION

This concludes Chapter Four of the research, which gave a brief overview of the three companies and also presented a brief description of the current initiatives of the companies. The next chapter in this research project will deal with the actual finding and the data, which was interpreted.
CHAPTER 5
RESULTS OF EMPIRICAL STUDY

5.1 INTRODUCTION

Having done the actual collection of data, this chapter will deal with the findings at the three companies. Once again, the companies’ initiatives will be discussed individually.

5.2 FINDINGS AT THE THREE COMPANIES

5.2.1 Woolworths

5.2.1.1 Sustainability

Woolworths drew up a “Supplier Code of Business Principles” which addresses aspects like child labour, animal welfare, health and safety issues and also looked at what impact their business has on the environment. All this contributed to Woolworths being appointed to the Johannesburg Stock Exchange’s Socially Responsible Investment Index.

Woolworths has set certain sustainability guidelines for themselves and in short, it includes the following:

- They will respect all stakeholders who they do business with or have contact with, which includes shareholders, employees, customers, suppliers, and the communities in which they operate;
- They strive to utilise natural resources optimally and efficiently, thereby ensuring that the impact their business has on the environment has a minimal effect;
- Woolworths also takes great care of whom and where their products come from, as this too has an impact on the environment and the communities in which they operate. It needs mentioning that the day I did my interview at Woolworths
Head Office in Cape Town, a very small gathering took place at the entrance to the building, which was picketing for “Proudly South African Products.” I was given the assurance that the majority of Woolworths products were locally procured, but it was also mentioned that the strengthening Rand, has a huge influence on this decision;

- They also undertake to continuously benchmark themselves against the best, not just locally, but internationally as well and thereby ensure that they are performing accordingly;
- Lastly, Woolworths will also take note of inputs, concerns and views of all their shareholders, to make informed and confident decisions and policies (See Annexure D in this regard).

5.2.1.2 Product Safety

To ensure that all food products are 100% safe and comply with set health regulations, Woolworths has employed more than 50 food technologists, who are also responsible for ensuring product quality and the development of new products. Woolworths could be sited as the leading company when it comes to addressing customer complaints regarding any of their products.

They also pride themselves in removing as many additives and residues from food as possible. On this front, it needs mentioning that Woolworths has removed all tartrazine and MSG from their entire food market and has advertised this in all their food stores.

Various other actions were also undertaken to ensure that the client receives natural produce, when buying from Woolworths. This includes Ayrshire dairy products that are free from any added hormones, only selling “free range” eggs and their yoghurts are free from added preservatives and gelatine.

It also needs mentioning that Woolworths is the market leader when it comes to offering organic products. This not only goes for
fresh produce, but they have recently also started procuring clothing which is manufactured from organic cotton, for ladies and babies, with the view of increasing the organic clothing line.

When it comes to safer clothing, toys and packaging, Woolworths has introduced a “metal detection policy,” thereby limiting the possible harm that could come to their clients. Here are a few examples of what they have done thus far:

- “All metal trims are nickel free to prevent possible allergic reactions;
- All buttons on baby clothing are lock-stitched to reduce the risk of choking;
- All garments with cords must be security tacked and the cord length must not exceed 14cm;
- Woolworths was the first retailer to launch a range of reflective schoolwear in order to make our children safer on the roads.”

Woolworths also pride’s themselves on the fact that any animal that goes through their production process, will be treated as humanely as possible. As mentioned earlier, they only sell eggs laid by free-roaming hens. It needs mentioning that more than 25% of the chicken now sold by Woolworths is also free range. Woolworths also does not allow any “animal testing” when evaluating products and prefers human tester trails and other safety checks.

On the biodiversity front, Woolworths has also eliminated genetically modified ingredients from the foods where possible, and in those circumstances where it is not possible to trace, as secondary ingredients, products are labelled as such, once again enabling customers to make informed decisions. It is also the responsibility of the food technologists to ensure that fish procured by Woolworths are from reputable harvesters, using responsible fish harvesting techniques. This is also the case in all wood
products procured by Woolworths, as they ensure that these products are manufactured from wood originating from certified sustainable harvested forests or responsibly managed commercial plantations.

Waste reduction and recycling also plays a major role in the Woolworths Company and in some instances they are the market leaders in this regard. The “clothes hanger recycling project” founded and supported by Woolworths has seen a total of 170 million hangers being recycled since 1986. A large portion of the workforce responsible for the recycling project is either physically or mentally disabled. Lizelle van Wyk (Woolworths, 2005: 48), Chief Executive Officer of Orion (an organisation for the physically and intellectually disabled in Atlantis), had the following to say about this project:

“The partnership between Woolworths, Hangerman and Orion since 1986, has not only provided jobs to a large group of people with physical and mental disabilities, but in doing so, were also actively involved in preparing many of them to be placed in the open labour market. They cultivated the feeling of self-worth and dignity in many of our disabled by showing them that they are trusted with such an important task to recycle millions of hangers each year. Woolies and Hangerman truly make a positive difference”

5.2.1.3 Taking their Employees into Consideration

The health and safety of the employees, clients, suppliers and contractors also enjoys a high priority and to this extent, Woolworths has a standard set of well-defined and documented health and safety policies and procedures in place. To support this, Woolworths has regular Health and Safety Workshops for all staff and contractors. To ensure that Woolworths complies with their own set of safety standards, they have identified the following
areas of risks and it is receiving priority attention during the scheduled Health and Safety Workshops which are conducted around the country:

- Being prepared for any case of emergency and how to respond in such an event;
- What to do in the event of an armed robbery and how to survive it;
- To stick to the letter of the Occupational Health and Safety Act (OHS Act);
- Ensure that all stores are environmentally friendly and safe;
- Ensuring that all floor surfaces are clean at all times – thereby ensuring that accidents such as slipping and tripping do not occur;
- Lastly they ensure compliance of the Compensation of Injury and Disease Act (COIDA Act).

With HIV / AIDS being the major problem it is in South Africa, it is also no surprise that it should feature in the Woolworths Holdings Limited Annual Report for 2004. They ensure that no discrimination takes place on grounds of HIV-status and where staff is infected, sufficient support is given to that member of staff, but also to those affected by the infection. It has also been determined that the employee prevalence rate of HIV / AIDS is well below the national average, with no real influence on absenteeism or production due to HIV / AIDS being noticed.

Key focus areas for Woolworths in this regard are addressing risk, focusing on the prevention of new infections and prolonging the health and life of those infected. Woolworths believes that HIV / AIDS is prevented through educating staff on the various aspects of the pandemic, encouraging safe sex practices and to further educate personnel on personal responsibility. These actions include peer education, condom distribution, awareness campaigns and wellness screenings. The following initiatives have been taken by
Woolworths to minimise the impact HIV / AIDS has on their workforce:

- Continuous evaluation of education material and to ensure that current and updated information is made available;
- Introducing “half-day workshops” for management to ensure that they know how to react in such circumstances - not just in the case of HIV / AIDS, but also where other chronic illnesses occur;
- All human resource policies and procedures have been re-evaluated to ensure that all aspects of HIV / AIDS is addressed and that no discriminatory factors exist;
- A country-wide survey was conducted and shortcomings that were identified (e.g. lack of knowledge, discriminatory behaviour) were addressed;
- From 01 January 2004, Woolworths has also made anti-retroviral medication available to all members that belong to the Woolworths Healthcare Fund.

5.2.1.4 Going beyond the call of duty

Woolworths has drafted the Woolworths Supplier Code of Business Principles. All their suppliers have to adhere to this Code, to ensure continued business with Woolworths. The code addresses matters which include legal aspects, ethical and environmental requirements and also assists in ensuring that suppliers’ employees are treated with respect and remunerated fairly for the services they render, while also addressing what impact their business has on the environment.

Suppliers are audited on a regular basis and Woolworths has also introduced an “on-line suppliers auditing tool” where suppliers can evaluate themselves against the set criteria, to ensure that they comply with the mentioned criteria. Where non-compliance occurs, corrective actions are taken and should improvements not take
place, the supplier’s contract will not be renewed. Audits on how they perform are supplied on line.

Woolworths labels all their clothing and home ware goods so that customers can make an informed decision when purchasing their merchandise. Woolworths' supports locally produced goods and the levels of locally procured apparel and home textiles in particular remain high.

Continued interaction with the South African Clothing and Textile Workers Union (SACTWU) and the National Economic Development and Labour Council (NEDLAC), assists Woolworths in ensuring a more sustainable approach to growth and development of the local apparel industry. An example of Woolworths' continued effort to empower the local communities was when, in 2001, they decided to contract rural farmers from KwaZulu Natal to supply them with organically grown potatoes and mdumbas. These contractors continue supplying their produce to Woolworths today.

Woolworths also celebrated our 10 years of democracy, by making once-off donations to various political parties.

Furthermore, Woolworths also recognises the fact that Black Economic Empowerment should be part of their Business Plan and has created sustainable opportunities for black people in all aspects of their business. Included in this is the Company’s employment equity programme, which is specifically targeted at black, female and disabled people. It needs mentioning that the recruitment of disabled people during 2004 increased by 60% when compared to the previous financial year. A transformation committee has also been established, chaired by Chris Nissen, which has been given the mandate to address employment equity and affirmative action within the Woolworths Holding Limited Group.
The Woolworths Trust, which was established during 2003, provides a focussed channel for Woolworths’ substantial corporate social investment efforts. The flagship of the Trust is known as The Woolworths Trust EduProgramme, which is managed by an NGO called Food & Trees for Africa (FTFA). This programmes is concentrated in the disadvantaged areas, where educational programmes are presented focussing on the growing of organic foods, learning about good nutrition, how to alleviate poverty (by possibly selling their fresh produce) and developing various skills, in line with the “Outcomes Based Requirements,” as set by the National Department of Education.

During 2004, over 3 800 educators attending 54 workshops which covered all aspects of food gardening, ranging from garden design to water harvesting, soil enrichment, the planting of a diverse range of organic food, energy management, livestock integration, recycling and the importance of good healthy nutrition. This knowledge was ploughed back into the respective schools, where learners were encouraged to establish their own fresh produce gardens and a competition was held for all participating schools to “showcase” their products, where prizes were awarded during an award-winning evening, which was attended by senior officials from various government departments.

Added to this, Woolworths has also started the “MySchool Programme,” which basically “rewards” schools when “registered clients” purchase goods from Woolworths, without any costs to the client. During 2004, more than R3 million was donated to designated schools, from this project.

Woolworths furthermore donates surplus goods to various organisations and institutions with the total value of food running to R100 million and clothing to R20 million - it is estimated that Woolworths surplus foods provides for more than 7 million meals per annum to the needy. Five additional donations were also made.
to various organisations in the form of “once-off funding,” with a total value of R100 000. Lastly, Woolworths has also donated goods to the value of R100 000 during the “1994- shack fires” that erased many homes in the Peninsula.

Employees are also encouraged to get involved in community based social development programmes and Community Affairs Committees have been established in most stores. These committees are encouraged to initiate their own community programmes and the Woolworths Trust gives them support in the form of a matching financial contribution up to R2 000 per store per year.

5.2.2 ENGEN

5.2.2.1 Code of Conduct on Commitment to the Community

ENGEN has a specific code of conduct for their community involvement to ensure that they are deemed a “good corporate citizen.” They are committed to conducting business in a manner that is in line with the company’s economic needs, but not forgetting the social and environmental needs of those communities in which they operate. This commitment means the following:

- Ensuring that the communities where they operate, are enhanced and improved in meaningful ways;
- To adhere to all environmental legislation and thereby ensuring that they take their environmental responsibilities seriously (According to Margie Inggs (2005), ENGEN has recently urged government to introduce uniform air quality standards);
- Multilateral dialogue with all stakeholders, which includes the community.
5.2.2.2 Social Investment by ENGEN

ENGEN had various small initiatives, but have decided to rather concentrate on industry-related initiatives. In doing this, four focus areas were identified, which it is believed will also contribute to the concept of nation building in South Africa. They area:

- Education
- Sustainable job creation
- Peace and Security
- Building national (and African) pride and identity (including Sports Development).

5.2.2.2.1 Education

For the past eleven years, ENGEN’s investment in education has made them a major contributor to early childhood development, compensatory education and educator training. The emphasis here is on improving the quality of education in mathematics, science and technology.

ENGEN’s active involvement in early childhood development centres ensures that educators are empowered to take care of children ranging in ages from one to six years old. Furthermore, they are also taught how to manage the administration and fees of the centres, while also feeding and teaching these children. Groups are never bigger than forty children per group. These centres are mainly for those children who have “working parents,” that are not available to their children during the day, while they are earning a living and to offer a safe haven for those left orphaned due to HIV/AIDS and therefore have not other place to stay.

A professional educator development programme that will improve the skills and abilities of 1200 educators in the mentioned areas over the next three years has also been funded by ENGEN.
ENGEN is also the leading sponsor of the “South African Booksmart”-project. The main purpose of this project is to obtain books and teaching resources from the United States of America and Europe. These books and resources are then distributed to schools within South Africa. To date, more than one million books and educational resources to the value of R2 million (mathematics, science and English) have been distributed, benefiting over 750 000 learners.

During 2002, the ENGEN Microscience project was also launched. Various schools received micro-science and technology kits. Educators were given the Educator’s Manuals for these kits and ENGEN ensured the sustainable development of the educators, prior to them passing the knowledge on to the learners. At schools where the project has been introduced, it resulted in remarkable improvements in pass rates and an increased level of interest in science. This project is in collaboration with the National Business Initiative (NBI) and is known as the Education Quality Improvement Partnership Programme (EQUIP).

EQUIP assists in ensuring that schools take responsibility for their own development. They are also responsible for working with other educational institutions (education departments, universities, service providers) and communities to ensure their future sustainability. These responsibilities include school management, governance, curriculum delivery, improvement of facilities and school environment (classrooms, sports grounds) and innovation (vegetable gardens that contribute to the feeding schemes of the school). The Minister of Education, Ms Naledi Pandor (2005) had the following to say about the Programme:

“We need more maths and science graduates, and we need more, in particular, from those groups who were excluded under apartheid. The NBI’s education quality improvement programme, supported by ENGEN Oil for the professional development of
maths and science teachers is warmly welcomed. While there are many programmes directed at learners with a view to immediate results, there is a case to be made for investing in a long term and sustainable approach to addressing the challenges facing the teaching and learning of maths and science in this country. We value public private partnerships of this kind."

5.2.2.2 Sustainable job creation

Since its inception during 1993, the Open Africa-initiative has been funded by ENGEN. The main purpose of this initiative was to optimise the interaction between job creation, tourism and conservation in the whole of Africa. This in turn resulted in the concept of Afrikatourism, whose vision was to have an interlinked tourist route, which would stretch from the Cape to Cairo.

According to the “Africadream”-website, “Thirty-five routes have been established covering over eleven thousand kilometres in five countries, involving eighty-three towns and over eight hundred establishments that support nearly six thousand direct full-time and over two thousand four hundred part-time jobs in season.” ENGEN has assisted in developing a total of 15 routes within South Africa, which is audited regularly to ensure compliance to strict operational criteria. A further five sponsored routes will be established during 2005/2006 within the South African borders.

ENGEN was also involved in the launching of the Blue Crane Project. With the blue crane being South Africa’s national bird and also on the critically endangered list, the local farming communities were asked to get involved in their protection. This conservation project has gathered tourist interest and has also contributed to the development of the hospitality industry in the Overberg region, resulting in jobs being created for the local communities.
5.2.2.2.3 Peace and Security

5.2.2.2.3.1 Africa Peace Award

Once again, ENGEN was the principle sponsor of the Africa Peace Award, for the past ten years. The award was given to those people or organisations that had brokered lasting peace within Africa. Some of the past recipients of the Award include Nelson Mandela, Mozambique and in 2003, the Award was presented to the Children of Africa. With ENGEN’s realignment of their initiatives, they will only be involved in the Awards till the end of 2005.

5.2.2.2.3.2 National Sea Rescue Institute (NSRI)

The NSRI is a non-profit organisation that relies solely on donations for its existence. They render a “24-hour sea rescue service” along the South African coast on a voluntary basis and ENGEN supports the stations situated at Bakoven, Hout Bay, Hermanus, Strandfontein, Wilderness, Plettenberg Bay, Port Elizabeth, Durban and Richard’s Bay.

5.2.2.2.3.3 Arrive Alive

ENGEN provides fuel and meals to all response vehicles that are operational during the holiday seasons within South Africa. The 1-Stop Network of ENGEN is also used as rapid response bases to operate from, thereby ensuring that accident scenes are reached in the shortest time.

5.2.2.2.3.4 Business Against Crime

Contributions are also made to “Business Against Crime” and various community policing forums, which creates an environment of peace and security.
5.2.2.4 Building national (and African) pride and identity

5.2.2.4.1 City, Town and Village of the Year

This project was started to generate local and national pride and during 2004 more than 2.5 million entries were received from over 1500 destinations within South Africa. Cape Town, Knysna and Montague won the respective awards during 2004, when it was the last time it was presented.

5.2.2.4.2 Sports Development

ENGEN believes that a sport is not just a game that is played on a field. It contributes to physical health, mental well-being and personal self-esteem. Three codes of sport receive support from ENGEN:

- Athletics Development – Sponsoring the ENGEN Grand Prix Summer Series, Africa’s premier athletics event;
- Basketball – Sponsoring the six nation Southern African Tournament for under 18’s;
- Motor sport Development – Sponsoring the ENGEN Volkswagen Cup.

5.2.2.4.3 Employee community partnership programme

ENGEN also encourages their employees to get involved in various community programmes, where they reside. The focus of these programmes is centred on:

- Education: pre-primary, primary and secondary schools, special education, basic education and adult education;
- Sport: all sporting activities that has a development angle to it;
- Culture: coral and artistic groups which has a broad community impact;
- Charity: projects with a “welfare element” to it (E.g. Soup Kitchens, Feeding Schemes);
- Capacity building: technical skills (E.g. sewing, plumbing, carpentry).

ENGEN will contribute financially to these programmes, after well-motivated requests are received via their employees.

5.2.2.4.4 Charitable organisational support

5.2.2.4.4.1 Red Cross Children’s Hospital

A total of R500 000 was donated to the Hospital for the building of a play park for the sick children at the hospital.

5.2.2.4.4.2 Feedback

Feedback is a national NGO that collects and distributes excess food from ENGEN’s catering services and also from Parliament, food retailers (E.g. Woolworths), the fruit farming community, the hotel and hospitality industry and the film industry. Food packages are then given to CBO’s, which distribute it to crèches in townships, night shelters and havens, HIV/AIDS and tuberculosis clinics, community hospices and homes for the aged. ENGEN also funds the fuel for the 10 vehicles that the organisation owns and assists in their fundraising projects to pay for their administration costs.

5.2.3 SABMiller (South Africa)

In their Corporate Accountability Report for 2005, SABMiller has “recognised that operating in a socially and environmentally responsible manner is more than just an ethical duty. In our view, it is key to sustainable growth and superior shareholder returns.”
Their **South African** Corporate Social Initiatives are divided into the following areas:

5.2.3.1 **Employment Equity**

SAB can trace its first employment equity initiatives back to 1971. Their early approach to address Black Economic Empowerment led to them winning the inaugural BusinessMap Foundation Black Economic Empowerment Award for the Most Progressive Establishment during 2003.

Their comprehensive Employment Equity Programme includes, amongst others, equity ownership, procurement, enterprise development, employment equity, skills development and corporate social investment. Added to this, SABMiller is also contributing in the drafting and implementation of a liquor industry charter on Black Economic Empowerment, which will address the requirements of the Broad-Based Black Economic Empowerment Act of 2003.

5.2.3.1.1 **Ownership – Value Creating Transactions**

During October 1987, Amalgamated Beverage Industries (ABI), the soft drinks division of SABMiller, launched one of the first BEE-deals in South Africa, when 11 million shares were made available to mostly black employees and independent dealers. These shares were all bought back during 2004, at the full share price when ABI was delisted and were given the opportunity to take up shares in SABMiller.

5.2.3.1.2 **Management**

The cornerstone of SABMiller’s Employment Equity Programme is to increase black representation at management level within all spheres of the company. It is hoped that this will be achieved through both mentoring and fast tracking. Other areas that are
being utilised to address this include recruitment, retention and leadership development. Currently, 40% of SABMiller’s management represent individuals from previously disadvantaged groups.

5.2.3.1.3 Employment Equity

As mentioned earlier, SABMiller’s need for diversity management can be traced back to 1971, when it introduced its first equity strategy. They also agree that diversity within the company leads to it being more effective, more attractive to the labour market, attracting highly skilled employees, better equipped to deliver to a broader customer base and ultimately entrenching their reputation as a company that people want to do business with.

5.2.3.1.4 Skills Development

To ensure that SABMiller stays competitive internationally, their investment in training during the 2004-financial year, constituted 6.1% of their total payroll, exceeding the international benchmarks. On average, employees received 7.3 days per employee training during this period. Over the past four years, SABMiller’s skills development budget has increased from R38.1 million in 2001 to R56.0 million in 2004.

SABMiller’s skills development also extends to their international operations with more than 140 South African executives working in senior positions abroad, bringing back knowledge and skills to share with their South African colleagues. Furthermore, SABMiller is also aggressively busy recruiting ex-patriots from South Africa, still living abroad, to share their wealth of international experience and to add to the skills pool.
5.2.3.1.5  Enterprise Development

SABMiller agrees that the key to alleviate unemployment within South Africa lies in job creation, which will flow from new entrepreneurs entering the mainstream economy. It is therefore clear that entrepreneurial development has become a core social investment focus of SABMiller.

Not only are new entrepreneurs encouraged, assisted and mentored, but also in many cases, they are given the opportunity to actually become company suppliers. This venture has the dual effect that it helps the new entrepreneurs to run their business in a sustainable fashion, while also ensuring black economic empowerment to flourish from all levels of its supply chain.

5.2.3.1.6  SAB KickStart

Since 1995, SABMiller has invested more than R34-million in the KickStart project, which was established, as its key objective, to assist young adults with entrepreneurship. To date, a total of 22 000 individuals have received business skills development and start-up capital to set them on their way in developing their own businesses, ultimately resulting in the launch of 3 000 new businesses. Many of these companies have since developed into multi-million Rand concerns, in turn, employing other people.

5.2.3.1.7  Distribution

Effective and efficient distribution and marketing has made SABMiller the successful company it has become. Nationally, it has 52 distribution centres of which 10 are independently owned and more than half of these are black-owned. It is envisaged that their distribution programme will increase with the growth of retail licensing, resulting in expanded opportunities for previously disadvantaged South Africans.
5.2.3.1.8 Taung Barley Farmers

One of SABMiller’s leading BEE projects has been the development of the farming community of the Taung-area, which concentrated mainly on barley harvesting. Since it was introduced in the early 1990’s, the number of farmers supplying barley to SABMiller, a key ingredient to manufacture beer, has increased from 55 to 178 in 2004. During 2004, these farmers received more than R20.6-million from SABMiller for their barley harvests.

These farmers, who previously struggled to raise start-up financing to run their own businesses, were able to ensure capital, after SABMiller pledged to buy their barley.

5.2.3.1.9 Tavern Training

SABMiller estimates that more than 200 000 liquor outlets in South Africa are unlicensed. They also acknowledge the economic significant of illegal shebeens, mainly operated by black women – which has, in many circumstances, been the sole source of income for their families. Furthermore, SABMiller argues that proper licensing will ensure true economic transformation within this industry, resulting in approximately one million formal jobs in the economy. SABMiller not only assists small businesses with the licensing process, but also ensures proper training of licensed taverners, through the establishment of their SABMiller licence officers.

Training includes workshops on the licensing process and its requirements, discussions on alcohol abuse and its social impacts and how to run a socially responsible business. These services are rendered free of charge, with individuals only having to pay for the statutory costs of licensing their businesses. Businesses who have
already undergone the training have submitted the following improvements in their business:

- Growth in Investments and Savings: 40.54%
- Monthly increase of Sales: 30.52%
- Decrease in Debtors: 28.78%
- Increased Stock: 37.73%

SABMiller’s allocated budget for the 2006-financial year for this programme is R18-million.

5.2.3.1.10 Coleus Packaging

During 2003, SABMiller purchased the company Rheem from Highveld Steel. This company produces “crowns” – better known as bottle tops. In its purchasing offer, SABMiller committed itself to a 40% empowerment ownership within a set timeframe.

5.2.3.2 Commercial Equity

5.2.3.2.1 Procurement at SABMiller

SABMiller’s procurement has been centralised in Johannesburg and it stretched across their complete supply chain. Included in their supply chain are, amongst others:

- Packaging materials (pallets, cartons, labels and glue, crates, foils, cans, bottles)
- Brewing raw material (hops, barley, malt)
- Freight and logistics (the critical link between suppliers, transporters and SABMiller depots and breweries)
- Non-production sped (Merchandising materials, air travel, cell phone charges, IT-systems).

A preferential procurement executive has been appointed by the company to ensure that SABMiller’s commitment to transformation
and black economic empowerment extends into its supplier base. During 2005, a total of R938-million was spent with empowerment suppliers, constituting 17.3% of their local procurement.

5.2.3.2.2 Preferential Procurement

In all its procurement, outsourcing and contract-awarding activities, SABMiller ensures that suppliers have demonstrated a tangible and deliverable commitment to black empowerment principles, as stipulated in the Black Economic Empowerment Act of 2003. As mentioned earlier, many suppliers to SABMiller initially received financial assistance through SABMiller’s KickStart Social Initiative.

5.2.3.2.3 Driving for Success

During 1987, SAB introduced their “Owner-Driver”-programme, enabling some of their employees to become independent businessmen. Today, 250 of these drivers account for more than half of SABMiller’s deliveries, which provides about 1 000 permanent jobs and has an annual turnover of R250-million. Thought this programme, SABMiller ensures delivery of its products to any area in South Africa within a very short space of time. To date, more than R2-billion has been invested in this project.

5.2.3.3 HIV / AIDS

HIV / AIDS is one of the biggest threats to economies throughout the world and in South Africa this is even more so. It is SABMiller’s belief that everyone has the right to a healthy life. They also agree that no single entity – not Government, not business, not hospices or the NGO’s, should be solely responsible to fight this pandemic.

All regional offices of SABMiller have therefore contributed in varying ways to assist those affected and infected with HIV and AIDS. This assistance varies from financial aid to NGO’s, giving up personal time to be with those that are ill and performing day-to-day tasks for those that cannot do these tasks for themselves. Other examples of assistance that was rendered includes a Gala-Dinner which was held
in Polokwane, where R500 000 was raised and donated to the five local HIV/AIDS organisations, while the Cape Region distributed food and care packs to a variety of community organisations caring for AIDS orphans. Other regions again support poverty alleviation projects, teaching those affected and infected various skills (bread baking and vegetable gardening) to generate an income for their families and to also contribute to their HIV / AIDS-treatment.

5.2.3.3.1 Internal Strategy on HIV / AIDS

“The Life and Threatening Diseases Policy provides a framework within which to manage HIV and AIDS and informs employees of their rights, responsibilities and benefits.” This policy ensures that any employee who is infected or affected by HIV or AIDS is not treated any different from other employees and also informs staff of their rights and benefits.

Furthermore SABMiller also promotes voluntary counselling and testing, as it is believed that this is the key initiative to unlock the door to treatment. This is also supported by their ACT (Awareness, Counselling and Testing) Campaign. All employees and their dependents have access to a managed health care programme, which includes lifestyle management and the provision of anti-retroviral treatment. Finally, their programme also includes an extensive education programme, specifically aimed at reducing new infections.

5.2.3.4 Taking care of the Environment

All SABMiller's breweries have the ISO 14001 international environmental management systems certification.

5.2.3.4.1 Water Management

Even though water is the main source of their final product, SABMiller uses “secondary recycled water” to clean their breweries, water company gardens and to execute other non-product related functions. When compared internationally, the company has one of
the lowest average water-to-beer ratios (4.33 hectolitres of water for every hectolitre of beer) in the industry, with the United Nations Environment Programme Benchmarks at 5 – 6. SABMiller has set a very ambitious water-to-beer average of 3.2 hectolitres as benchmark.

5.2.3.4.2 Energy Usage

SABMiller’s electricity ratio is 10.37 Kilowatt per hectolitre of beer, which falls well within the United Nations Environmental Programme benchmark of between 10 and 12 Kilowatt per hectolitre. It also needs mentioning that coal is used as the main fossil fuel for steam generation at the breweries, while the breweries at Newlands, Ibhayi and Prospecton utilise electrode boilers to generate steam.

5.2.3.4.3 Solid Waste

“SABMiller processes its solid waste on a cradle-to-cradle basis.” Examples of this is the spent yeast used in manufacturing the beer, which is sold to producers of health foods and savoury spreads (e.g. Marmite), while farmers purchase spent grain as animal fodder. At the Ibhayi Breweries in the Eastern Cape, spent grain is donated to local black farmers.

5.2.3.4.4 By-products and Litter

Besides the above-mentioned environmental considerations, it needs mentioning that more than 80% of all the beer that is sold by SABMiller in South Africa, is packaged in returnable containers. The most up-to-date and sophisticated technology currently available is utilised to wash and clean the bottles that are returned.

SABMiller also acknowledges the fact that its people that litter and not packaging and have therefore introduced an educational programme which addresses the sense of environmental pride. Furthermore, SABMiller is also the proud sponsor of the internationally acclaimed Environmental Journalist of the Year Award.
5.2.3.5 Responsible Drinking

One of SABMiller’s initiatives that are linked directly to its core business has to do with their efforts to promote responsible drinking. This however does not end there, but also focuses on efforts to combat abuse. On its website, www.biz-community.com, the Red Square Agency praised SABMiller for their “corporate campaign which demonstrated their commitment to South Africa and for portraying a spirit of “ubuntu” amongst all South Africans.” In the same article, it was mentioned that in the past, SABMiller’s had a very dramatic approach to alcohol abuse, but now, it is mentioned, “the time had come to appeal to people’s sensibilities in a manner that would engage intelligent people,” with the “There’s so much to live for”-campaign.

5.2.3.5.1 The Responsible Way

“As a responsible producer, SABMiller aims to ensure that it maintains and protects the legitimacy of its products and the freedom of commercial communication.”

SABMiller also supports the National Liquor Act, which has the following objectives:

- “To reduce the socio-economic and other costs of alcohol abuse by setting essential national norms and standards in the liquor industry; and
- To promote the development of a responsible and sustainable liquor industry in a manner that facilitates an ethos of social responsibility in the industry.”

SABMiller has also implemented their own global Alcohol Manifesto and Code of Commercial Communication, stipulating their requirements to their subsidiaries. This was extracted through SABMiller’s international exposure, which enabled them to draw on global best practices. The Alcohol Manifesto has the following stipulations:
a) “In addition to complying with existing national legislation, statutory regulations and industry self-regulatory codes, group companies adhere to the SABMiller plc Code of Commercial Communication (CCC); 
b) Internal compliance committees monitor and review commercial communications and ensure that these comply with the letter and spirit of the Code; 
c) Wherever appropriate, SABMiller plc group companies includes responsible messages in commercial communication; 
d) SABMiller plc group companies have an employee alcohol policy in place, which provides guidelines on responsible behaviour; 
e) SABMiller plc group companies take steps to educate the retail trade on the responsible use of the company’s products and, in particular, to prevent the serving of underage or intoxicated patrons; 
f) SABMiller plc group companies take steps to educate consumers on the responsible use of the company’s products and in particular on such issues as underage drinking, and drinking and driving; 
g) SABMiller plc group companies encourage, where possible, efforts to collect data on patterns of alcohol consumption and associated problems, and encourage research projects that will provide data to direct efforts to combat misuse; 
h) SABMiller plc group companies cooperate with, and positively influence, the alcohol industry nationally and internationally to promote the responsible use of alcohol; 
i) SABMiller plc group companies collaborate with relevant national and international authorities, and non-governmental organisations, to develop effective controls and programmes to promote responsible alcohol use; 
j) SABMiller plc group companies formally report on progress made in terms of the policy.”
A pocket sized Alcohol Manifesto Booklet, a Training Manual and various other presentations were some of the tools SABMiller developed to market the “Responsible Way” to its employees. Furthermore, a “picture based interactive electronic tool” has also been developed to assist those staff members who have difficulty understanding corporate jargon. “These training solutions work very well because pictures are a universal language and individuals of all backgrounds and languages are able to understand pictures.” The “Responsible Way” has been placed permanently on SABMiller’s intranet homepage, “Beernet” and is included on the Marketing Portal.

5.2.3.5.2 Industry Code of Good Practice

Under no circumstances does SABMiller sell their products directly to the consumer. They make use of on-premises (clubs, restaurants and pubs) and off-premises (liquor stores) retailers, which sell to the actual consumers. Acknowledging their limited control on the sale of their products to consumers, SABMiller is currently investigating ways in educating retail liquor licence holders to behave responsible, focusing specifically on the prevention of serving alcohol to underaged or intoxicated patrons.

The Industry Association for Responsible Alcohol Use (ARA) has also published a Code of Business Practice. SABMiller has assisted tens of thousands of traders to subscribe to this Code, which is focussed on developing a change in attitude towards dealing with alcohol misuse.

5.2.3.5.3 The Responsible Trader

Included in SABMiller’s Ta...
abuse, behavioural cues of people under the influence of alcohol, general rules for social responsibility, intoxication rates, Blood Alcohol Content, moderate versus abusive alcohol use, positive effects of alcohol, preventing serving of alcohol to underaged persons, violence prevention and the requirements of the Provincial Liquor Act on responsible alcohol use.

5.2.3.5.4 Retail Training

The Industry Association for Responsible Alcohol Use (ARA) has focused their training and development on those individuals who work in the alcohol retail and hospitality industries. The training is therefore not just focused on owners, but also those that serve alcohol to consumers.

5.2.3.5.5 Good Fellas

Good Fellas was launched to offer staff members of SABMiller an “alternative transport option” when they attend work functions. This service is rendered at no cost to the employee and can also be utilised after private functions, but at a nominal fee, paid by the individual employee. This initiative has only been introduced in Johannesburg, but it is foreseen that it will eventually be rolled out nationally at all SABMiller divisions.

5.2.3.5.6 Partnership with “Arrive Alive”

Due to the unacceptable high number of road related deaths in South Africa, SABMiller believes that a “multi-pronged approach” is needed to address this problem. Since its inception, SABMiller has been one of the leading sponsors of the Arrive Alive Campaign.

They have made R3-million available for the 2005 Festive Season Campaign, which will be utilised in television, radio, mobile and static billboards, posters, pamphlets and coasters to promote the message of “Think before you drink, before you drive.” During the peak festive season, SABMiller will again hand out pamphlets at major traffic intersections in Cape Town, Port Elizabeth, Durban,
Bloemfontein, Johannesburg and Pretoria, which will also support the “Arrive Alive”-campaign.

5.2.3.5.7 “There’s So Much to Live For”-campaign

The second phase of this project was launched on 25 March 2005. As mentioned earlier, SABMiller wanted to move away from the “dramatic approach” and wanted to promote the principles of “ubuntu” – underpinning their message of “Drink Responsibly, Live Responsibly.” The result of this campaign was a television advertisement, which featured various photos of South Africans enjoying life in general. The message of this campaign reinforced SABMiller’s commitment to promoting responsible alcohol consumption.

5.2.3.5.8 Living Responsibly on Campus

Acting proactively, SABMiller has started promoting sensible drinking on university campuses. They have launched their “There’s so much to live for”-campaign at both the Johannesburg and Wits Universities. This was done to ensure that their products are marketed to promote responsible drinking amongst students. Their marketing focus included the student representative bodies and faculty members of the two universities. This campaign included the following:

- Posters, which were specifically designed to reach their target audience;
- Banners with alternative transport information were displayed, encouraging students not to drink and drive;
- Disposable breathalysers were handed out at various university events and are still being sold (at cost) at student pubs; and
- Ensured that food and other drinks were sold wherever alcohol is sold.
5.2.3.5.9 Prevention of Underage Drinking Campaigns

Another project, for which SABMiller is the major sponsor, is the multimedia campaign of the Industry Association for Responsible Alcohol Use’s (ARA) focussing on prevention of underaged drinking. To date, four advertising campaigns were launched, with the “Tattoo” and “First Date”-campaigns being very successful.

The recent “Good Idea, Bad Idea” concept which is currently being introduced, focuses on the teenager’s sense of adulthood and is specifically designed to target the 10 – 17 year age group, while the secondary target audience is focussed on the 16 – 24 year age group. This campaign has also been supported by the Department of Education in the Western Cape, which has agreed to pilot a print campaign at all schools under their control.

5.2.3.5.10 The “ARA - Be Your Best Rock Challenge”

The Industry Association for Responsible Alcohol Use (ARA) has committed itself to be the presentation sponsor for 2005 and the event will be known as the “ARA Be Your Best Rock Challenge.” Again, SABMiller has agreed to be the major funder for the event and has made a 50% contribution (R2-million) towards ARA’s commitment.

This Challenge is targeted at primary and secondary school learners nationally, focussing on a performing arts event, which will include a dance, drama and design extravaganza. The event aims to convey an important health message to young South Africans, encouraging them to avoid tobacco, alcohol and drugs and to ensure they do not contract sexually transmitted diseases or become pregnant, through sexual activities.

It is hoped that participation in this campaign will promote self-esteem, boost resiliency and promote co-operation between learners, schools and the communities in general. It is envisaged
that a total of 11 shows will take place during October 2005, which should reach more than 24 750 learners from 165 schools.

5.2.3.5.11 Other

SABMiller, with the assistance of ARA, developed a general radio and print campaign, which was focussed at discouraging drinking while pregnant.

In addition, SABMiller also produced a television campaign, using sport, to promote responsible drinking. Besides ARA, SABMiller also renders financial support to the Foundation for Alcohol Related Research (FARR) and the International Centre for Alcohol Policies (ICAP). They have furthermore sponsored certain programmes and initiatives from the South African National Council on Alcoholism and Drug Dependence (SANCA) and assisted with various life-skills education programmes at registered training institutions.

- **Foundation for Alcohol Related Research (FARR) and research on Foetal Alcohol Syndrome (FAS)**

  The Foundation for Alcohol Related Research (FARR) focuses its research on Foetal Alcohol Syndrome (FAS) and other alcohol-related conditions. SABMiller is key-sponsor of the research projects, which concentrates its research in the Western Cape and Northern Cape Province, where the incidence of FAS is particularly high. Some of these research papers have also been presented at international symposiums, organised by the Research Society on Alcoholism in the United States.

- **The Industry Association For Responsible Alcohol Use (ARA)**

  “The Industry Association for Responsible Alcohol Use (ARA) is the representative authority and policy-making body of the South African liquor industry for the social aspects of beverage alcohol and was founded in 1989.”
As a founding member of ARA, SABMiller continues to work in consultation with them to promote responsible use of alcohol in South Africa. SABMiller also subscribes to their strict and comprehensive Marketing Code, which includes stringent advertising regulations, packaging and promotions and media usage.

- **International Centre for Alcohol Policies (ICAP)**

  In the international arena, SABMiller is a sponsor and Board Member of ICAP. This organisation has undertaken various projects around the world “promoting partnerships with governments and the public health community to seek solutions to the problems of abuse.”

- **South African National Council on Alcoholism and Drug Dependence (SANCA)**

  The Council’s work is also sponsored by SABMiller on both a regional and national level, while they also provided seed capital for the establishment of the Alcohol and Drug Prevention, Rehabilitation and Research Centre in Bloemfontein.

  SANCA’s POPPETS-programme, which is presented at crèches, pre-primary, and primary schools, use puppets to create awareness. This programme provides learners with sufficient skills to deal with situations of substance abuse within their home-environments.

- **Life Skills Education**

  SABMiller acknowledges the fact that responsible use of alcohol beverages will only be achieved through empowering people with adequate and correct information on such products. One example of the skills development programmes that was launched by SABMiller is the “Horizon Lifestyle Education Project.” This project was developed by local and international experts for grade 1 to 12 and benefits approximately 100 000 learners of school going age, annually.
In collaboration with the Industry Association for Responsible Alcohol Use (ARA), SABMiller has also designed and presented skills development programmes to the parents of the learners who have attended the “Horizon Lifestyle Education Project,” to ensure that parents support the teachings their children received.

From the above listed initiatives, it is very clear that SABMiller has focused their corporate social investment on industry specific projects, which not only enhances the image of the company, but indirectly also contributes to increased sales, market share and higher brand loyalty.

It needs to once again be emphasised that the listed initiatives are South African specific and does not address any of the international initiatives that SABMiller is involved with, in those countries where they operate, outside the borders of South Africa.

5.4 CONCLUSION

This concludes the actual findings of the empirical study, which evaluated the three companies’ initiatives and has detailed what each of them are doing within their companies.

The next chapter will address certain conclusions and recommendation that were made to the three companies, for consideration and possible implementation.
CHAPTER 6
CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

The previous chapter focused on the results of the empirical study. This chapter will integrate the findings of the literature study with the actual results of the empirical study. Even though very little printed information was available on the three companies that were evaluated when it comes to Corporate Social Responsibility and their initiatives, this chapter will focus on how they compare when it comes to what Corporate Social Responsibility entails and how they rate against best practices internationally. It will be concluded with conclusions of and recommendations for the three companies that were evaluated.

6.2 MAIN PROBLEM

As mentioned in the first chapter of this research, the main problem addressed by this research has been:

“To evaluate South African companies’ initiatives in determining if these companies are socially responsible.”

To address this problem, it was decided to divide it into the following sub-problems:

(a) What have previous studies and literature shown as far as Corporate Social Responsibility is concerned?
(b) What is South African companies doing to ensure that they can call themselves “good corporate citizens?”
(c) How does South African companies fair at being “good corporate citizens?”

To do this, an understanding of the development of Corporate Social Responsibility within a South African context had to be researched.
Due to the different operations of the three companies and the services and products they deliver, the conclusions and recommendations that will follow, will be done per organisation, as the three companies cover three totally different industries, even though it can be argued that they are all from the FMCG-sector.

6.3 INTERPRETATION OF FINDINGS

Internationally, especially in the United Kingdom, the United States of America and India, the reporting of social responsibility in itself has become big business, with various companies being established to do CSR-consultancy, training and the actual drafting of companies’ CSR-reports.

No doubt exits that Corporate Social Responsibility in South Africa is still very much in its infancy stage and has a long way to go. What is however a fact, is that most companies in South Africa do not report on their social responsibility – they need to inform all stakeholders exactly what they are doing for the environment and society at large. It is however important to note that reporting should not just be glitzy media spreads meant to impress shareholders, but should be factual reporting on what the companies have achieved, address those area where they have not been successful and what they endeavour for the coming year. This was also evident in the three companies that were evaluated. Except for a few pages in their annual reports and some coverage on their respective homepages, nothing meaningful could be found where the companies “promote” their initiatives.

It was also established that corporate social responsibility could be traced back to pre-Apartheid years, when big business started “donating” to NGOs and other organisations to address certain needs within those communities which needed it most. It soon became evident that the NGO-movement could not reach all areas and various trusts and bodies were formed, with its main goal being to assist where the NGOs could not deliver. Some of these trusts and bodies went on to render
assistance in building houses, schools and resource centres, while others were investing in various development ventures, which ran into many billions of Rand.

With the release of Nelson Mandela and the birth of democracy in South Africa, many international companies wanted to share in the “euphoria” that followed. Around this time, the King I- and later the King II Report was published and companies started taking cognisance of what it meant to be socially responsible. Soon, the South African Government started introducing various innovative legislation, which would start addressing the inequalities that have existed, while also looking at the protection of the environment.

Various companies and organisations started evaluating their initiatives and those companies that ventured into the international arena, had to ensure that they were at least complying with the minimum requirements as far as corporate social responsibility is concerned. It was necessary to ensure compliance, as international competition was much higher than in South Africa – and without it, companies would never be able to ensure their future sustainability. International companies started returning to South Africa and with this, brought their corporate social responsibility programmes, initiatives, policies and procedures. Local companies soon started realising that they also need to improve on their initiatives if they wanted to ensure they stay competitive.

From the literature review it is also clear that to be considered a “good corporate citizen,” companies need to ensure that their corporate social initiatives are in place and are in actual fact delivering on the objects it has set for itself.

The three companies that were evaluated have also done magnificent work in the CSR-field – especially when one evaluates their Black Economic Empowerment Projects and community involvement, but except for some minor initiatives, very little consideration is paid to the environment. It has also become clear that these companies have started
focussing their initiatives on “industry specific” projects and are doing away with “smaller, general participation.”

It was also evident from various forums, meetings and awards ceremonies that were held, that corporate social responsibility is high on the agenda of many companies. This was emphasised in the research that was conducted by Trialogue during 2004, when they found that all companies that participated, indicated that CSR features on their Strategic Agenda.

During the same research Trialogue also tried determining the reason companies want to pursue the CSR-route and it was found that most of them was of the opinion that it contributed to the reputation of their company.

If the aspects that were listed in Chapter 2 indicates what constitutes a good corporate citizen is utilised as a measuring tool, then it could be said with certainty that most South African companies are either in line or on the right track. Visser (2004) also agrees that South Africa has made inroads in the CSR journey, but indicates that there is always room for improvement and to it could be possible for South African companies to set the benchmark for international arena.

6.4 FINDINGS

As mentioned earlier, findings will be given per organisation.

6.4.1 Woolworths

It is very clear that Woolworths knows how to prioritise their strategic objectives and what needs to be done, not just to ensure their own sustainability, but to also contribute to making a better life for all that live in South Africa. The Woolworths Holdings Annual Report for 2004 has given a clear view of what has been achieved thus far, but if one takes their vision and mission statement into account, it could be said that
Woolworths still has many sustainable years ahead of them. The following quote from the Annual Report clearly explains this:

“We will continue to assess and prioritise sustainability initiatives in every aspect of our company, working towards entrenching long-term sustainable practices. (Woolworths: 2004)”

As mentioned earlier, Woolworths is a great company that knows where it is going and has contributed significantly in improving many lives within the borders of South Africa, through their many social corporate investments. The two main projects that are run by them would have to be the Woolworths Trust, with its many “sub-programmes,” and the Surplus Goods Donations, which as mentioned earlier, runs in to hundreds of millions of Rand.

During informal discussions with some employees of Woolworths during recent shopping visits at various stores around the Peninsula, it was clear that their employees love working for the Company, they enjoy their working environment and almost all of them agree that Woolworths is a “preferred employer.”

I am however of the opinion that the general public knows to little when it comes to all the good work that is being done by Woolworths and feel strongly about them having to improve their marketing efforts in this regard.

As mentioned on numerous occasions in this report, Woolworths is sure a company on the right track, with their proverbial “heart in the right place.” It is therefore little wonder that they also feature on the Johannesburg Stock Exchange’s Socially Responsible Investment Index.

Lastly, I would once again like to thank Mr Tom McLaughlin and the Woolworths Holding Limited Company for allowing me to evaluate their Social Corporate Responsibility Programmes. It has been an honour and privilege to be associated with a company that sets such high standards,
not only when it comes to delivering exceptional products and services, but also in what they plough back into society.

6.4.2 ENGEN

From the literature that has been studied, the interview and their Internet Home Page, it is clear that ENGEN contributes in meaningful ways – both to the general community and to the environment.

Even though it is extremely difficult to ensure that refineries are always adhering to environmental legislation, anything can happen at any given time, causing a sudden increase in environmental temperatures, sudden increase in water demand for cooling purposes and various other incidents, which could negatively impact on the direct environment. ENGEN has done everything possible to minimize such occurrences.

It can also be said that ENGEN is on the right track, having decided to streamline their initiatives from various “small projects” to a few meaningful, industry-related initiatives. It was discovered that ENGEN has undertaken to not “leave” those projects that they were funding, totally isolated, but will assist them in lobbying for new fund-providers.

Their involvement in the Education Quality Improvement Partnership (EQUIP) and the MicroSience Projects, is proof of their concern for the future, as in both these cases, they are encouraging continuous learning, while preparing the industry leaders of the future.

It can be said with certainty that Mrs Khanyisa Balfour is leading a winning team and their contribution towards the improvement and upliftment of South Africa, its people and the environment, as playing a very important role. The insight that was shown during the interview was encouraging and one can understand why ENGEN is also considered an “employer of choice.” They are also thanked for their assistance and positive attitude in making this research possible.
6.4.3 SABMiller

It is very clear that SABMiller has utilised their international experience in deciding on funding their initiatives in South Africa. All their projects have a direct link to their products and by doing this, they’ve ensured increased market share, increased profits and strong brand loyalty.

The fact that SABMiller also serves on various boards and meetings directly linked to the liquor industry, is used to their advantage as they are always informed of developments on this front. Further contributing to this, is their “development scheme,” where management is sent abroad to gain international experience, which is then ploughed back into the local company.

Also encouraging as far as their Corporate Social Initiatives go, is the fact that their HR polices are not just restricted to their employees, but are extended to the families and dependants of those employees. This was clearly stated in their HIV / AIDS policies.

What needs to receive more attention though is underage drinking and the affects alcohol abuse has on society in general. While limited research has been done on underage drinking, its effects on youth cannot be ignored. It is also a proven fact that most of the crimes committed in South Africa, is done while the perpetrator is under the influence of alcohol. With this said, the research acknowledges the fact that SABMiller is not the sole provider of alcoholic beverages and that beer is only a small contributor. Their role in this can however not be disregarded.

6.5 RECOMMENDATIONS

6.5.1 Woolworths

The following are a few recommendations, which could be considered by Woolworths Holdings Limited, which in return could give them an even bigger market share and push them even further up the “corporate citizenship ladder:”
• By their own admission, their Employment Equity Programme should receive a higher priority, as it is worrisome to see that their Top Management still only consist of white individuals, while the picture does not look much better at the Senior Management Level;

• From what could be gathered, Woolworths uses a contracted vehicle fleet to distribute their goods throughout the country. Consideration could be made to "buy over this fleet" and lease the vehicles to the drivers, who in return will "deliver" services to Woolworths at the current rate they are paying the contractors. This way each driver will be "responsible" for his own vehicle, which means that better care is taken of these vehicles, and a sense of ownership will be developed amongst the drivers (much like the "owner-driver programme of SABMiller);

• Woolworths can also investigate the possibility of investing in various other governmental institutions, besides schools. A possibility for them would for example be to invest in training and development programmes at juvenile and youth correctional centres. It is a known fact that once an offender is given "responsibility and a reason to live," rehabilitation sets in. What is basically being recommended here, is to continue with their EduPlant Programme, but to divest it into other educational institutions;

• It is also recommended that more publicity should be given to the programmes that are run by Woolworths and specific coverage should be given to those projects that are organised by the Community Affairs Committees. Local community newspapers would cover stories of this nature without any cost to Woolworths and it is impossible to determine what the publicity costs and marketing value of this could be for Woolworths;

• A final recommendation is that Woolworths should investigate the possibility of also “sponsoring” a major national event, like the “Woman of the Year Awards” that is presented by another company. A possible consideration could be “Designer of the Year Awards,” as Woolworths currently sponsors the National Design Indaba. Awards could be given for clothing, household goods and food – basically covering all the product lines sold by Woolworths.
6.5.2 ENGEN

Having evaluated ENGEN’s current initiatives, the following recommendations could be considered:

- It became clear that any initiatives that involves their staff, is dealt with by other divisions, exclusive from their Corporate Social Initiatives division. While the rationale behind it can be understood, consideration should be given to integrate all their initiatives under a single division. This will ensure better control, co-ordination and could result in huge savings for ENGEN;

- Again, it is recommended that their educational initiatives should be taken further and be included in training centres within correctional facilities. Those offenders in juvenile correctional centres are a reflection of our normal society, who has committed a crime. They however, have the same development needs and should therefore not be ignored;

- Consideration could be given to the development of educational tools to prevent paraffin poisoning. This usually happens in the poor and rural areas in our country and as limited treatment are usually available, leads to death;

- Emergency procedures could be included and taught at educational institutions (crèches, schools, universities) – with specific reference to fire-safety. Every year huge numbers of shacks burn down, as people do not know how to react in these situations. This does not only lead to them losing all their belongings, but has also resulted in deaths and ultimately also contributes to global warming;

- Even though ENGEN already contributes to the South African Red Cross Children’s Hospital, specific effort should be made to assist with the funding of additional “burn wards” in other hospitals. It sometimes takes very long to get children transported from the local hospital to the South African Red Cross Children’s Hospital to be treated. This could also be applicable to “poison units” at other local hospitals, where paraffin poising could also be treated.
6.5.3 SABMiller

As far as SABMiller goes, it is difficult to make recommendations for “new initiatives,” as they already “cover” most bases in their industry. The recommendations made here, are therefore an “expansion” of their current initiatives:

- One of the conclusions made above had to do with the correlation between alcohol abuse and crime. It is a known fact that the Department of Correctional Services has limited resources available for rehabilitation programmes and an urgent need for social workers to present these programmes. It should be considered to sponsor / fund training and development on this front, which should assist in rehabilitating offenders;

- During the research, no evidence could be found that clearly indicated the empowerment of women, except in the Employment Equity policy and within their procurement guidelines. Consideration should be given to the empowerment of women in general, but also on how they should react when spouses / partners have abused alcohol and becomes violent or aggressive. Financial aid could also be given to homes that cater specifically for battered women;

- It is further recommended that SABMiller should assist those institutions that render services to people that have alcohol dependency problems. These vary from institutions like Alcoholics Anonymous to homes that specialise in assisting alcoholics to overcome their dependency;

- Although SABMiller plays a leading role in educating individuals in the running of their taverns and “owner-drivers” to manage their business, they should consider either becoming key sponsor of a specific business school (similar to what Investec has done with Rhodes University), or they could establish their own business school, like the CITA-campus in Johannesburg, of which Sir Richard Branson of Virgin, has become the key sponsor;

- Finally, it is recommended that they should have an interactive questionnaire on their website, specifically focussed on their CSR
initiatives, which can be completed by anyone accessing it – thereby ensuring greater community participation and involvement.

6.6 CLOSING REMARKS

When the initiatives of these companies are considered, it is clear that corporate South Africa has come a long way. Should legislation however be introduced that would compel South African companies to implement corporate social responsibility initiatives, it would address many social and environmental issues which the Government cannot get to, due to financial constraints.

Further research that could lead to a PhD-qualification could be considered, that should focus on developing industry specific measurement tools, used to determine the efficiency of corporate social initiatives.
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ACCOUNTABILITY

Definition

Accountability is the duty of an organisation to ‘account’ for its actions and impacts across the environmental, social, economic and ethical areas of its activities. ‘To account for something is to explain or justify the acts and omissions, for which one is responsible, to people with a legitimate interest. We call this being open or “transparent”. In addition to this accounting requirement of “transparency”, accountability also implies a broader obligation of responsiveness and disclosure.’

What this means in practice

In the past this term referred mainly to a company’s financial performance and the Board’s responsibility to report on this performance and disclose financial information to a company’s shareholders. Now the meaning is broader and the groups of people who are considered to have a legitimate interest in understanding these impacts are considered to be more numerous – including both employees and external communities. The people who have an interest in a business or are affected by a business are called ‘stakeholders’. A stakeholder is someone or some group that has a ‘stake’ in the business, and it is increasingly accepted by society that a company’s stakeholders have a ‘right to know’ about anything that may affect them positively or negatively.

Stakeholders increasingly have high expectations about a range of issues that reflect on a company’s performance. These include price, quality, human rights, corporate financial integrity and the environment. Indeed, surveys show consumers and investors worldwide are influenced by how companies address social and environmental issues. Being accountable is about being open and responsive and about being compliant with legislation. Accountable companies justify and explain their performance to stakeholders, and take responsibility for
their actions, decisions and results. They also have a duty to the continual improvement of performance and to open their doors to external scrutiny. Some companies use independent social auditors to review their ‘social accounts’ – their social performance – in the same way that financial auditors review financial accounts.

AA1000

Definition

Accountability 1000 (AA1000) is an accountability standard. It was established to bring rigour to the quality and methods of social and ethical accounting, auditing and reporting. It emphasises an organisation’s accountability to stakeholders.

What this means in practice

AA1000 is an instrument that has been designed to ensure the credibility and quality of company accounting, auditing and reporting. It can be used in two ways: (1) as a benchmark to underpin the quality of specialised social accountability standards and (2) as a stand-alone system and process for managing and communicating social and ethical accountability and performance. When AA1000 refers to social and ethical accountability and performance, it is referring to the performance both of the systems and of individual behaviour within an organisation, and the direct and indirect social and economic impacts of an organisation’s activities on its stakeholders.

AA1000 is comprised of a set of principles and ‘process standards’. The process standards cover the following stages: planning, accounting, auditing and reporting, embedding and stakeholder engagement. Both the principles and process standards are underpinned by the need to be accountable to stakeholders. The AA1000 process standards use the results of internal stakeholder engagement to link the definition and embedding of an organisation’s values to the development of performance targets and the assessment and communication of organisational performance. This in turn enables AA1000 to help a company to incorporate social and ethical issues into
a company’s strategic management and operations. AA1000 aims to support organisational learning and overall performance on social, ethical, environmental and economic issues – and can be used to guide and explain an organisation’s corporate citizenship contributions in society.

AUDIT

Definition
An audit is an examination and investigation of the records, statements, systems and procedures of an organisation, together with its stated claims for performance. This is typically undertaken by qualified social or environmental auditors with a view to providing assurance (like a guarantee) about the quality and meaningfulness (for example, accuracy, validity, compliance, inclusivity, completeness) of the claimed performance of the organisation. This is sometimes called a ‘gap analysis’ as it is not supposed to be an inspection to find fault but a review of risks that a company may face in order to encourage improvement.

In some instances (for example, external reporting) auditors need to be independent (third party) so as to enhance the integrity of the exercise in the eyes of others. In other instances the auditors may be first party (internal to the company) or may work with the company to help to address any gaps that are found.

What this means in practice
An audit scrutinises a company’s performance. Financial accounts are typically scrutinised by financial auditors. In the field of corporate citizenship, an audit is usually broader in scope. It may involve the review of social, ethical, environmental, health or safety activities and records (‘accounts’), by qualified experts (for example, by accredited environmental or social auditors). Auditors are usually selective in what they investigate and the typical process involves reviewing reports (a disclosure) and then drilling down to investigate key elements in greater detail. When one does a third-party independent audit, the auditors should be independent and have no other contract with the company.
Companies are increasingly being held accountable for their performance in the economic, social and environmental aspects of their business. An audit checks this performance. Comprehensive audits also comment on the goals and objectives of the company. In this way, an audit may identify gaps, set targets and verify continual improvement. Companies audited against standards can be certified. Examples include: ISO14001 and SA8000.

Audits are also often completed as part of the reporting process as a means of verifying that the information disclosed is correct or assuring the quality of the performance. A verifier will normally check that the information is disclosed correctly and an assurer will comment on the quality of the information and what it means. This means that tools such as audit, gap analysis, verification or assurance are part of a commitment to transparency.

**BIODIVERSITY**

**Definition**

The terms ‘biological diversity’ or ‘biodiversity’ can be used to describe the difference between living organisms from ecosystems on earth, sea and sky, and the ecological complexes of which they are part; this includes diversity within species, but also between species and of ecosystems.

**What this means in practice**

Biodiversity refers to the existence of different kinds of plants and animals on Earth, from humans to farm animals and crops. What makes each of these species different is the genetic variations that exist both between and within species.

Biodiversity is a subject about which very little is known. Despite realistic estimates of there being in the realm of 13 million different species, only about 1.4 to 1.75 million have been identified and described by science. Of these, more than 50% are thought to be resident in threatened tropical forests that cover less than 7% of the world’s surface. Recent United Nations (UN) reports suggest that between 2 and 25% of species in tropical rainforests may become
extinct within the next 25 years. The threat to species is not limited to the Tropics. Indeed, up to 30% of farm animal breeds are endangered, as are many crop varieties.

This loss of biodiversity is largely the result of unsustainable socioeconomic development activities such as: land use, pollution, climate change, habitat fragmentation and the introduction of non-native species. These activities have severe impacts on sensitive ecosystems and can lead to species extinction or migration. It is important to safeguard biodiversity because the more diverse ecosystems and species are, the better they are able to adapt to changing conditions in the environment or environmental impacts.

CAPACITY BUILDING

Definition

Capacity building is the process of developing the capabilities of an individual or organisation such that the capacity to innovate and bring about change is improved. This might be a change in technology or a change in working culture. It enhances the organisation’s effectiveness and ability to identify its goals. Capacity building is also about putting programmes in place to meet those goals, including assisting an individual or group to identify and address issues through continuous improvement. Its goal is to create the knowledge and experience base needed to solve problems and implement change.

Capacity building sometimes implies that one organisation or one part of an organisation is helping another to build up its capacity. The aim is for the organisation to be self-sufficient in so far as it does not remain dependent on the donor indefinitely. If the organisation remains dependent on the supplier for knowledge, skills or technology, then capacity has not been built up.

What this means in practice

Capacity building is achieved by providing opportunities for learning and sharing experiences. Initiatives might include stakeholder consultation, coaching, training, specific technical or educational assistance and the pooling of
resources. When we talk about capacity building we generally think of three main areas of development.

The first of these is human resource development: the process of equipping individuals with the knowledge and skills to enable them to do their job to the highest possible standard. The second is organisational development: that is, improving management structures, processes and procedures within and outside organisations, through the management of relationships between different organisations and sectors (public, private and community). The third is institutional and legal framework development: making legal and regulatory changes to enable organisations, institutions and agencies at all levels and in all sectors to improve their contribution to society.

CARBON DIOXIDE

Definition

‘Carbon dioxide (CO\textsubscript{2}) is a naturally occurring gas. It is also a by-product of burning fossil fuels and biomass, as well as land-use changes and other industrial processes. It is the principal human-made greenhouse gas that affects the Earth’s radiative balance. It is also called a ‘reference gas’ against which other greenhouse gases are measured.’

What this means in practice

CO\textsubscript{2} is essential to life on Earth. Plants use CO\textsubscript{2} during photosynthesis and people and animals breathe out CO\textsubscript{2} every day. Without CO\textsubscript{2} there would be no life on earth. CO\textsubscript{2} is also produced by burning fossil fuels such as petroleum and natural gas. Too much CO\textsubscript{2} is harmful to the environment as it is the principal greenhouse gas which causes global warming through the ‘greenhouse effect’. Greenhouse gases act like a huge duvet, keeping heat from the sun closer to the earth. Global warming leads to higher temperatures and has also been linked to massive and unpredictable climate disruption all over the world. Hotter weather can cause excessive rain and floods – and can lead to massive social and economic loss. In 2000, floods in Britain cost the insurance industry over £1 billion. Nine of the ten hottest years since records

**CARBON OFFSET**

**Definition**

‘Offset involves balancing (one’s influence) against an opposing influence, so that there is no net difference as a result. In this case it refers to balancing or neutralising carbon dioxide (CO\(_2\)) emissions by investing in projects that ‘save’ CO\(_2\) or return O\(_2\) to the atmosphere – and therefore cancel out the greenhouse and global impacts of one’s activities.’ The CO\(_2\) emissions most commonly come from vehicles, planes or buildings.

**What this means in practice**

Carbon dioxide (CO\(_2\)) emissions are a major cause of global warming and have a significant impact on the environment and society. We all produce CO\(_2\) emissions through almost everything we do – from boiling a kettle to going on holiday. The good news is that we can do something to ‘neutralise’ or offset that bit of global warming we cause. Companies like Future Forests or Carbon Care allow us to calculate our CO\(_2\) emissions, learn how to reduce them, have trees planted to reabsorb them and fund cleaner energy to balance them out so that there is zero net impact on climate change or the environment. These kinds of ‘offset’ activities are increasingly being sought by companies and environmentally conscious individuals including recording artists (Coldplay and Massive Attack), actors and filmmakers (Leonardo DiCaprio and Bernardo Bertolucci). Carbon offset enables industry to cancel out the environmental impacts of its operations, but it is not a reason to ignore the need to try first to prevent them ever occurring.

**CHILD LABOUR**

**Definition**

Child labour is generally accepted as being ‘work done by children under the age of 15 that limits or damages their physical, mental, social or psychological
development’. The International Labour Organization’s Minimum Age Convention does also allow ‘light work’ at 13 years, but prohibits ‘hazardous work’ until the age of 18. The UN Convention on the Rights of the Child (1989) emphasises a child’s rights to childhood, development and education, which are undermined by child labour.

What this means in practice

The ILO reported in 2002 that 246 million children aged 5 to 17 were involved in child labour. It also reported that 3.8% of child labour is found in the transportation, warehousing and communications sector. Of these 246 million child labourers, 171 million were exposed to the Worst Forms of Child Labour (WFCL). These include commercial sexual exploitation, child trafficking, use of children in armed conflicts or drug trafficking, and hazardous child labour. The majority of such children are resident in the Asia-Pacific region, sub-Saharan Africa, Latin America and the Caribbean.

The ILO and its International Programme on the Elimination of Child Labour (IPEC) call for the elimination of child labour as defined by the Minimum Age Convention 1973 (ILO No. 138) and the Worst Forms of Child Labour Convention 1999 (ILO No. 182). However, this does not mean the elimination of children from every form of work. Multiple factors, including the age of the child, the duration and nature of the activity and the conditions of work, inform the ILO’s viewpoint.

A minimum age is set at 15 years; however, an exception of 14 years has been set for countries with insufficiently developed economic and educational facilities. Eliminating children from the labour force is important because it better enables the breaking of the poverty cycle by investing children with the skills and education they need for a better future. However, how that aim is achieved is complicated by factors such as the reasons for those children working in the first place and the real opportunities that exist for such children to leave work and integrate into school.
CLIMATE CHANGE

Definition

‘Climate change is a change in climate that is attributed either directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods.’ Sometimes climate change is referred to as global warming, even though this is only one part of climate change.

Source: United Nations Framework Convention on Climate Change

What this means in practice

The Earth’s atmosphere and the air we breathe contain a mix of gaseous elements and compounds including nitrogen (N₂, 78.1% volume mixing ratio), oxygen (O₂, 20.9%) and argon (Ar, 0.93%). These gases have only limited interaction with the incoming solar radiation and they do not interact with the infrared radiation emitted by the Earth. There are also a number of trace gases, such as carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and ozone (O₃), which absorb and emit infrared radiation, raising the temperature near the Earth’s surface and influencing weather and climate.

Since the pre-industrial era, the atmospheric concentrations of greenhouse gases (such as carbon dioxide and methane) have increased due to human activities. This has led to changes in the Earth’s climate. This kind of climate change directly affects the functions of individual organisms (for example, growth and behaviour), modifies populations and affects the structure and function of the ecosystem by disturbing water flows and nutrient cycling. This in turn leads to changes in biodiversity that can have negative impacts on society and endanger our long-term access to natural resources such as agriculture and raw materials.
COLLECTIVE BARGAINING

Definition

Collective bargaining is the negotiation of working conditions or terms of employment between the employer and an independently represented group of employees – generally represented by a freely elected trade union. The primary goal of collective bargaining is to reach a collective agreement on behalf of a firm's workers that can be universally applied.

What this means in practice

Collective bargaining serves a dual purpose. It provides a means of determining the wages and conditions of work applying to the group of workers. It also enables employers and workers to define by mutual agreement the rules governing their relationship. These two aspects of the bargaining process are closely interrelated. In practice, employees are often represented in collective bargaining by a union or other form of worker representation. All employees have the right to representation and to bargain collectively with their employer.

The ILO has sought to formalise the rights of employees and the process of collective bargaining through two fundamental Conventions: the Freedom of Association and Protection of the Right to Organise Convention 1948 (No. 87) and the Right to Organise and Collective Bargaining Convention 1949 (No. 98). The primary aim of these Conventions is to provide the democratic foundations and the appropriate legal framework to ensure the independence and effective participation of both the employers and employee representatives.

Ensuring independence means installing procedures that enable employees to select and manage their representative body independently of their employer. Ensuring effective participation means both parties need to have access to information and training opportunities that enable them to build the necessary capacity to engage in productive collective bargaining.
COMMUNICATION

Definition

Communication is the process of providing information effectively and engaging with an organisation's (internal and external) stakeholders. In the context of corporate citizenship, communication is also about raising awareness of what corporate citizenship means in language that is easily understood. This also means promoting opportunities for establishing working relationships and sharing knowledge between stakeholders. It raises awareness and facilitates professional development. Communication can also mean consultation, which in some situations is a legal right. For example, in Europe public consultation is now a legal requirement in any environmental decision-making process – people’s viewpoints must be taken into account.

There are three different strands to communication: talking to people, listening to them and dialogue. The first two instances are one-way and the second is two-way. Consultation means responding to the public’s right to know by informing them of a decision or planned course of action. Dialogue refers to two-way processes of sharing viewpoints with the aim of achieving a mutual understanding. This is why much corporate citizenship work involves dialogue – it is more than just telling stakeholders what is being done.

COMPENSATION – FAIR PAY AND BENEFITS

Definition

Compensation, as defined here, refers to payment for labour provided. This includes weekly or monthly wages, bonuses, receipt of stocks or share options, sick leave, insurance and pensions.

What this means in practice

Different kinds of compensation have very different implications for employers and workers. For employers they are both a cost and a way of motivating workers. To workers, compensation impacts on their standard of living, provides an incentive to acquire skills and finally is a source of work satisfaction. It is largely for this reason that the International Labour Organization (ILO) has
sought to guarantee and protect workers’ rights to fair and decent wages. In practice these fair and decent wages should at least meet legal or industry minimum standards, and should always be sufficient to meet the basic needs of employees and provide some discretionary income. This is called a ‘living wage’.

The ILO deals with wage issues through two fundamental Conventions: the Minimum Wage Fixing Convention 1970 (No. 131), and the Protection of Wages Convention 1949 (No. 95). As recommendations to these Conventions, the ILO suggests that the effective functioning of any measures based on these instruments be contingent on collective bargaining at both business and national level. Indeed, such forms of social dialogue are seen as the best way of determining wages and solving potential conflicts. This is echoed by Social Accountability Standard SA8000, which also provides guidance on minimum wage calculation.

CORPORATE CITIZENSHIP

Definition

Corporate citizenship is a term used to describe ‘the contribution a company makes to society through its core business activities, its social investment and philanthropy programmes, and its engagement in public policy’. That contribution is determined by how well a company manages its economic, social and environmental impacts, as well as its relationships with stakeholders.

What this means in practice

Corporate citizenship describes the role of business in society. It is not only about philanthropy and environment; nor is it about just managing impacts. Corporate citizenship is not just a ‘nice to have’. It is about a core set of values and behaviour that mean that the business is a positive force in society. Being a corporate citizen means treating employees fairly and equally and ensuring social justice in the workplace. It means safeguarding employee health and safety and preventing and minimising the pollution or negative impacts of business services or functions. It is about responding to the needs and
pressures of customers and clients in order to be sustainable and it is about promoting the protection of human rights.

Corporate citizenship concerns the need for business to recognise that its responsibilities extend beyond the scope of simple commercial relationships. Good corporate citizenship can provide business benefits such as: reputation management; proficient risk management; employee recruitment, motivation and retention; investor relations and access to capital; learning and innovation; competitiveness and market positioning; operational efficiency; and obtaining what is sometimes referred to as a ‘social licence to operate’. Companies can only act as responsible and profitable global citizens if they are healthy and thriving organisations.

CORRUPTION

Definition

Corruption means the ‘misuse of entrusted power for private gain’. This includes ‘facilitation payments’, where ‘a bribe is paid to receive preferential treatment for something that the bribe receiver is required to do by law’. This also includes bribes being ‘paid to obtain services the bribe receiver is prohibited from providing’. Corruption can also be seen as a form of influence that corrupts or influences a decision or action. Corruption also exacerbates violations of human rights, as corrupt governments do not distribute fairly the benefits from business investment amongst their people, meaning that the advantages of globalisation are not enjoyed by all and some people forfeit their rights to education, health and income-earning opportunities.

What this means in practice

To pay or receive a bribe is a form of corruption. A bribe is a fixed sum, a certain percentage of a contract, or any other favour in money or kind. It is usually paid to a state official with the authority to commission contracts on behalf of the state or otherwise distribute benefits to companies or individuals (businessmen and clients). However, corruption comes in many other guises. Extortion, fraud, trafficking and embezzlement – and also nepotism and
cronyism – are all different forms of corruption. It does not always involve monetary or obvious in-kind facilitation payments.

Corruption can also include more subtle forms of persuasion such as political donations or gifts. These kinds of corruption can be used as ‘sweeteners’ to clinch deals or change people’s decisions – whether consciously or unconsciously. Corruption can be partly prevented through greater transparency in accounting, auditing and reporting business decisions.

**DIALOGUE**

**Definition**

Dialogue is defined by the International Labour Organization (ILO) as including all types of negotiation, consultation or simply the exchange of information between, or among, stakeholders, on issues of common interest relating to economic, social and environmental policy. It means a voluntary discussion that is two way.

**What this means in practice**

Dialogue is a voluntary agreement to enter into a multi-party, structured process of discussion and decision-making. It is sometimes based on the rules of consensual negotiation, and at other times is limited to sharing viewpoints. Dialogue with customers might include surveys to assess quality of service or future expectations, while dialogue with employees might include annual employee surveys of relationships with trade unions, or a series of focus groups. Efficient dialogue provides opportunities for major groups to share their concerns, experiences and ideas.

The main goal of dialogue is to promote agreement and involvement by different stakeholders in relevant decision-making. Dialogue is often facilitated by an independent party who acts to ensure that all those with a stake in a decision are involved in the process from the outset, and can have their voice heard. This kind of facilitation process needs to be designed and managed in a way that ensures it meets the needs of all stakeholders.
DISCRIMINATION

Definition

Discrimination refers to the differential treatment of persons. Acts of discrimination may occur, amongst other reasons, because of gender, age, religion, sexuality, HIV/AIDS, race, colour or ethnic background. The idea that everyone is equal in dignity and worth is one of the most basic human rights.

What this means in practice

Discrimination is when people are treated differently because of who they are. It may occur in situations such as interview, appointment, the promotion process or even access to training.

Since the adoption of the Universal Declaration of Human Rights (1948) and the European Convention on Human Rights (1951), the international community has made important advances in the fight against racism and other forms of discrimination – including the adoption of national and international laws and human rights instruments. Whilst discrimination can be formalised in social systems (and in some laws that deny equal opportunity), most frequently it is found to exist informally outside these systems. It is found in attitudes, cultural roots and practices, and if unchallenged can perpetuate in organisations.

Discrimination can take a number of forms. It can include issues of negative treatment, such as failure to make reasonable adjustments for those with disabilities. All forms of discrimination should be considered illegal if there is sufficient basis in national law. Direct discrimination or ‘positive discrimination’ is when employees are treated favourably because of who they are, for example because of their race, sex or marital status. Indirect discrimination is when employees are forced to confront obstacles that are of such a nature that they, for example because of their gender, are less likely than others to be able to overcome them.
DIVERSITY

Definition

Diversity means difference. It refers to the many distinct characteristics that employees, suppliers and customers bring to any one organisation. Attributes include race, ethnicity, national origin, gender, age, sexual orientation, socioeconomic background, physical abilities or religion.

What this means in practice

Diversity is an extension of the human rights afforded to all in the Universal Declaration of Human Rights (1948) and the European Convention on Human Rights (1951). It is also about the elimination of discrimination. Diversity means ensuring that the proportion of stakeholders (for example, employees, clients and investors that business serves) reflects the diversity of the composition of the community. It is about business knowing its customers and investors and making them feel comfortable. It also includes promoting the differences that create a representative and balanced work environment, promoting diverse ways of thinking, communications styles, skills and behaviour.

Whilst diversity is considered to be about recruiting, promoting and training the best employees independent of race, religion or gender, evidence also shows that diverse teams produce more innovative ideas than groups in which members share similar perspectives and approaches to problem-solving. Having a diverse workforce increases productivity, morale and the retention of employees. In short, diversity contributes to the financial and social bottom lines of corporate accounting.

ECOSYSTEM

Definition

An ecosystem is a dynamic complex of plant, animal and micro-organism communities and their non-living environment, interacting as one functional unit.
What this means in practice

The term ‘ecosystem’ essentially refers to the relationship between living organisms and their non-living environment. It is about the linkages between the different species and climatic factors. Ecosystems are dynamic structures that are constantly changing and evolving in response to environmental fluctuations. Ecosystems provide many goods and services that are critical to human survival. These include food, fibre, fuel and energy, medicines, clean water, clean air, flood and storm controls, and cultural, spiritual and recreational values. It is impossible to draw a line around ecosystems. An ecosystem is not as much a defined area, but is more a concept that is used to emphasise the characteristics, components and processes that exist within biological communities. Humans form part of ecosystems – but it is also humans and their unsustainable socioeconomic activities and associated pollution that are almost certainly the primary cause of ecosystem degradation and biodiversity loss. One of the major sources of such pollution is the burning of fossil fuels and its associated carbon dioxide emissions and climate-change effects.

EMISSIONS

Definition

In the climate-change context, emissions refer to the release of greenhouse gases and/or their precursors into the atmosphere over a specified area and period of time. Outside of the climate-change context, emissions can refer to any substance released as a by-product of industrial or commercial activity. This includes negative substances released to land and water.

What this means in practice

Vehicles such as cars, trucks, trains and aeroplanes are powered by fossil fuels such as petrol or diesel. When fossil fuels are burnt in the engines of these vehicles they release substances into the air (for example, in the form of smoke when we burn other fossil fuels like wood or charcoal). In the case of fossil fuels most of the emissions take the form of carbon dioxide (CO\textsubscript{2}). The release of this CO\textsubscript{2} is called a ‘by-product’ of burning fossil fuels. By-products are also produced by other industrial or commercial activities such as mining or
chemicals manufacture. Often these by-products or emissions can take the form of gases (such as CO$_2$) or liquids. Liquid emissions can include toxic substances such as sulphuric acids or other dangerous chemicals. Emissions usually have negative impacts on ecosystems, biodiversity and people. Indeed, the CO$_2$ emissions associated with fossil fuels accumulate in the atmosphere and cause climate change.

**EMISSIONS TRADING**

**Definition**

Emissions trading is ‘a market-based approach to achieving environmental objectives that allows those achieving reductions in greenhouse gas emissions below what is required, to use or trade the excess reductions to offset emissions at another source inside or outside the country. In general, trading can occur at the intra-company, domestic and international levels.’

**What this means in practice**

Emissions trading as noted in Article 17 of the Kyoto Protocol is a market-based system for limiting emissions of greenhouse gases. The idea is that countries are allocated a fixed annual emissions target. If they are unable to meet this target they can increase their limits by ‘buying’ or obtaining ‘quotas’ from other, often developing, nations who produce lower levels of emissions. Companies who participate in the scheme are allocated allowances, each allowance representing a tonne of the relevant emission, in this case carbon dioxide equivalent.

Emissions trading allows companies to emit in excess of their allocation of allowances by purchasing allowances from the market. In contrast to regulation that imposes emission limit values on particular facilities, emissions trading gives companies the flexibility to meet emission-reduction targets according to their own strategy – for example, by reducing emissions on site or by buying allowances from other companies who have excess allowances. The environmental outcome is not affected because the number of allowances allocated is fixed. This allows the government to regulate the level of emissions
produced in aggregate by setting the overall cap for the scheme, but gives companies the flexibility of determining how and where the emissions reductions will be achieved. This kind of trading arrangement ensures that emission reductions take place where the cost of the reduction is lowest. This lowers the cost of reducing climate change.

ENVIRONMENT
Definition
The term ‘environment’ describes ‘the surroundings in which an organisation operates, and includes air, water, land, natural resources, flora, fauna, humans and their relationships with one another. Surroundings in this context extend from within an organisation to the global system.’

What this means in practice
The idea of an ‘environment’ means different things to different people. To some it means everything outside our bodies, to others it means things outside our houses or offices. People also use the word ‘environment’ as a means of qualifying a personal space or area, such as the home environment or work environment. All of these ‘environments’ include air, water, animals, plants, people, infrastructures and natural and even economic processes such as the functioning of organisations and pressure from competitors. The environment exists beyond people as individuals, groups or communities and companies. People have very close and intimate relationships with their environments – especially their immediate living spaces. Things happening in the environment (for example, weather or noise) can affect us – and we can affect things happening in the environment by driving our cars, heating our homes and offices, or turning on our lights at night. The idea of an environment is very similar to that of an ecosystem.

ENVIRONMENTAL ASPECT
Definition
An ‘environmental aspect’ is the formal name given by the environmental management system standard ISO14001 to any element of an organisation’s
activities, products or services that can interact with the environment. A significant environmental aspect is an environmental aspect that has or could have a significant negative environmental impact.

**What this means in practice**

The environmental aspects of a company tend to be those activities or processes that can be linked to its environmental impact. The term ‘environmental aspect’ is directly referred to in the ISO14001 environmental management system standard.

To attain ISO14001 certification, a company should assess its environmental aspects to determine which are significant and which can negatively affect the environment and society. These significant aspects should be considered when setting performance objectives, developing training programmes and designing emergency procedures. These aspects often include those parts of a company’s operations that have a negative impact on land and water resources, biodiversity and ecosystems. ISO14001 also requires that all information relating to significant environmental aspects should be appraised and kept up to date. This is important because as companies evolve, so their impact on the environment changes. By monitoring the aspects of their operations that are linked to these impacts, companies can reduce their effects on the environment.

**ENVIRONMENTAL IMPACT**

**Definition**

Environmental impact can be used to describe any change to the environment, whether detrimental or beneficial, wholly or partially resulting from an individual’s or organisation’s activities, products or services. It describes the footprint the activity leaves on the natural environment.

**What this means in practice**

People and companies invariably affect or impact the environment in both positive and negative ways. Positive impacts on the environment include
reforestation, cleaning rivers and dams or recycling waste materials. Negative environmental impacts include pollution, deforestation and natural resource use. It is because of these negative impacts that companies are often required to assess the potential environmental effects of their operations on land, water, air and biodiversity when planning any infrastructural changes. They may also include recommendations for reducing significant environmental and social impacts. An integral part of investigating the significance of these environmental impacts is to estimate the nature and costs of the impact to present and future generations. In order to minimise these negative environmental impacts, laws, agency watchdogs and financial incentive mechanisms have been set up to facilitate and motivate better environmental management. These include international agreements such as the ‘Earth Summit’ or Rio Declaration on Environment and Development (1992), regional initiatives such as the European Commission strategy communication on Air Transport and the Environment (COM 1999/640) and national legislation – all of which need to be addressed as part of the decision-making process. Identifying environmental impacts, through environmental impact assessment (EIA), is also a key part of the ISO14001 environmental management system standard.

EQUAL OPPORTUNITY

Definition

Equal opportunity involves eliminating discrimination. It means providing the same educational and employment opportunities (for all those who are qualified), regardless of their race, colour, religion, national origin, gender, age, political affiliation, sexual orientation or disabilities.

What this means in practice

The promotion of equal opportunity for employees means proactively eliminating discrimination in the workplace – and is founded on agreements such as the Universal Declaration of Human Rights (1948) and the European Convention on Human Rights (1951). Equal opportunity is recognised as a fundamental human right and is enshrined in many national and regional laws.
Equal opportunity is about enabling employees to achieve their maximum potential at work. Organisations need to be inclusive and to provide all employees with the same access to employment, promotion, training and personal growth irrespective of gender, age, sexual orientation or ethnicity. Equal opportunity means celebrating the differences or diversity of employees as corporate and workplace assets. It calls for the opening of all occupations to all genders, religions, races, disabilities and social groupings – and for making reasonable accommodations in the workplace to enable this to happen.

**FORCED LABOUR**

**Definition**

Forced labour means ‘all work or services exacted from any person under the menace of any penalty and for which said person has not offered him or herself voluntarily’. This includes instances involving unfair wages and excessive working hours, where the employee is obliged to work on an involuntary basis, perhaps to pay back a loan to travel to the place of work or to pay for necessary accommodation to take up the job.

**What this means in practice**

The Universal Declaration of Human Rights (1948) requires that no-one shall be held in slavery or servitude. ILO Convention on Forced Labour 1932 (No. 29) refers to forced and compulsory labour as all work or service exacted from any person under the menace of penalty and which has not been offered voluntarily. It states that employees are entitled to be paid for their labour in cash rather than in kind.

The Conventions also state that employee labour is to be freely given and that, if they wish, employees can resign in accordance with national law and practice. Forced or bonded labour can also include situations where work or services are demanded as a means of debt repayment.

By some definitions, forced labour also currently includes a total of 246 million child labourers.
FREEDOM OF ASSOCIATION

Definition

Freedom of association allows for workers to meet freely and form and join trade unions, workers’ organisations or religious groupings, without interference. This right is protected under international human rights law, as is the right to collective bargaining, with which it is closely associated.

What this means in practice

The right to freedom of association and the right to organise are what are known as inalienable human rights. This means that you cannot be a human being and not possess them. They are embedded in the Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the Right to Organise and Collective Bargaining Convention 1949 (No. 98) and the Freedom of Association and Protection of the Right to Organise Convention 1948 (No.87).

The right to freedom of association means employees should be able to voice their opinions and meet collectively as groups or associations within the scope of the law. This may include workers’ organisations or unions.

Meetings held by such associations should be free of interference by the employer or government. Such meetings should also be sanctioned by the employer and state, and these parties should aim to work in conjunction with employees to create an environment conducive to the right to free association. This means that employers may develop parallel means for protecting this right, should it be curtailed by the state. If an employee freely chooses to join (or not to join) a union and meet collectively, the decision to do so must be respected.

GLOBAL REPORTING INITIATIVE (GRI)

Definition

The Global Reporting Initiative (GRI) is a multi-stakeholder independent institution whose mission is to develop and disseminate globally applicable
Sustainability Reporting Guidelines for reporting on the economic, environmental and social dimensions of a company’s activities, products and services. Since these are very general, the GRI also works with different industry sectors to develop sector-specific indicators for reporting performance that are called ‘sector supplements’.

What this means in practice

The GRI was started in 1997. It is an official collaborating centre of the United Nations Environment Programme (UNEP) and works in co-operation with the UN Global Compact (UNGC). The GRI has developed a set of Sustainability Reporting Guidelines built from the active participation of representatives from business, accountancy, investment, NGOs, research institutions and labour organisations from around the world. The Guidelines are for voluntary use by organisations for sustainability reporting on the economic, environmental and social dimensions of their activities, products and services. They are designed to: (1) present a set of reporting principles and a structure to guide report preparation, (2) promote comparability of reports and (3) support the benchmarking and assessment of sustainability performance. The Guidelines do not specify performance levels and should not be seen as a performance standard or management system. There are in excess of 400 organisations issuing sustainability reports referencing the GRI Guidelines, and the number is growing.

GOVERNANCE

Definition

Governance is defined by the OECD as ‘…a set of relationships between a company’s management, its board, its shareholders and other stakeholders. Corporate governance… provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance.’
What this means in practice

Recent headlines and scandals have led to corporate governance now being considered a prerequisite for sustained economic performance, with many investors prepared to pay a premium for organisations with an excellent reputation. Good corporate governance should provide proper structures and incentives for the Board and management to pursue objectives that are in the interests of the company and shareholders. It should also facilitate effective monitoring; thereby encouraging firms to use resources well.

The principles of good corporate governance are openness, participation, accountability, effectiveness and coherence. Good corporate governance requires responsibly addressing regulatory and legislative initiatives relating to executive pay, improved reporting and risks review, the independence of non-executive directors and the chairman, and the independence of the audit and remuneration committees, as well as stock-exchange governance requirements.

The role of an independent auditor in objectively checking the infrastructure is critical to the transparency and accountability of a company’s approach to governance. Good corporate governance also helps to ensure that corporations take into account the interests of different stakeholders. This is referred to as non-financial risks review and the extent to which these factors are important relates to the Board’s judgement on whether they are ‘material’ to a company’s past and predicted performance. Increasingly, corporate governance reforms require the Board to address risks across social, ethical and environmental areas of performance.

HEALTH

Definition

A healthy working environment is one where employees, contractors and the public are not exposed to health hazards and the potential for accidents is minimised. Health is also about a state of physical, mental and social well-being. It means more than merely the absence of disease or infirmity.
What this means in practice

Although global life expectancy is rising, occupational health remains an essential part of achieving efficiency and profitability in any business. Not only do companies rely on a healthy workforce for their productivity and success, they are also liable and largely responsible for the health of their employees. These issues are addressed by two of the International Labour Organization (ILO) standards: the Occupational Safety and Health Convention 1981 (No. 155) and the Occupational Health Services Convention 1985 (No. 161).

Together these standards prescribe the kinds of preventative measures and functions business should undertake to maintain a healthy and safe working environment for its employees. At the heart of these measures is the need to provide clear health and safety information in both written and oral forms and in languages that are familiar to employees. This information should be available to all employees in health and safety policies, practices and procedures.

Implementing an effective health policy and programme requires dialogue, co-operation and trust between employers, workers and governments. Workers should also be entitled to affordable health services and to benefits from statutory and occupational schemes.

HIV/AIDS

Definition

HIV (Human Immunodeficiency Virus) is a virus that weakens the immune system, ultimately leading to AIDS (Acquired Immune-Deficiency Syndrome). AIDS is the most severe manifestation of HIV infection. There are a number of what are called ‘opportunistic’ infections and cancers that, in the presence of HIV infection, lead to the diagnosis of AIDS.

What this means in practice

In 2004, there were 40 million people worldwide living with HIV. During 2004, more than 3 million people will have died of AIDS and an additional 5 million people will have become infected with HIV. At least 26 million of those living
with HIV are workers between the ages of 15 and 49 years, in the prime of their working lives. When HIV is left unchecked, it constrains the social and economic development of society. Approximately 50% of new infections occur in those under 25 years of age. Most people infected by the age of 25 will die of AIDS related illnesses before they reach the age of 35. The disease therefore threatens future generations of employees and consumers – and future parents.

HIV/AIDS has an impact on enterprises and national economies as well as workers and their families. The epidemic affects the world of work in many ways. It leads to discrimination against people with HIV, which threatens the fundamental rights of employees. Discrimination undermines efforts for prevention and care because it deters employees from accessing help. The disease also cuts productivity and labour supply. It reduces the household incomes of many workers and leads to a loss of skills and experience gained over time.

HIV/AIDS also leads to a reduction in tax revenues and is an additional burden on public services, which can cripple the economies of developing countries. It also constrains the growth of markets because fewer healthy people are left to purchase products and because people spend their available income on medicines and treatment. As HIV/AIDS mainly affects young adults, it also threatens to destroy future generations of skilled employees by depriving them of their opportunity to develop.

**HUMAN RIGHTS**

**Definition**

Human rights are the rights each individual has as a human being. They should be enjoyed equally by all persons. They include economic, social and cultural, political and civil rights – the right to life, liberty and security of person. They are based on an international framework of law, which builds on the Universal Declaration of Human Rights (UDHR) 1948.
What this means in practice

Article 1 of the UDHR states that all human beings are born free and equal in dignity and rights. It states that people are equipped with reason and conscience and should act towards one another in a spirit of ‘brotherhood’. The Declaration goes on to state that everyone, independent of gender, race, national origin or religion, is equal before the law and entitled to freedom. Everyone has the right to life, liberty and security of person. No one shall be held in slavery and no one shall be subjected to cruel, inhuman or degrading treatment.

These are our basic human rights. All groups in society, including business, are obliged by the UDHR to protect and promote these rights.

Although the rights themselves are clear and have become part of the legal framework of the 200-odd nations of the United Nations, respect and enforcement of these rights remains a challenge. Addressing this issue at a local, national and international level sometimes means supporting human rights activists who fight for basic freedoms. It means promoting peaceful change at a local level as well as protecting refugees fleeing persecution and repression. It means ensuring social justice in the workplace: preventing discrimination and child labour, allowing collective bargaining and freedom of speech and association.

Upholding human rights also means ensuring individuals and communities are not negatively impacted by the activities of others – it means protecting the environment and ensuring a sustainable future – that is, a future for our children’s children.

INTERNATIONAL LABOUR ORGANIZATION (ILO)

Definition

The International Labour Organization (ILO) is the first specialised agency of the United Nations. It promotes international labour standards that protect the rights of workers in the form of Conventions and Recommendations. It seeks
the promotion of social justice and the realisation of internationally recognised human and labour rights. The ILO has 176 member states. It is a unique ‘tripartite’ organisation involving three groups of stakeholders: employers, employees’ representatives (trade unions) and government.

**What this means in practice**

The ILO was founded in 1919 and is the only surviving major creation of the Treaty of Versailles, which gave birth to the League of Nations. The objective of the ILO is to ‘promote and realise standards, fundamental principles and rights at work’. To realise this objective, the ILO sets standards in the form of International Labour Conventions and Recommendations. The setting of these standards is facilitated through a unique collaborative legislative process involving governments, employers and workers’ representatives from around the world.

Four ‘core labour standards’ have been identified by the ILO’s Governing Body as being fundamental to the rights of human beings at work, irrespective of levels of development of individual member states. Together they cover freedom of association, the abolition of forced labour, equality and the elimination of child labour. The ILO views these rights as a precondition for all others.

In addition to setting standards, the ILO also assists member states as well as employers and workers’ organisations to ratify the Conventions and implement the international labour standards. More recently the ILO has also been empowered to monitor member countries’ adherence to these labour standards.

**ISO14001**

**Definition**

ISO14001 is the International Standard that specifies requirements for an Environmental Management System (EMS). It enables an organisation to formulate policies and objectives that take into account legislative requirements relating to significant environmental impacts. It applies to those environmental
aspects that the organisation can control and over which it can be expected to have an influence.

**What this means in practice**

ISO14001 was developed in 1996 by the International Organization for Standardization (ISO). The primary aim of the Standard is to establish a management system template that companies and other organisations can use to control the environmental impact of their operations. ISO14001 sets out a series of policy criteria, procedures and initiatives that must be developed and implemented before certification can be obtained. These include the need for a legislative inventory, and also require the company to identify significant environmental aspects, objectives and targets, performance indicators, emergency preparedness, monitoring and reporting procedures and training requirements for employee competence and awareness.

ISO14001 does not itself state specific environmental performance criteria. Obtaining ISO14001 certification requires companies to be audited against the components of the Standard and against their own objectives and targets. Companies should demonstrate that they have in place the necessary policy, procedures, documentation and expertise to support the management system. ISO14001 also requires continual improvement in system performance.

**KYOTO PROTOCOL**

**Definition**

The Kyoto Protocol is an agreement between governments around the world to reduce greenhouse gas levels by cutting emissions by 5.2% from 1990 levels by 2012. This is a start, although some have described the predicament of trying to address global warming as rather like driving towards a brick wall at 100 miles per hour and slowing to 95 miles per hour; but it's not enough. To stabilise the Earth's climate, the Intergovernmental Panel on Climate Change (IPCC) has estimated that emissions need to be reduced to 40% of 1990 levels.
What this means in practice

The Kyoto Protocol was adopted at the Third Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in 1997 in Kyoto, Japan. It contains legally binding commitments, in addition to those included in the UNFCCC. Countries included in Annex B of the Protocol (most countries in the Organisation for Economic Cooperation and Development, and countries with economies in transition) agreed to reduce their greenhouse gas emissions (carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride) by at least 5% below 1990 levels in the period from 2008 to 2012. The Kyoto Protocol enters into force on 16 February 2005, but will exclude the United States and Australia. It authorises a number of flexible mechanisms to reduce the cost of meeting the above target. These include emissions trading, the Clean Development Mechanism, and Joint Implementation. For further information, see the Intergovernmental Panel on Climate Change website.

LABOUR STANDARDS

Definition

Labour standards are international values established in law that recognise and aim to ensure humane workplace conditions in all industries. Examples include standards on child labour, forced labour and working conditions.

What this means in practice

International labour standards, as spearheaded by the International Labour Organization (ILO) are a benchmark for the provision of human rights in the workplace. They form a global model for workplace responsibilities and commitments. They are binding for states and they guide regional organisations and multinational companies in the development of policies aimed at harmonising their labour and social practices. The standards themselves are developed through ‘tripartite’ democratic mechanisms that involve government, employees and employers’ representatives.
The ILO has adopted the International Labour Code. This includes a number of Conventions and Recommendations. The Conventions and Recommendations were largely agreed in the 1998 ILO Declaration on Fundamental Principles and Rights at Work. The fundamental or core labour rights include: the right to organise and engage in collective bargaining; the abolition of forced labour; the abolition of child labour; and the right to equality at work.

LOCAL COMMUNITIES

Definition

Local communities are bodies or groups of people that have common rights, privileges, interests, or live in the same place under the same laws and regulations. In some instances, as in the case of indigenous communities, they may be ‘non-dominant sectors of society determined to preserve, develop, and transmit to future generations their ancestral territories and their ethnic identity’.

What this means in practice

Local communities are generally those people living within the immediate area of a given project, operation or facility. They are the people most directly affected by a company’s operations. Local communities are the first people to feel the positive or negative social, economic and environmental impacts of a company and its activities. Positive impacts on local communities might include increased job opportunities and improvements to local facilities. Negative impacts may include environmental damage such as noise and pollution, or the disruption of local ways of life. The direct impact of business operations on local communities makes communities a primary stakeholder in the activities and practices of the organisation.

Local communities can be disruptive to company functioning and business practice if they are unhappy with the company’s behaviour. As a result, communication – including consultation and engagement – with local communities is often essential for companies to work effectively. Such forms of communication are often required by regional and national legislation – examples include the European Communities Act (1972) and the Aarhus
Convention on public participation in decision-making (1998). When done effectively, such communication with local communities can lead to the establishment of company–community partnerships and provide positive learning experiences for both groups.

PARTNERSHIP

Definition

Partnerships are arrangements between two or more individuals or groups. They provide a framework for active collaboration with stakeholders, other businesses and community organisations to achieve shared goals. Partners combine their distinct resources and skills to develop creative solutions to problems or opportunities and to strengthen relationships. Partnerships vary in scope and complexity and not all are successful, as some partners wield more power than others, and the positions and interests of different groups may be mutually exclusive.

What this means in practice

Partnerships involve people working together to achieve shared goals – even though they may have different motivations or worldviews. They provide opportunities for connections and sharing information. Partnerships can enhance each partner’s own opportunities and strengthen their relative infrastructures. Partnerships can be especially useful as a means of building shared knowledge about a common problem or risk. Solving problems by working together in partnerships can enable the stakeholders concerned to turn negative issues into positive ones.

An example of partnership working could be a local community and business association working together to regenerate degraded lands to create forest or recreational areas, or a major international initiative between companies and non-governmental organisations to supply humanitarian assistance following a natural disaster.
The latter may involve multinationals partnering non-governmental organisations (NGOs) – to address issues of business and societal risk such as humanitarian crises, human rights violations, disease and aspects of social inequity. Approaching these issues responsibly through partnership can transform a company’s risk into an opportunity to improve a situation. This then contributes to reputational value and opportunities for capacity building.

REPORTING

Definition

Reporting is the process of disclosing information and producing and disseminating ‘a written document or other communications prepared to reflect the performance of an organisation relating to its values, objectives and targets’. Reports are usually disseminated to company stakeholders and can be used to promote internal change and continual improvement in performance.

What this means in practice

Reporting is a means of demonstrating performance or compliance with company principles, goals and objectives. Reporting is also the starting point for listening, learning and responding to the views and concerns of customers and other stakeholders – because it enables others to ‘see’ and understand what companies are doing. With the growing need to address integrated ‘triple bottom line’ (that is environmental, social and economic) reporting, or sustainability reporting, it is becoming increasingly important for companies to think strategically about what and how they report. Companies need to ensure that what they report is based on accurate, clear and well-managed information and actions, and that there is a logical goal-oriented ‘system’ behind their actions. Reporting is no longer a public relations exercise.

The Global Reporting Initiative (GRI) assists companies to report systematically. Good reports can communicate an organisation’s economic, environmental and social opportunities and challenges in a way far superior to simply responding to stakeholder information requests. Reporting can also be used as a key ingredient to building, sustaining and continually refining stakeholder
engagement and partnerships. The transparency and open dialogue about performance, priorities and future sustainability plans helps to strengthen these partnerships and to build trust. The process of developing a report also provides a warning of trouble spots – and unanticipated opportunities – in supply chains, in local communities, among regulators and in reputation and brand management. Reporting is about accountability to stakeholders and improving the public understanding of the business and its work.

SAFETY

Definition

Safety is a state in which hazards and conditions leading to physical, psychological or material harm are controlled. This is done to preserve the health and well-being of employees, individuals and the community. Safety is essential for business and individuals to realise their goals efficiently, with minimum harm or damage to human life.

What this means in practice

Safety tends to refer to physical safety, but it also relates to social and psychological well-being. It includes the prevention and control of injuries to individuals and communities – and is increasingly linked to the wider issue of security. Safety at work should mean that workers are able to perform their functions throughout their adult lifetime without actual or latent occupational health damage. A number of International Labour Organization (ILO) Conventions and the UN Norms on the Responsibilities of Transnational Corporations and other Business Enterprises with Regard to Human Rights (2003) seek to achieve this. The most notable include the Occupational Safety and Health Convention 1981 (No. 155) and the Convention concerning the Working Environment 1977 (No. 148).

In addition, many countries have extensive regulations for occupational health and safety measures, and it is imperative that these are fulfilled. Together these frameworks require, among other things, that information and appropriate procedures for dealing with emergencies and accidents are made clearly
available; personal protective clothing should be provided as appropriate; and first-aid equipment must be regularly checked and updated. The company should also establish and implement management systems to detect, avoid or respond to potential threats to the health and safety of all personnel. In practice, these kinds of safety programmes involve every level of an organisation, with the overall goal of instilling a culture of care and security for employees. Training is essential, as is the provision of clear and visible policies and procedures.

**SA8000**

**Definition**

SA8000 (Social Accountability 8000) is a Social Accountability Standard that aims to promote the continuous improvement of workplace conditions through an inclusive agenda that benefits all stakeholders: employees, companies, workers, trade unions and government. It is currently managed by Social Accountability International (SAI).

**What this means in practice**

SA8000 is an international standard. It is based on the principles of 11 International Labour Organization (ILO) Conventions, the United Nations Convention on the Rights of the Child and the Universal Declaration of Human Rights. SA8000 covers all widely accepted international labour rights. It also provides a factory-level management system to ensure ongoing compliance and improvement. Together these instruments enable companies to equip themselves for independent, expert verification of compliance and certification of facilities by SAI-accredited auditing bodies.

The term ‘social accountability’ is broad and the SA8000 verification system covers only part of that breadth. SA8000 addresses workplace conditions such as child labour, forced labour, health and safety, freedom of association and collective bargaining, discrimination, disciplinary practices, working hours, compensation and management systems. It does not address environmental issues or certain other key concerns.
STAKEHOLDER

Definition

A stakeholder is any interested party, either group or individual, who can affect or is affected by an organisation delivering its objectives. Stakeholders influence programmes, products and services. Stakeholders can be local communities, customers, NGOs, special interest or campaign groups, government agencies/officials, business partners or suppliers. ‘Stakeholder engagement’ is a term sometimes used to describe a company’s efforts to build a partnership with a stakeholder group in the same way as it would engage a business partner.

What this means in practice

Stakeholders have particular sets of beliefs or perspectives about the impact of an organisation on their lives. In addition to having their own beliefs and opinions, some stakeholders also represent those who have no voice or whose voice is too soft to be heard – such as the environment or a local community in a developing country. One person can also belong to more than one stakeholder group: we can be employees of a company, customers and members of a local community, all at once. Businesses are major stakeholders in society. They also have an impact on other stakeholder groups – such as investors, customers and local communities. While some impacts are direct, others are indirect. Both types of impacts are the responsibility of business – and other stakeholders expect business to be accountable and report on these impacts. When companies operate responsibly they try to understand their impacts, anticipate them and prevent them when possible. When impacts are inevitable, companies should ensure that they do not negatively affect other stakeholders. Identifying ways to do this can lead to partnerships.
SUSTAINABILITY

Definition
Sustainability ‘is about ensuring long-term business success while contributing towards economic and social development, a healthy environment and a stable society’.

What this means in practice
The terms ‘sustainability’, ‘corporate citizenship’ and ‘corporate social responsibility’ are often used interchangeably in a business context. Companies concerned with sustainability draw significant meaning from the broader context of how their performance affects the economic, environmental and social domains. They draw specifically on the concept of sustainable development as a means of informing their actions and better managing risks and opportunities. This means acting responsibly to minimise negative social and environmental impacts and respond to societal concerns. In order to do this, companies seek to implement strategies and management systems that monitor and report on their performance in all three of these domains. This means working holistically to embed the principles of sustainability across the whole organisation. This allows for greater integration and improvements in organisational efficiency (i.e. reduced costs). This kind of integrated thinking and management should better equip companies to deal with the changing perceptions and demands of investors, consumers and other stakeholders.

SUSTAINABLE DEVELOPMENT

Definition
Sustainable development involves developing or progressing in a way that ensures a better quality of life for present and future generations. It can be described as ‘meeting the needs of the present without compromising the ability of future generations to meet their own needs’.
What this means in practice

Since being coined by the World Commission on Environment and Development (1989), the term 'sustainable development' has come to mean different things to different people and organisations. Almost all definitions accept that sustainable development involves balancing economic, social and environmental concerns and considering future generations in today’s decision-making.

According to the Rio Declaration, which was made by participant countries at the Earth Summit in 1992, human beings are at the centre of concerns for sustainable development, and are entitled to a healthy and productive life in harmony with nature, so long as the Earth’s resources are preserved for use by present and future generations. This means that when an activity raises a threat of harm to human health or the environment, then impact assessment and precautionary measures should be taken. Environmental management and protection should be an integral part of the development process. But sustainable development is also about facilitating social change through mechanisms such as the Millennium Development Goals.

The Millennium Development Goals aim to eradicate poverty, child mortality, promote education and gender quality and combat disease. Achieving these goals is a means of reducing the differences in global standards of living and promoting social equality. This is an integral aspect of sustainable development.

UN GLOBAL COMPACT (UNGC)

Definition

The UN Global Compact is a voluntary corporate citizenship initiative that brings companies together with UN agencies, labour, non-governmental organisations and other civil-society actors to foster action and partnerships in the pursuit of a more sustainable and inclusive global economy. The Compact is based on nine Principles in the areas of human rights, labour and the environment.
What this means in practice

The Compact was introduced in July 2000 by UN Secretary-General Kofi Annan. The nine Principles are derived from near universal consensus in the Universal Declaration of Human Rights (1948), the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work (1998) and the Rio Declaration on Environment and Development (1992). The Compact asks companies to integrate the promotion of human rights, compliance with labour standards and environmental protection into their core business operations and to pursue projects and corporate activities that advance the Principles. More recently, signatories have been required to report publicly on their progress in implementing the Principles. The Global Reporting Initiative (GRI) provides a mechanism to report against implementation of the Compact.

The Compact is not a regulatory instrument – it does not ‘police’ or enforce the behaviour or actions of companies. The emphasis is instead on bringing about corporate change through the use of a learning approach that facilitates discussion between different groups in society and builds new relationships for future projects. For this reason the Compact has introduced policy dialogues and a learning forum, to support the Principles.
QUESTIONNAIRE: SABMiller

Corporate Social Responsibility Initiatives

(This should only be applicable to operations / initiatives within the South African Borders)

1. What percentage of pre-tax profit was spent on your initiatives? Also mention for which financial year figures are being given, please.

2. List your initiatives and give a detailed explanation of what they entail.

3. What “employee-related” initiatives does SABMiller have?

4. Explain the “consideration process” when being approached by organisations for assistance (i.e. how does SABMiller go about considering applications for funds / initiatives)

5. Is any consideration being given to publish a separate “CSR Report?” If so, will SABMiller also indicate how they are complying to the GRI?

6. Any additional information that could be considered for possible inclusion in the dissertation.

Thank you once again for your time, effort and assistance in my achieving this important life goal. Should you have any literature that could also be used, it can be forwarded to my postal address, please.

Neil Fourie
P O Box 5557
CAPE TOWN
South Africa
8000
## LEARNERSHIP PROGRAMMES OFFERED BY WOOLWORTHS

<table>
<thead>
<tr>
<th>Business Area</th>
<th>Learnerships Offered</th>
</tr>
</thead>
</table>
| **Product**         | • Trainee buyers, planners and technologists in clothing and home – technical, functional and management skills for middle managers.  
                      | • Trainee buyers, planners, selectors and technologists in foods – technical, functional and management skills for middle managers. |
| **Selling**         | • Job Skills – technical and functional skills for sales assistants.  
                      | • Disabled – technical and functional skills for sales assistants.  
                      | • Trainee management – technical, functional and management skills for middle management;  
                      | • Management in training – technical, functional and management skills for managers with previous work experience. |
| **Finance**         | • Associated Accounting Technician (ACT) – technical accounting skills for junior and middle managers.  
                      | • Assistant General Accountants (AGA) – technical accounting skills for middle managers. |
| **All Functional Areas** | • Retailing Bridging – provides staff levels with a broad perspective of the retail business (partner with an external learning provider – Knovation)  
                      | • Retail Academy – aimed at developing top performing talent currently at middle management with business leadership retail skills (partner with the UCT Graduate School of Business) |

- The Job Skills Programmes (currently 3) and Trainee Management Programmes (currently 5) in Selling are accredited in support of Woolworths being recognised as a learning provider. Woolworths plans to gain accreditation for more in-house programmes as well as developing further learnerships in the Operations area.

**Source:** Woolworths 2005: 42
## ANNEXURE D

### INPUTS FROM SHAREHOLDERS

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>How Woolworths listened, learned and engaged</th>
</tr>
</thead>
</table>
| Customers                        | • Sales information and regular monitoring of customer perceptions through tracking studies and focus groups  
  • Customer Feedback Express database introduced to manage all communications received via email, telephone, letters ad comment slips from stores  
  • Customer returns  
  • Customer requests for new products |
| Employees                        | • Regular surveys to measure employees satisfaction and commitment  
  • Communication forums established in stores  
  • Regular senior management store visits  
  • Employment equity meetings  
  • Health and Safety meetings  
  • Published Envirowatch newsletter on our intranet |
| Shareholders                     | • Annual general meeting  
  • Meetings with analysts and major shareholders  
  • Investor presentations  
  • Increasing interaction and transparency through business media |
| Suppliers (including franchisees) | • Supplier days  
  • Visits, discussions, meetings and performance reviews  
  • Trade shows and exhibitions |
| Communities                      | • Ongoing involvement with NGO’s including EduPlant, Heartbeat, Community Chest, Child Accident Prevention Foundation of South Africa and the Children’s Hospital Poisons Information Centre  
  • Interaction with local communities through volunteer initiatives by Store Community Affairs teams  
  • Support of the MySchools fundraising programme for schools |
| Environment and Animal Welfare Groups | • Meetings with organisations such as NSCPA, Wildlife and Environment Society of South Africa, Organic Agricultural Association of South Africa, Fairest Cape Association |
| Government / Regulators          | • Ongoing liaison with food standards authorities such as the Departments of Health and Agriculture and the South African Bureau of Standards  
  • Meetings with senior officials and policy makers within environmental government departments such as the Department of Water Affairs and Forestry, Landcare SA and the Department of Environment and Tourism  
  • Liaison with Department of Labour regarding Skills Development and Employment Equity |
| Industry Bodies                  | • Participation in the Cleaner Textile Production project  
  • Participation in the Retailers Association  
  • Membership of the Consumer Goods Council, National Business Initiative and South African Chamber of Business  
  • In addition to the key stakeholders listed above, Woolworths continues to build constructive and meaningful relationships with many other organisations in South Africa and abroad. |

**Source:** Woolworths 2005: 37
### ANNEXURE E

**STAFF COMPLEMENT: WOOLWORTHS (ANNUAL REPORT 2004)**

<table>
<thead>
<tr>
<th>Occupational Level</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>C</td>
<td>I</td>
</tr>
<tr>
<td>Top Management</td>
<td></td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Senior Management</td>
<td>3</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Professionally Qualified</td>
<td>33</td>
<td>90</td>
<td>31</td>
</tr>
<tr>
<td>Skilled Technical</td>
<td>215</td>
<td>258</td>
<td>77</td>
</tr>
<tr>
<td>Semi-Skilled</td>
<td>2230</td>
<td>1064</td>
<td>147</td>
</tr>
<tr>
<td>Total</td>
<td>2481</td>
<td>1424</td>
<td>265</td>
</tr>
</tbody>
</table>

**Source:** Woolworths 2005: 63