

**Ethos Indicators  
on Corporate Social  
Responsibility  
2007**

INSTITUTO  
**ETHOS**

## Sponsors

### Abradee

The Brazilian Association of Electric Power Distributors – Abradee – has annually granted its associates, since 2000, the Abradee Social Responsibility Award, using the *Ethos Indicators on Corporate Social Responsibility* as its main assessment criteria. Along these seven years, the use of the Ethos Indicators has significantly supported over 30 electric power distributors in the achievement of important social and environmental advances.

### Banco Itaú

Banco Itaú believes the Ethos Institute's *Management Tools* are critical to learning and consolidating the corporate social responsibility knowledge, and, for this reason, we have sponsored its publication in 2006 and 2007. Itaú's commitment to sustainability, besides being embedded in the business strategies, is also shown in its contribution to building and disseminating good social and environmental responsibility practices.

### Medley

Medley is participating in the publication of the *2007 Management Tools* because it strongly supports initiatives that aim to discuss, improve, and endorse the sustainability and corporate responsibility themes. The pharmaceutical sector, due to its own operating nature, has great opportunities to develop and foster responsible management culture. In our learning experience, these tools have been very important and, therefore, sponsoring publications such as the *2007 Management Tools* is one more opportunity to share these concepts in the search for a more sustainable society that can offer a more balanced growth to all its citizens.

### Natura

Natura believes the Ethos Institute's *Management Tools* are valuable instruments to assist companies in establishing action plans and goals to be incorporated into their strategic planning, in order to improve their socially responsible management.

### Petrobras

Petrobras' performance is social and environmental responsibility-oriented, and seeks citizenship development coupled with the excellence of its operations in the oil and gas sectors. Therefore, it sponsors the *Management Tools* – developed by the Ethos Institute – which are important instruments for the consolidation of a socially responsible business management. The *Tools* are aligned with the company's performance in the dissemination of corporate social and environmental responsibility practices, and the establishment of partnerships for the construction of a sustainable development model.

### Samarco

The Ethos Institute's *Management Tools* have consolidated themselves as critical to a mature and socially responsible business management. Samarco has been using these tools for the last five years, especially the *Ethos Indicators*, which in 2006 were incorporated to measure its social and environmental performance linked with the company's strategic map. Sponsoring this initiative reinforces Samarco's commitment to sustainable development.

### Sesi-SC

The Industry Social Service of the State of Santa Catarina (Sesi-SC) restates in 2007 its support to the Ethos Institute's *Management Tools*, an instrument it regards as critical to the dissemination and promotion of practices and values indispensable to sustainable development. Sesi-SC has applied these tools in the assessment of its socially responsible management model, which has been in force since 2002. Acting as a social services provider to industrial companies, Sesi raises companies' awareness of the importance of social responsibility for maintaining business and a quality relationship with all its stakeholders.

### Suzano

We support the Ethos Institute's initiative to publish the *Management Tools* for we believe the organizations need to develop a broad and integrated vision of all the instruments that assist them in managing corporate responsibility, so that they can improve and develop this practice in their relationship with society.

# **ETHOS INDICATORS**

## **on Corporate Social Responsibility**

**2007**

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1. The orientation given to the companies is a voluntary work free of charge.
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3. We are neither a social responsibility certifying entity, nor give a "seal" for that purpose.
4. We do not allow any entity or company (whether associated or not) to use the Ethos Institute logo without our prior knowledge and express written authorization.

If you have any doubt or wish to consult us on the activities of the Ethos Institute, please contact us through the link "Fale Conosco" (Talk to Us), at [www.ethos.org.br](http://www.ethos.org.br).

# Introduction

**C**orporate social responsibility (CSR) means that the company must establish a dialogue and engage with all its stakeholders based on an ethical and transparent relationship. Although the implementation of such practices is challenging, many companies have already reached significant results.

There are numerous examples of how such practices have been incorporated into the business management practices, including the initiatives of large companies aimed at encouraging their supply and customer chains to also consider CSR principles in their management. The adoption of these practices enables the control of business risks and opportunities, and allows both the company and its value chain to use strategies and tools towards socially responsible management.

As far as the business management tools are concerned, companies have continuously demanded patterns of comparability for what they have been diagnosing, implementing and reporting from one period to the next. As a result of increased investments and the use of social and environmental criteria in the actions performed, it has become more and more necessary to monitor the results to measure the extent to which the company's efforts are meeting the objective of contributing to sustainable development<sup>1</sup>.

Within this context we introduce the 2007 version of the Ethos Indicators on Corporate Social Responsibility, which are an effort of the Ethos Institute aimed at providing companies

with a tool to support the process of strengthening their commitment to social responsibility and sustainable development. Structured in a questionnaire format, the Ethos Indicators are an excellent awareness-raising, learning and monitoring tool for corporate social responsibility.

The presentation in adjacent boxes was structured so as to help companies in their action planning; they are an evolutionary scale of parameters organizations can use as reference or inspiration to develop their own policies and actions.

After answering the Indicators' questionnaire, companies can send their answers to the Ethos Institute through the Ethos Indicators system<sup>2</sup>. The data will be processed, turned into scores and marks, and then presented in the Diagnosis Report, thus allowing each company to compare them through tables and charts to the benchmarking group (the top 10 companies with the highest scores) and to the average score of the companies that answered the questionnaire in the same period.

**The data provided by the company, its answers to the questionnaire and its diagnosis report will be used with total confidentiality<sup>3</sup> by the Ethos Institute, and shall only be made available to third parties upon the company's authorization.**

The 2007 version was developed taking into account the comparability of information. The content of the questions is the same as the previous version, except for minor language improvements for better understanding. Companies can, therefore, compare their performance against the previous year, assessing advances, challenges, and opportunities.

The greatest innovation of the 2007 version is that the software for filling out the Ethos Indicators is now available online. This will make the tool's application easier, optimize its maintenance, and provide companies with a system through which they can encourage good social and environmental practices among their suppliers and customers. Another advantage is

that it enables companies to use their answers to the questionnaire in goal setting and action planning.

When developing the 2007 Indicators, the Ethos Institute sought to improve the management processes suggested to the respondents, and it will soon start a broad participative process of revision, prioritizing legitimacy, applicability, and comparability parameters for this tool.

Ethos would like to thank the collaboration of everyone involved in the thematic meetings about the Indicators' content, and informs that the results of these meetings will be used in the next steps to develop the tool.

## Using the Ethos Indicators in Value Chains CSR Management

The new 2007 version of the Ethos Indicators allows organizations to follow and have access to their suppliers' and customers' social responsibility management upon their consent.

When filling out the Ethos Indicators' questionnaire, suppliers and customers may authorize companies they do business with to have access, through the system, to their records, answers to the Ethos Indicators, and Diagnosis Report.

This initiative aims to encourage and facilitate socially responsible processes in the value chains of companies committed to the theme, which are willing to enhance the results of their actions through suppliers and customers.

The system will allow the setting of priorities, joint goals and initiatives, facilitate the monitoring of actions through periodic assessments, as well as enable the company and its value chain to move together towards sustainability.

If your company is interested in developing this initiative with the support of the Ethos Institute or wants more information on it, please contact us at [indicadores@ethos.org.br](mailto:indicadores@ethos.org.br).

## Questionnaire Structure

The Ethos Indicators questionnaire is organized in seven themes:

- Values, Transparency, and Governance
- Workforce
- Environment
- Suppliers
- Consumers and Customers
- Community
- Government and Society

Each theme is divided into a set of indicators whose purpose is to explore, from different perspectives, how the company can improve its performance in that specific theme.

## Indicators Structure

Each indicator consists of one depth issue, binary issues, and quantitative issues.

**Depth Question (or Depth Indicator)** – This type of indicator enables the assessment of the current stage of the company’s management with respect to a certain practice. It comprises four adjacent boxes showing stages of this practice, whose performance level evolves from Stage 1 to 4, which allows the company to easily position itself in the scale. These four stages can be

interpreted as follows:

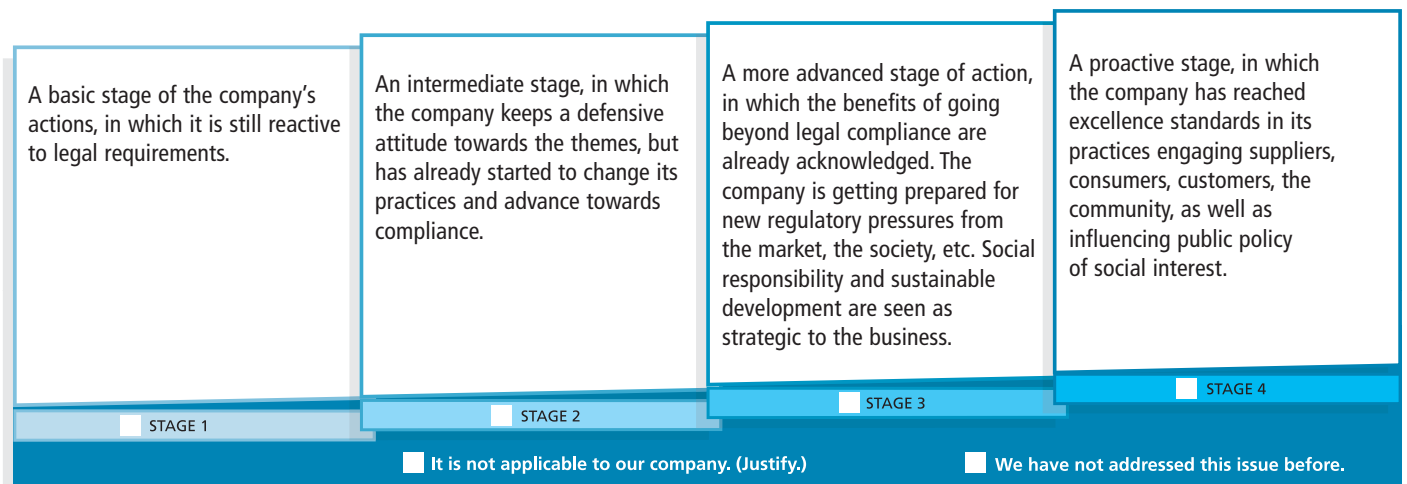
Only one of the four stages can be chosen, that being the one closest to the company’s reality. In this assessment, please consider that choosing a certain stage assumes the fulfillment of the previous one.

In the event none of the boxes corresponds to the company’s reality, one of the following reasons shall be checked:

- We have not addressed this issue before.
- It is not applicable to our company.

If the second option is checked, the company must justify the answer in the space provided for comments. If the company checks one of these alternatives, the corresponding additional questions will be automatically considered as not applicable.

**Binary Questions (or Binary Indicators)** – The second type of indicators comprises binary questions (yes/no questions), which qualify the chosen answer in the depth indicator. The binary questions contain elements for validation and deeper evaluation of the social responsibility stage as identified by the company, and help understand which practices must be incorporated into the business management.



These indicators must be necessarily filled out, except in the event the issue of the corresponding depth indicator has not been addressed by the company before or is not applicable to the company's reality.

**Quantitative Questions (or Quantitative Indicators)** – The third type of indicators proposes the systematic survey of certain data, which may be assessed according to annual series and crossed with other data. Not all the indicators present quantitative data. However, the existing data shall be accurately gathered for they will be useful to the company's internal monitoring.

The structure of the questionnaire enables the company to plan how to achieve a higher social

The absence of quantitative data does not influence the company's final performance in its Diagnosis Report. However, we stress that the monitoring of these figures will contribute a lot to the consistency of the improvements planning proposed by the Ethos Indicators.

responsibility level. The depth indicators arranged in scale provide parameters for the subsequent steps, and together with the binary and quantitative indicators, help to draw up guidelines for the establishment of improvement goals within the scope of each theme.

## Questionnaire Structure

**Theme**

**Subtheme**

**Indicator**

**Statement**

**Depth Indicators**

**Stages**

**Binary Indicators**

**Quantitative Indicators**

**Workforce**  
RESPECT FOR THE INDIVIDUAL

**Indicator 12 – Commitment to Non-Discrimination and Promoting Racial Equality<sup>29</sup>**

Considering the Brazilian historical background, the persistent historical disadvantages that characterize the situation of the afro-descendant population, the company:

STRICTLY COMPLIES WITH THE LAWS IN FORCE PROHIBITING RACIAL DISCRIMINATION IN THE WORKPLACE, AND HAS A CLEAR INTERNAL STANCE AGAINST ANY TYPE OF PREJUDICE IN RELATION TO ALL STAKEHOLDERS. HAS A SPECIFIC PROVISION DEMANDING FULL COMPLIANCE WITH SUCH LAWS IN ITS CONTRACTS WITH OUTSOURCED WORKERS.

PERIODICALLY CARRIES OUT AN INTERNAL CENSUS-LIKE PROCESS TO EVALUATE NEEDS, CRITICAL SITUATIONS OR AREAS REGARDING RACIAL EQUALITY. SUCH INFORMATION IS USED IN THE PLANNING OF AFFIRMATIVE ACTIONS, TO REINFORCE AWARENESS-RAISING CAMPAIGNS, REVIEW PROCESSES AND POLICIES, ETC.

HAS A PUBLIC COMMITMENT TO PROMOTING RACIAL EQUALITY THROUGH FORMAL PEOPLE MANAGEMENT POLICIES THAT PRIORITIZE EQUALITY, AND THE PERFORMANCE OF AFFIRMATIVE ACTIONS TO ENSURE EQUAL OPPORTUNITIES FOR AFRO-DESCENDANTS IN HIRING, PROMOTION, AND INTERNAL MOBILITY PROCESSES.

BESIDES KEEPING PROFESSIONAL DEVELOPMENT, COACHING AND/OR MENTORING PROGRAMS AIMED AT AFRO-DESCENDANT EMPLOYEES, ENCOURAGES THE PROMOTION OF RACIAL EQUALITY THROUGHOUT ITS PRODUCTION CHAIN AND INVESTS IN COMMUNITY PROGRAMS THAT HAVE THE SAME OBJECTIVE, CONTRIBUTING TO THE SOCIETY'S AWARENESS ON THE THEME.

STAGE 1      STAGE 2      STAGE 3      STAGE 4

It is not applicable to our company. (Justify.)       We have not addressed this issue before.

**ADDITIONAL INFORMATION**

	YES	NO
12.1. The racial equality and non-discrimination policy is formal and is included in the organization's code of conduct and/or values statement.	<input type="checkbox"/>	<input type="checkbox"/>
12.2. There are specific procedures derived from this racial equality and non-discrimination policy aimed at improving the qualification and career development of afro-descendant employees.	<input type="checkbox"/>	<input type="checkbox"/>
12.3. The racial equality and non-discrimination policy is explicit regarding wages and benefits, pension plan, access to training and scholarships.	<input type="checkbox"/>	<input type="checkbox"/>
12.4. The company carries out internal awareness-raising campaigns (seminars, forums or specific meetings) to improve the understanding of the importance of racial equality and non-discrimination.	<input type="checkbox"/>	<input type="checkbox"/>
12.5. The company has goals to promote racial equality in the hiring, promotion and training processes in all hierarchical levels and in all areas.	<input type="checkbox"/>	<input type="checkbox"/>
12.6. The racial equality and non-discrimination policy ensures the participation of afro-descendants in the decision-making processes and in the management for all hierarchical levels and all areas of the company.	<input type="checkbox"/>	<input type="checkbox"/>
12.7. The promotion of racial equality and non-discrimination is one of the dimensions of the company's strategic communication policy.	<input type="checkbox"/>	<input type="checkbox"/>
12.8. The business communication policy is based on the premise of not using illustrations or situations that are disrespectful to the dignity of afro-descendants.	<input type="checkbox"/>	<input type="checkbox"/>

	2005	2006	2007
12.9. Percentage of afro-descendants (men and women) in relation to the total headcount			
12.10. Percentage of afro-descendant women in relation to the total number of female collaborators			
12.11. Percentage of afro-descendant women in management positions in relation to the total number of management positions available			
12.12. Percentage of afro-descendant women in coordination and leadership positions in relation to the total number of coordination and leadership positions available			

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## Glossary of Concepts and Definitions

At the end of this publication (and also in the Ethos Indicators system at [www.ethos.org.br](http://www.ethos.org.br)) you will find a glossary of concepts and definitions aimed at explaining the key terms to understand the questions posed in each indicator, thus making the questionnaire easy to fill out.

## Ethos-Sebrae CSR Indicators for Micro and Small Companies

In 2003, aiming to encourage and support CSR incorporation by micro and small companies, the Ethos Institute and Sebrae (Brazilian Micro and Small Business Support Service) launched two publications: 1) *Ferramenta de Auto-Avaliação e Planejamento* (Self-Assessment and Planning Tool) – *Indicadores Ethos-Sebrae de Responsabilidade Social Empresarial para Micro e Pequenas Empresas* (Ethos-Sebrae CSR Indicators for Micro and Small Companies) – and 2) *Responsabilidade Social Empresarial para Micro e Pequenas Empresas – Passo a Passo* (Corporate Social Responsibility for Micro and Small Companies – Step by Step).

In 2006, the content of the first tool was revised, and resulted in the publication entitled *Indicadores Ethos-Sebrae de Responsabilidade Social Empresarial para Micro e Pequenas Empresas 2006*<sup>4</sup> (2006 Ethos-Sebrae CSR Indicators for Micro and Small Companies), since then available for use in the Ethos Indicators system at [www.ethos.org.br](http://www.ethos.org.br). Through this system, micro and small companies can send their data to the Ethos Institute and receive a customized report, in a process similar to that of the Ethos Indicators.

## Ethos Sectoral Indicators

In order to provide the companies with the possibility of a more accurate and deeper self-diagnosis, the Ethos Institute has been developing since 1999 specific indicators to encompass dilemmas and peculiarities of each business sector. These questionnaires are complementary to the general Ethos CSR Indicators, and enable the company to analyze the typical opportunities and

challenges of its sector. Aiming to achieve a higher level of legitimacy and engagement of companies in this work, the Ethos Institute seeks to perform it in partnership with entities that have a nationwide representation in their sectors.

The sectors which already have their own indicators are the following: energy distribution, since 1999; bakery and bars/restaurants, since 2002; financial, mining, and paper and pulp, since 2003; road passenger transportation, oil and gas, civil construction, and retail sectors, since 2005<sup>5</sup>.

The seven questionnaires developed since 2003 are available for use through the Ethos Indicators system. If your company is part of one of the sectors mentioned above, the relevant questions will be available to be filled out in your questionnaire as binary indicators. In order to access the binary indicators, just fill out the registration form in the system. After informing your sector, the sectoral questionnaire will be automatically incorporated.

Companies and business entities of other sectors that are interested in developing their own indicators should contact the Ethos Institute through the e-mail [indicadores@ethos.org.br](mailto:indicadores@ethos.org.br).

## Corporate Child Development Index (IDI-E)

All experts agree that the first years of life are fundamental not only for the individual, but also for the society as a whole. Therefore, it is a matter of protecting each child from the moment of his/her conception and along his/her development, assuring loving care and affection, as well as the right to play and the parents and family participation in the child's life.

Aware of this fact, the Ethos Institute and the United Nations Children's Fund (Unicef) have developed the Corporate Child Development Index (IDI-E), which aims to bring to the companies' agenda concrete ways to contribute to their employees' children development, thus moving towards the achievement of the Millennium Development Goals (MDG).

The IDI-E content and its monitoring will guide companies in the development of policies and programs aimed at child development, measure results in the children's lives, and identify good practices and lessons to be learned by all organizations.

By fully answering the quantitative questions on last year's performance regarding Indicator 10 – Commitment to Child Development – , your company will gather the necessary information to calculate the index. Your company's IDI-E will be informed together with the Ethos Indicators performance report, and will be considered in three different contexts: regarding formally employed workers pursuant to the CLT Labor Code, outsourced employees, and the autonomous employees or those who regularly render services and issue an invoice.

In order to better understand your performance against this issue, we suggest that your company's IDI-E be compared to the Child Development Index (IDI) of the city where it is located. We also suggest that the Unicef publications on the situation of Brazilian children be consulted at [www.unicef.org.br](http://www.unicef.org.br).

## How to Fill Out the Indicators

The mobilization of the company's professionals to answer the Ethos CSR Indicators should be seen as the beginning of a self-diagnosis process that, coupled with the company's mission and general strategy, will allow the identification of management aspects requiring detailed monitoring, new goals, and focused professionals. Such goals should be preferably included in the following planning.

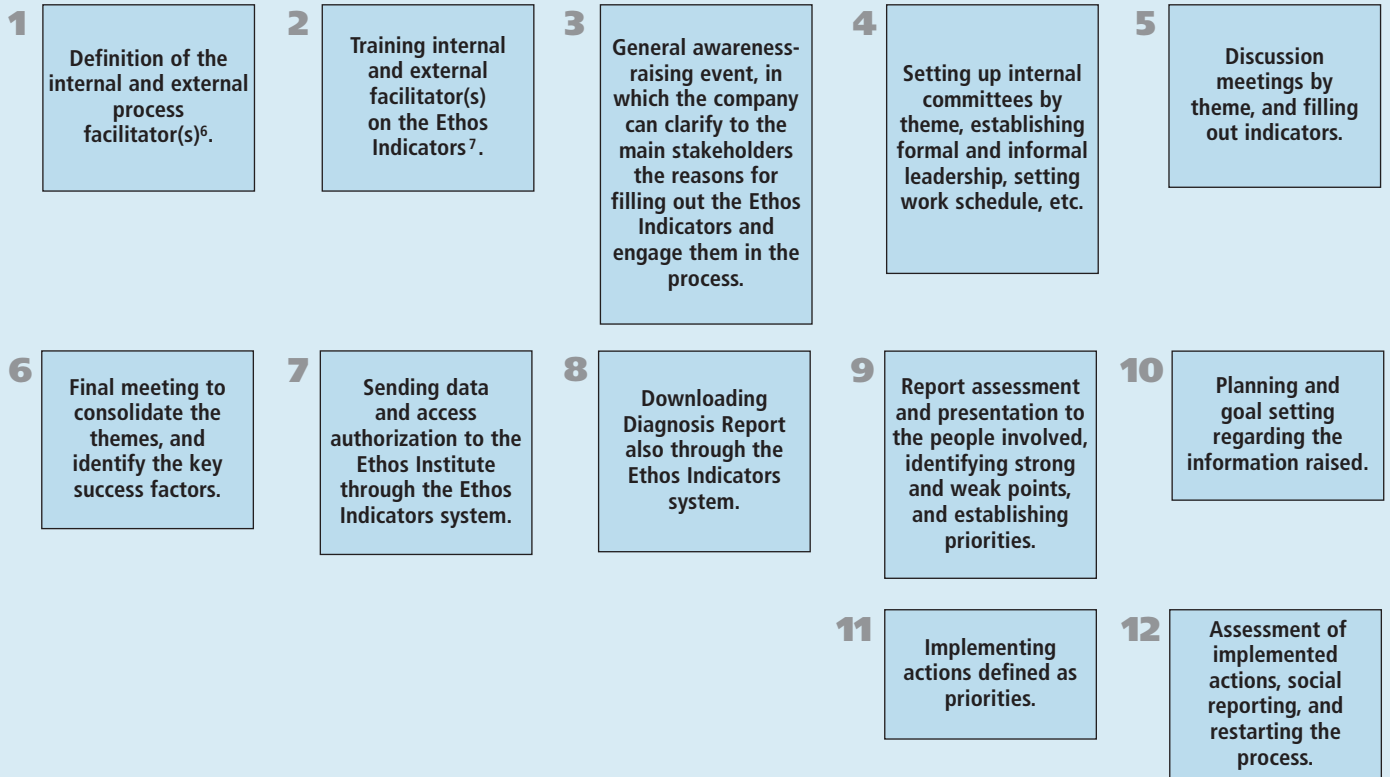
An aspect that should be emphasized in this process is the importance of the dialogue with stakeholders' representatives to evaluate the impacts of the companies' actions, seek solutions, and set goals.

Suggested premises for the Ethos CSR Indicators application:

- Each business unit should answer its own questionnaire.
- The company should choose a coordinator to centralize and systematize information, and facilitate the internal dialogue.
- Due to the far-reaching nature of the themes, several areas and levels of the company should participate in the process of filling out the questionnaire. The higher the number of people involved in the process and the more diversified the hierarchical levels and the departments involved, the more representative will the answers be and the deeper will the internal consideration be, thus ensuring a better self-diagnosis.
- It is highly recommended that the company's board monitors the process and learns the results.

Each company develops its own way to fill out the questionnaire, and many decide to hire external consultants to help them with this work. The Ethos Institute helps companies by offering capacity-building programs for their own staff.

See below the suggested process for the Ethos CSR Indicators application.



## UniEthos Program for the Ethos Indicators Implementation

UniEthos – Education on Social Responsibility and Sustainable Development is a non-profit organization founded as an initiative of the Ethos Institute aimed at research, knowledge production, training, and capacity building for the business and academic worlds in the themes of social responsibility and sustainable development.

One of the educational solutions developed by UniEthos is the *Program for the Facilitation of Ethos Indicators Implementation*. Its objective is to qualify the company's employees to implement the Ethos Indicators by facilitating the tool's filling out process. The filling out process shown in the previous box was based on this program.

For further information on this and other UniEthos programs, access [www.uniethos.org.br](http://www.uniethos.org.br).

## Consolidated Reports

The consolidated reports of previous versions with general notes per theme, size, area, etc., are available for reference in the Ethos Indicators system at [www.ethos.org.br](http://www.ethos.org.br).

## Correlations with Relevant Tools and Initiatives

Showing the correlation between the Ethos Indicators and relevant initiatives such as the Global Compact, the Millennium Development Goals, the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, and the SA8000 Standard has the objective of making it easier for managers to use the existing synergies in an integrated manner.

We can mention, for instance, the child labor theme, which is present in almost all initiatives of the kind. This theme is referred to in several questions of the 2007 version of the Ethos Indicators. When pondering on and answering these questions on the theme while developing processes or internal policies based on this issue, the company will have taken a major step towards meeting requirement number 1 of the SA8000 standard and HR6 guideline of the GRI Sustainability Reporting Guidelines.

The correlations are disclosed to the company, according to its answers, when it receives the Diagnosis Report, and are permanently studied by the Ethos Indicators' team. We hope these studies can indicate a safe path towards a management that truly contributes to sustainable development, effectively managing the risks inherent to the business, as well as the opportunities that come up.

*The SA8000 is the first standard aimed at improving working conditions. It comprises the main workers' rights – health and safety, freedom of association, maximum working hours, compensation, and protection against child labor, forced labor and discrimination – and whose compliance is verified by independent auditors. The standard follows the ISO standards, which facilitates its implementation by companies that are familiar with this system.*

This example shows the part of the Diagnosis Report where the correlations between the Ethos Indicators and the SA8000 Standard requirements can be found.

COMPARISON WITH SA8000 STANDARD		
1. With respect to adoption and scope of ethical values and principles:	The values and principles of the organization are documented in a charter of principles that is systematically diffused to the workforce under the responsibility of a person or area.	Complies with requirements 1, 2, 5, 6 and 9 of SA8000 Standard
1.1	Yes	Complies with requirements 1, 2, 5, 6 and 9 of SA8000 Standard
1.2	Yes	Complies with requirements 1, 2, 5, 6 and 9 of SA8000 Standard
1.3	Yes	Complies with requirements 1, 2, 5, 6 and 9 of SA8000 Standard
1.4	Yes	Complies with requirements 1, 2, 5, 6 and 9 of SA8000 Standard
1.5	Yes	Complies with requirements 1, 2, 5, 6 and 9 of SA8000 Standard
1.18	Yes	Complies with requirements 1, 2, 5, 6 and 9 of SA8000 Standard
1.21	Yes	Complies with requirements 1, 2, 5, 6 and 9 of SA8001 Standard
1.22	Yes	Complies with requirements 1, 2, 5, 6 and 9 of SA8002 Standard
1.23	Yes	Complies with requirements 1, 2, 5, 6 and 9 of SA8003 Standard

## Talk to us

For specific information on the Ethos CSR Indicators, email the Ethos Institute at [indicadores@ethos.org.br](mailto:indicadores@ethos.org.br).

## NOTES

- 1** According to the Brundtland Report ([www.brundtlandnet.com/brundtlandreport.htm](http://www.brundtlandnet.com/brundtlandreport.htm)), “sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. This concept warns about irrational exploration of natural resources, and urges caution when it comes to human rights, recovery of citizenship, and access to the consumption of goods and services.
- 2** The Ethos CSR Indicators system is available at [www.ethos.org.br](http://www.ethos.org.br).
- 3** The Ethos Institute does not use data received from companies to award prizes or develop rankings.
- 4** The publications Ferramenta de Auto-Avaliação e Planejamento – Indicadores Ethos-Sebrae de RSE para Micro e Pequenas Empresas 2003 (Self-Assessment and Planning Tool – 2003 Ethos-Sebrae CSR Indicators for Micro and Small Companies), Responsabilidade Social Empresarial para Micro e Pequenas Empresas - Passo a Passo (Corporate Social Responsibility for Micro and Small Companies – Step by Step), and Indicadores Ethos-Sebrae de RSE para Micro e Pequenas Empresas 2007 (2007 Ethos-Sebrae CSR Indicators for Micro and Small Companies) are available at [www.ethos.org.br](http://www.ethos.org.br).
- 5** Ethos Sectoral Indicators’ questionnaires are available at [www.ethos.org.br](http://www.ethos.org.br).
- 6** An internal facilitator is understood as that person within the company that is, at that time, the most closely related to the theme, has an integrated view of the company areas, can easily collect and systematize data, and interpret such data to be used in the company’s strategic management. The Ethos Institute recommends that the process include external participants exclusively to legitimize the reflection triggered by the Ethos CSR Indicators. We suggest as external facilitators the main stakeholders, who should be involved mainly in the themes they are most impacted by.
- 7** The Ethos Institute periodically offers to its associates training workshops on the Ethos Indicators. For further information, please write to [associada@ethos.org.br](mailto:associada@ethos.org.br).



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# Values, Transparency, and Governance

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## CONDUCT SELF-REGULATION

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Indicator 1 – Ethical Commitments

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Indicator 2 – Embedding in the Organizational Culture

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Indicator 3 – Corporate Governance

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## TRANSPARENT RELATIONS WITH SOCIETY

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Indicator 4 – Relations with Competitors

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Indicator 5 – Dialogue with Stakeholders and Stakeholder Engagement

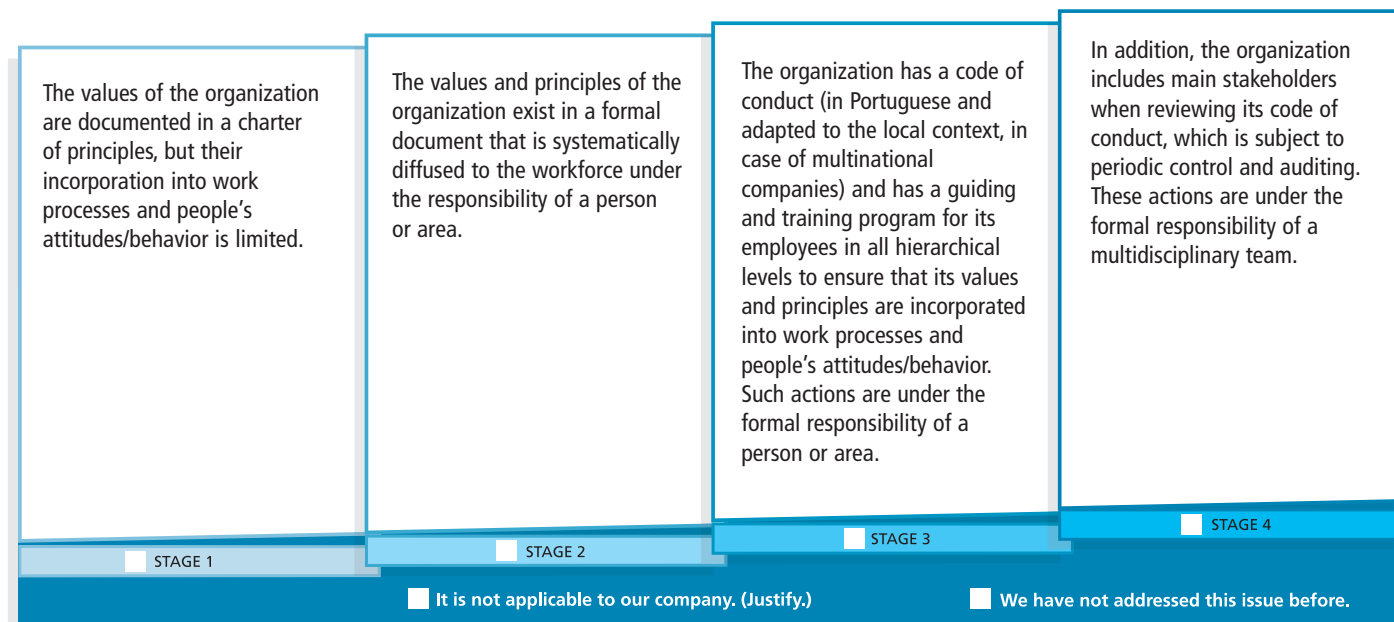
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Indicator 6 – Social Reporting

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## Indicator 1 – Ethical Commitments

Concerning the adoption and scope of ethical values and principles:



### ADDITIONAL INFORMATION

The company:	YES	NO
1.1. publishes its ethical commitments through institutional material on the Internet or by any other means appropriate to its stakeholders.	<input type="checkbox"/>	<input type="checkbox"/>
<b>The organization's code of conduct and/or values statement:</b>		
1.2. addresses the following stakeholders: employees, suppliers, environment, consumers/customers, community, government, and minority shareholders.	<input type="checkbox"/>	<input type="checkbox"/>
1.3. explicitly forbids the use of illegal practices (such as corruption, extortion, bribery and slush funds) to obtain commercial advantage.	<input type="checkbox"/>	<input type="checkbox"/>
1.4. are explicit as to the commitment to ethics in the management of private or privileged information obtained in the company's processes when interacting with its stakeholders (customers, employees, suppliers, etc.).	<input type="checkbox"/>	<input type="checkbox"/>
1.5. are explicit as to the commitment to transparency and accuracy of information given to all stakeholders.	<input type="checkbox"/>	<input type="checkbox"/>
<b>The organization's code of conduct and/or values statement cover issues such as:</b>		
1.6. compliance with the law and payment of taxes;	<input type="checkbox"/>	<input type="checkbox"/>
1.7. concussion, questionable payments or collections;	<input type="checkbox"/>	<input type="checkbox"/>
1.8. explicit rules in its relations with public agents;	<input type="checkbox"/>	<input type="checkbox"/>
1.9. conflict of interests;	<input type="checkbox"/>	<input type="checkbox"/>
1.10. donations;	<input type="checkbox"/>	<input type="checkbox"/>
1.11. active and passive corruption;	<input type="checkbox"/>	<input type="checkbox"/>
1.12. administrative corruption;	<input type="checkbox"/>	<input type="checkbox"/>
1.13. fraud in invitations to bid;	<input type="checkbox"/>	<input type="checkbox"/>
1.14. limits to political activities and donations;	<input type="checkbox"/>	<input type="checkbox"/>
1.15. relations with the community;	<input type="checkbox"/>	<input type="checkbox"/>
1.16. nepotism;	<input type="checkbox"/>	<input type="checkbox"/>
1.17. prevention of and procedures to deal with frauds.	<input type="checkbox"/>	<input type="checkbox"/>

The company:	YES	NO
1.18. has formal committee, council or person in charge of ethical issues that is acknowledged internally.	<input type="checkbox"/>	<input type="checkbox"/>
1.19. has formal committee, council or person in charge of ethical issues that is acknowledged externally.	<input type="checkbox"/>	<input type="checkbox"/>
1.20. encourages consistency between its ethical principles and values and the individual attitude of its employees.	<input type="checkbox"/>	<input type="checkbox"/>
1.21. expressly binds the performance of its legal and accounting consultants to its code of conduct / statement of principles.	<input type="checkbox"/>	<input type="checkbox"/>
1.22. besides complying with all the laws in force and paying all taxes and duties, has procedures so that all employees can learn the laws they are subject to, both those regarding their professional activities and those in their own benefit, so that they can fully comply with such laws.	<input type="checkbox"/>	<input type="checkbox"/>

## Indicator 2 – Embedding in the Organizational Culture

Concerning effectiveness in the dissemination of the company's values and ethical principles:

<p>Values and principles are conveyed to the workforce sporadically or at specific times (such as when hiring a new employee or in auditing processes).</p> <p style="text-align: center;">STAGE 1</p>	<p>There are systematic processes to diffuse the company's values and principles to the workforce.</p> <p style="text-align: center;">STAGE 2</p>	<p>In addition, the incorporation of these values and principles is periodically audited<sup>9</sup> and verified, and the employees are encouraged to monitor the process.</p> <p style="text-align: center;">STAGE 3</p>	<p>In addition, all external partners are encouraged to replicate this process in the company's production chain.</p> <p style="text-align: center;">STAGE 4</p>
<input type="checkbox"/> It is not applicable to our company. (Justify.) <span style="margin-left: 200px;"><input type="checkbox"/> We have not addressed this issue before.</span>			

### ADDITIONAL INFORMATION

	YES	NO
2.1. Ethical issues are addressed by organizational climate research, by a 360-degree assessment, or similar tools.	<input type="checkbox"/>	<input type="checkbox"/>
2.2. The company's employees are familiar on a day-to-day basis with the themes and propositions included in the code of conduct, applying them spontaneously.	<input type="checkbox"/>	<input type="checkbox"/>
2.3. The company has developed procedures to deal with denunciations and conflict resolution related to non-compliance with its code of conduct or values statement.	<input type="checkbox"/>	<input type="checkbox"/>

## Indicator 3 – Corporate Governance<sup>10</sup>

Regarding the company's organizational structure and governance practices:

<p>Besides performing pursuant to the laws in force, the company has a board of directors, an advisory board or a similar structure, and its financial statements are audited by independent external auditors.</p> <p style="text-align: center;">STAGE 1</p>	<p>Its board of directors, advisory board or similar structure has commitments, explicit policies, and formal mechanisms that ensure the integrity of financial reports, prioritizing transparency in the accountability and other information.</p> <p style="text-align: center;">STAGE 2</p>	<p>In addition, the company has explicit policies to properly address the voting right and ensure fair and equitable treatment to the partners, and results are periodically monitored and assessed.</p> <p style="text-align: center;">STAGE 3</p>	<p>In addition to the previous stages, the senior management (board and officers) includes social and environmental criteria in the definition and management of the business, and normally listens, assesses and considers the concerns, criticism and suggestions of the stakeholders in issues involving them</p> <p style="text-align: center;">STAGE 4</p>
<input type="checkbox"/> It is not applicable to our company. (Justify.) <span style="margin-left: 200px;"><input type="checkbox"/> We have not addressed this issue before.</span>			

## Values, Transparency, and Governance

### CONDUCT SELF-REGULATION

#### ADDITIONAL INFORMATION

The company's senior management:	YES	NO
3.1. makes use of formal mechanisms or systems to periodically assess its members.	<input type="checkbox"/>	<input type="checkbox"/>
3.2. has a structure that comprises a board of directors or an advisory board, and an external independent auditing aiming to: ensure property control; prevent/restrain abuse of power by their members, fraud by use of privileged information for one's own benefit or performance in conflict of interests; and discourage bribery and other corruption practices, the development of "unrecorded funds" or secret accounts, and the preparation of documents that do not accurately reflect the transactions they report.	<input type="checkbox"/>	<input type="checkbox"/>
3.3. when appointing board members, it takes into account skills, knowledge, expertise and independence to strategically lead the organization - including issues related to social and environmental opportunities and threats – and monitor the managers' performance (board).	<input type="checkbox"/>	<input type="checkbox"/>
3.4. uses studies, researches, and support from experts to better base the solution of ethical, socioenvironmental and human rights-related dilemmas.	<input type="checkbox"/>	<input type="checkbox"/>
3.5. includes respect to human rights as a formal criterion in its investment or acquisition decisions <sup>11</sup> .	<input type="checkbox"/>	<input type="checkbox"/>
3.6. carries out its operations in accordance with the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work <sup>12</sup> .	<input type="checkbox"/>	<input type="checkbox"/>
3.7. carries out its operations in accordance with the guidelines for multinational companies of the Organisation for Economic Cooperation and Development (OECD) <sup>13</sup> .	<input type="checkbox"/>	<input type="checkbox"/>
3.8. carries out its operations in accordance with the Global Compact Principles <sup>14</sup> or supporting the Millennium Development Goals (MDG) <sup>15</sup> .	<input type="checkbox"/>	<input type="checkbox"/>
3.9. The company's vision and strategy includes contributions of the organization regarding sustainable development.	<input type="checkbox"/>	<input type="checkbox"/>

	2005	2006	2007
3.10. Total number of members in the board of directors (or similar structure)			
3.11. Percentage of board of directors (or similar structure) formed by independent directors without a management position			
3.12. Percentage of women in the board of directors (or similar structure)			
3.13. Percentage of afro-descendants in the board of directors (or similar structure)			

## Values, Transparency, and Governance

### TRANSPARENT RELATIONS WITH SOCIETY

## Indicator 4 – Relations with Competitors

Considering its policies on relations with competitors or organizations with the same purpose, the company:

<p>Follows the market pricing and competition practices, complies with the laws in force, and pursues a fair positioning.</p>	<p>Has explicit and stated rules against unfair competition, periodically discussing (or discussing when necessary) with its workforce its attitude towards competitors.</p>	<p>Assumes public commitment against unfair competition, discusses its attitude with suppliers and customers, warning them about this issue, and participates in discussions of this issue in professional associations.</p>	<p>Plays a leading role in its segment in discussions regarding the search for continuous improvement in competition standards, considering fighting trusts and cartels, unfair business practices, fraud in invitations to bid, and industrial espionage.</p>
<input type="checkbox"/> STAGE 1	<input type="checkbox"/> STAGE 2	<input type="checkbox"/> STAGE 3	<input type="checkbox"/> STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify.)		<input type="checkbox"/> We have not addressed this issue before.	

**ADDITIONAL INFORMATION**

	YES	NO
4.1. Principles regarding loyal competition are included in the organization’s code of conduct and/or values statement.	<input type="checkbox"/>	<input type="checkbox"/>
<b>The company:</b>		
4.2. publicly and frequently discloses its principles regarding competition (for instance, on its website, through institutional material, annual report, etc.).	<input type="checkbox"/>	<input type="checkbox"/>
4.3. has a policy of not making use of faults or deficiency of competitors’ products and services to promote its own products and services.	<input type="checkbox"/>	<input type="checkbox"/>
4.4. The unfair competition policy includes the company’s production chain.	<input type="checkbox"/>	<input type="checkbox"/>
<b>The unfair competition policy addresses the following issues:</b>		
4.5. Piracy;	<input type="checkbox"/>	<input type="checkbox"/>
4.6. Tax evasion;	<input type="checkbox"/>	<input type="checkbox"/>
4.7. Smuggling;	<input type="checkbox"/>	<input type="checkbox"/>
4.8. Adulteration of products and brands;	<input type="checkbox"/>	<input type="checkbox"/>
4.9. Products forgery.	<input type="checkbox"/>	<input type="checkbox"/>
<b>The company:</b>		
4.10. in the last three years, has been denounced by the Cade (Administrative Council for Economic Defense) for unfair competition.	<input type="checkbox"/>	<input type="checkbox"/>
4.11. in the last three years, has been denounced by agencies such as Anvisa, IPEM, Idec, Inmetro, Procon (sanitary surveillance, consumer protection, and weight and measure agencies) or other government or civil society organizations for irregularities in its processes, services or products.	<input type="checkbox"/>	<input type="checkbox"/>

## Indicator 5 – Dialogue with Stakeholders and Stakeholder Engagement<sup>16</sup>

Considering its impacts on different social groups, the company:

<p>Is aware of the importance of the dialogue with stakeholders and stakeholder engagement for the business success, knows the specific dilemmas and characteristics of some of its stakeholders (employees, customers and consumers, shareholders or investors), and has established dialogue channels for the maintenance of these relations.</p>	<p>Knows the specific dilemmas and characteristics of most of its stakeholders through periodic mapping, and has established mechanisms of dialogue with stakeholders and stakeholder engagement to mitigate social and environmental impacts caused by its activities through teams prepared for the necessary contingency plans.</p>	<p>Besides prioritizing the constant dialogue with stakeholders and stakeholder engagement, has information and knowledge management strategy to “internalize the negative social and environmental externalities” caused by its activities, and uses it as a basis to redefine policies and processes of management or production.</p>	<p>By using specific tools and policies, it establishes dialogue with and engages stakeholders in a structured way in previous considerations of its activities, processes and actions aiming to foresee, minimize, or eliminate the social and environmental negative externalities caused by the organization. In addition, the dialogue and engagement process is audited by third parties.</p>
<p>STAGE 1</p>	<p>STAGE 2</p>	<p>STAGE 3</p>	<p>STAGE 4</p>
<p><input type="checkbox"/> It is not applicable to our company. (Justify.)      <input type="checkbox"/> We have not addressed this issue before.</p>			

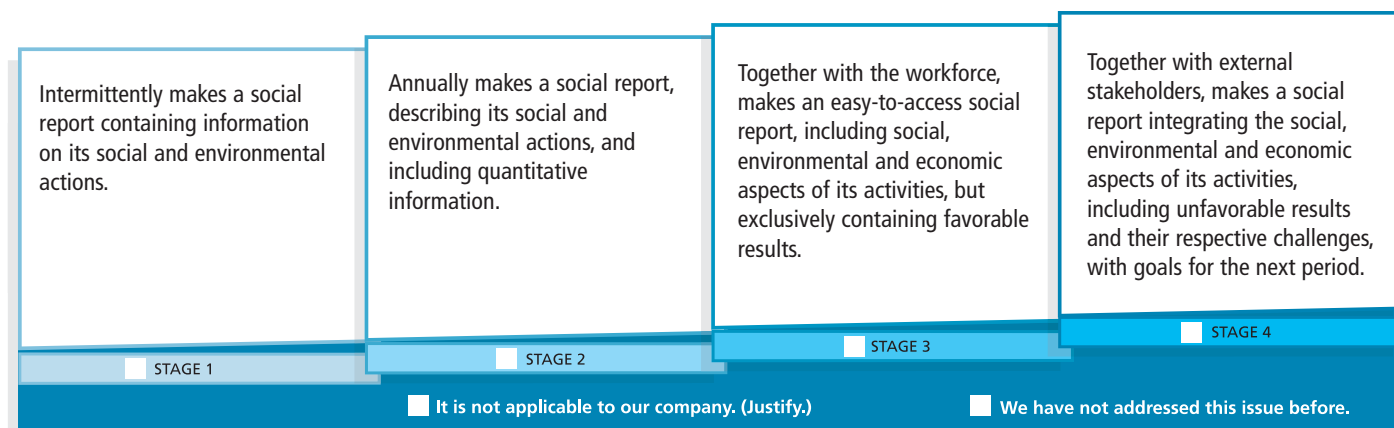
**ADDITIONAL INFORMATION**

<b>The company:</b>	YES	NO
5.1. accepts criticism from groups or stakeholders about the nature of its processes, products or services.	<input type="checkbox"/>	<input type="checkbox"/>
5.2. has a relations policy and/or procedures to quickly respond to any suggestion, request, effort or demand coming from its stakeholders.	<input type="checkbox"/>	<input type="checkbox"/>

	YES	NO
5.3. The process of dialogue with stakeholders and stakeholder engagement has performance indicators to monitor the relations.	<input type="checkbox"/>	<input type="checkbox"/>
5.4. The company has a policy so that the indicators/data/information resulting from the process of dialogue with stakeholders and stakeholder engagement be comparable, reliable, relevant and clear to its stakeholders.	<input type="checkbox"/>	<input type="checkbox"/>
5.5. These indicators/data/information are used in the company' overall planning process.	<input type="checkbox"/>	<input type="checkbox"/>
5.6. These indicators/data/information are included in the company's social report.	<input type="checkbox"/>	<input type="checkbox"/>
5.7. The company uses structured dialogue methodologies with stakeholders, such as the AA1000 <sup>17</sup> standard or a similar one.	<input type="checkbox"/>	<input type="checkbox"/>

## Indicator 6 – Social Reporting<sup>18</sup>

With respect to reporting on the economic, social, and environmental aspects of its activities, the company:



### ADDITIONAL INFORMATION

	YES	NO
6.1. The information on the economic and financial situation of the company's activities is audited by third parties.	<input type="checkbox"/>	<input type="checkbox"/>
6.2. The information on the social and environmental aspects of the company's activities is audited by third parties.	<input type="checkbox"/>	<input type="checkbox"/>
6.3. The company involves in its social reporting at least four of the following stakeholders: community, workforce, consumers and customers, suppliers, government and society in general (for instance, by contacting environmental defense organizations, unions, public health or human rights defense organizations, etc.).	<input type="checkbox"/>	<input type="checkbox"/>
6.4. The company includes in its social reports stakeholders' criticism, suggestions, and statements.	<input type="checkbox"/>	<input type="checkbox"/>
6.5. The process of social report disclosure includes at least four of the following stakeholders: workforce, community, consumers and customers, suppliers, government and society in general.	<input type="checkbox"/>	<input type="checkbox"/>
6.6. The company makes available on the Internet data on economic and financial, social and environmental aspects of its activities.	<input type="checkbox"/>	<input type="checkbox"/>
6.7. The company includes in its social report data and indicators used in monitoring the wealth distribution – the Added Value Statement (AVS), for instance.	<input type="checkbox"/>	<input type="checkbox"/>
6.8. The data collected and used in the social reporting is employed in the company's strategic planning.	<input type="checkbox"/>	<input type="checkbox"/>
<b>When making the social report, the company takes into account the following principles<sup>19</sup>:</b>		
6.9. Inclusiveness;	<input type="checkbox"/>	<input type="checkbox"/>
6.10. Relevance and Materiality;	<input type="checkbox"/>	<input type="checkbox"/>
6.11. Completeness;	<input type="checkbox"/>	<input type="checkbox"/>
6.12. Balance;	<input type="checkbox"/>	<input type="checkbox"/>

## Values, Transparency, and Governance

### TRANSPARENT RELATIONS WITH SOCIETY

	YES	NO	
6.13. Comparability;	<input type="checkbox"/>	<input type="checkbox"/>	
6.14. Accuracy;	<input type="checkbox"/>	<input type="checkbox"/>	
6.15. Timeliness;	<input type="checkbox"/>	<input type="checkbox"/>	
6.16. Clarity;	<input type="checkbox"/>	<input type="checkbox"/>	
6.17. Reliability.	<input type="checkbox"/>	<input type="checkbox"/>	
	<b>2005</b>	<b>2006</b>	<b>2007</b>
6.18. How many stakeholders (workforce, suppliers, community, government, society, etc.) are involved in the social reporting?			
6.19. How many stakeholders are included in the wealth distribution statement?			

## NOTES

**8** See the Ethos Institute publication *Formulação e Implantação de Código de Ética em Empresas – Reflexões e Sugestões (Development and Implementation of Code of Ethics in Companies – Reflections and Suggestions)*, available at [www.ethos.org.br](http://www.ethos.org.br), Joaquim Manhães Moreira's website ([www.manhaesmoreira.com.br](http://www.manhaesmoreira.com.br)) and his book *Ética Empresarial no Brasil (Corporate Ethics in Brazil)* – (Editora Pioneira, 1998). See also the Centro de Estudos de Ética nas Organizações – CENE (Center of Studies on Business Ethics) of Getúlio Vargas Foundation ([www.fgvsp.br/cene](http://www.fgvsp.br/cene)).

**9** This auditing can be internal or external, and can be performed by either a consultancy firm or specialized professionals.

**10** According to the Latin American White Paper on Corporate Governance, published by the Organization for Economic Co-operation and Development (OECD), "the debates on corporate governance in Latin America and throughout the world are focused on public companies and on private companies that have the potential to go public in the short term. (...) However, (...) good corporate governance is also a relevant reason for concern for private companies since most of them still depend on self-financing, private equity operations, and on the banking system to raise the funds necessary for their expansion and growth. The private companies (in general, family business or owned by their founders) should take consistent accounting and audit practices, as well as adequate controls, and strategic management and planning, if they want to keep their competitiveness." For further information on corporate governance, see the Code of Best Practices for Corporate Governance, published by the Brazilian Institute of Corporate Governance (IBGC) at [www.ibgc.org.br](http://www.ibgc.org.br).

**11** An example of issues to which the company shall pay attention is neither investing in nor acquiring companies that make use of child labor or submit its employees to inappropriate health and safety conditions, or companies perceived by the community as violators of land rights or traditional knowledge of the local population. Another example is doing business with government

agents involved in corruption, in which situation the company may be seen as conniving at crimes against the common wealth and with fraudulent income distribution. Such situations cause risks that may result in litigation, extortion, production loss, higher insurance premiums, and difficulty in raising capital and in recruiting and retaining talents, besides damage to reputation (See the Universal Declaration of Human Rights at [www.mj.gov.br/sedh/ct/legis\\_intern/ddh\\_bib\\_inter\\_universal.htm](http://www.mj.gov.br/sedh/ct/legis_intern/ddh_bib_inter_universal.htm)).

**12** According to the ILO declaration, the fundamental principles and rights at work are related to freedom of association and to the recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labor, effective abolition of child labor, and elimination of any employment- and occupation-related discrimination. More information is available at [www.oit.org/public/portugue/region/ampro/brasil/normas\\_princip\\_dir.htm](http://www.oit.org/public/portugue/region/ampro/brasil/normas_princip_dir.htm).

**13** OECD's guidelines for multinational companies provide voluntary principles and standards for the responsible conduct of companies in areas such as labor and industrial relations, human rights, environment, transparency, competition, taxes, and science and technology. For further information, see [www.mre.gov.br/portugues/politica\\_externa/organismos/ocde/diretrizes\\_02.asp](http://www.mre.gov.br/portugues/politica_externa/organismos/ocde/diretrizes_02.asp).

**14** The Global Compact is an initiative taken by the United Nations (UN) aimed at mobilizing the international business community for the promotion of key values on human rights, labor, and environment. This initiative involves United Nations agencies, companies, unions, non-governmental organizations, and other partners necessary for the construction of a more inclusive and equitable global market. For further information, access [www.unglobalcompact.org](http://www.unglobalcompact.org).

**15** The MDG (Millennium Development Goals) were established in the United Nations Millennium Declaration, a document approved during the Millennium Summit held September 6-8, 2000 in New York, USA. It is a global commitment to face the most significant challenges in the economic and social fields established as goals to be reached by 2015. For further information, access

## Values, Transparency, and Governance

*www.pnud.org.br/milenio, and see the publications O Compromisso das Empresas com as Metas do Milênio (Business Commitment to the Millennium Goals) and O Compromisso das Empresas com as Metas do Milênio – Volume II – Avanços e Desafios (Business Commitment to the Millennium Goals II – Improvements and Challenges), both available at [www.ethos.org.br](http://www.ethos.org.br) in “Publicações Ethos”.*

**16** *Stakeholders are defined broadly as those groups or individuals whose actions can reasonably be expected to affect the organization through their opinions and actions; or that can reasonably be expected to be significantly affected by the organization: workforce, suppliers, customers and consumers, community, government, shareholders, etc. There is an increasing trend to consider stakeholder as those who feel as such, and the company should map the stakeholders involved in each situation.*

**17** *The AA1000 (AccountAbility 1000) is an international standard for accounting and auditing management, and corporate responsibility reporting. By using dialogue and engagement in several steps of the process, the organization that uses this standard gains credibility with its various stakeholders. For further information, access [www.accountability21.net](http://www.accountability21.net).*

**18** *See Guia para Elaboração de Balanço Social e Relatório de Sustentabilidade (Social and Sustainability Reporting Guide), available at [www.ethos.org.br](http://www.ethos.org.br) in “Publicações Ethos” – “Guias”.*

**19** *For further information on social reporting principles, see the Guia para Elaboração de Balanço Social e Relatório de Sustentabilidade (Social and Sustainability Reporting Guide) and the 2006 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI), both available at [www.ethos.org.br](http://www.ethos.org.br) in “Publicações Ethos” – “Guias”.*



# Workforce

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## **DIALOGUE AND PARTICIPATION**

Indicator 7 – Relations with Unions

Indicator 8 – Participative Management

## **RESPECT FOR THE INDIVIDUAL**

Indicator 9 – Commitment to Children's Future

Indicator 10 – Commitment to Child Development

Indicator 11 – Valuing Diversity

Indicator 12 – Commitment to Non-Discrimination and Promoting Racial Equality

Indicator 13 – Commitment to Promoting Gender Equality

Indicator 14 – Relations with Outsourced Workers

## **DECENT WORK**

Indicator 15 – Compensation, Benefits and Career Planning Policy

Indicator 16 – Concern for Health, Safety, and Working Conditions

Indicator 17 – Commitment to Professional Development and Employability

Indicator 18 – Handling of Dismissals

Indicator 19 – Preparation for Retirement

## Indicator 7 – Relations with Unions

Considering the workers' participation in unions and relations with their representatives<sup>20</sup>, the company:

Does not put pressure on workers involved in union activities.	Does not put pressure, and allows union representatives to act freely in the workplace.	Besides allowing unions to act in the workplace, provides information on working conditions, and periodically meets with unions to take suggestions and negotiate claims.	In addition, has a solid communication channel with the unions, keeping them informed and providing them with financial and strategic objectives-related data that affect workers to support the discussions.
STAGE 1	STAGE 2	STAGE 3	STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify.) <input type="checkbox"/> We have not addressed this issue before.			

### ADDITIONAL INFORMATION

The company:	YES	NO
7.1. provides information that affects workers early enough so that the union and the workers may position themselves.	<input type="checkbox"/>	<input type="checkbox"/>
7.2. has a collective bargaining agreement with the union of the main category.	<input type="checkbox"/>	<input type="checkbox"/>
7.3. has a plant committee or one of corporate reach ensured by a collective bargaining agreement.	<input type="checkbox"/>	<input type="checkbox"/>
7.4. when operating in different regions, negotiates a minimum level of common benefits with the unions of such regions.	<input type="checkbox"/>	<input type="checkbox"/>
7.5. provides basic information on workers' rights and duties, such as collective bargaining agreement, union dues, etc.	<input type="checkbox"/>	<input type="checkbox"/>

## Indicator 8 – Participative Management

Considering the involvement of employees in the management, the company:

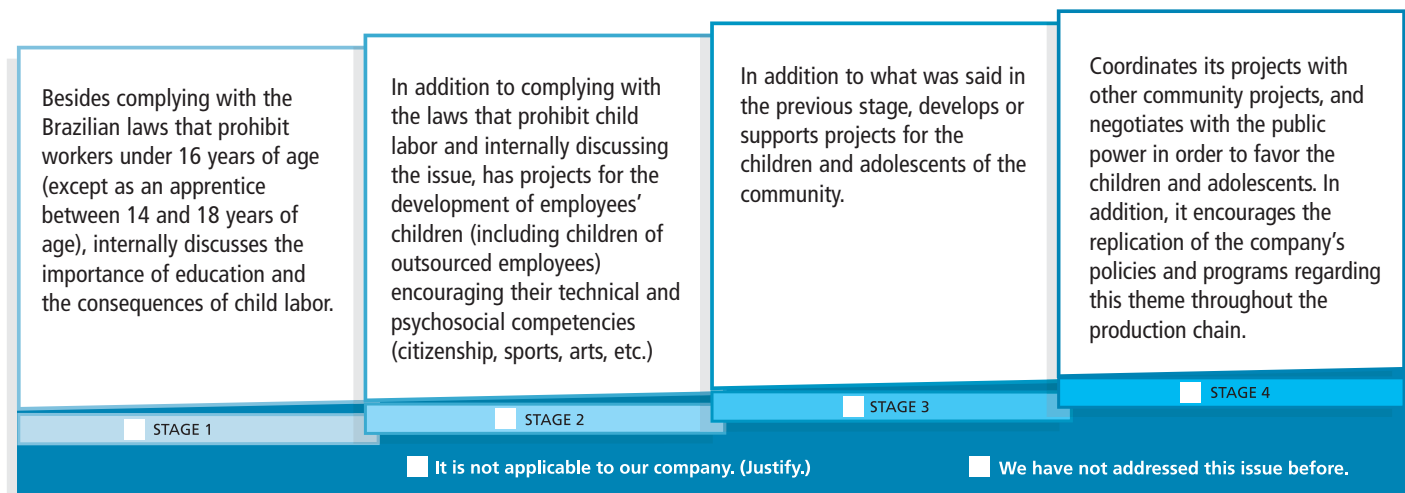
Provides employees with information about the company (history, mission, vision, policies, organization chart, markets, main partners, customers, etc.) and training (in the moment of hiring, integration programs, training on new products and services, workshops and lectures on new policies and strategies, etc.) to enable them to understand and analyze such information.	In addition, provides employees with economic and financial information.	In addition to what was said in Stages 1 and 2, has a structured process of discussion and analysis of the economic and financial information with its employees aiming to prepare them to contribute to the management committees or in strategic decisions by presenting important information for the management of risks and opportunities.	Employees representatives actively participate in management committees or in strategic decisions, and keep regular communication with governance members.
STAGE 1	STAGE 2	STAGE 3	STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify.) <input type="checkbox"/> We have not addressed this issue before.			

**ADDITIONAL INFORMATION**

	YES	NO
8.1. All members of workers' commissions – Internal Commission for Accident Prevention (CIPA), Commission for Prior Conciliation (CCP), profit sharing commission, etc. – are elected by workers without the company's interference.	<input type="checkbox"/>	<input type="checkbox"/>
8.2. The company has formal policies and mechanisms to hear, assess and monitor employees' attitudes, concerns, suggestions and criticism with the purpose of gaining new learning and knowledge.	<input type="checkbox"/>	<input type="checkbox"/>
8.3. The company has a program to encourage and acknowledge employees' suggestions for the improvement in internal processes.	<input type="checkbox"/>	<input type="checkbox"/>

## Indicator 9 – Commitment to Children's Future<sup>21</sup>

When addressing the issue of child labor, the company:



**ADDITIONAL INFORMATION**

The company:	YES	NO	
9.1. discusses with other companies or presents practical suggestions to combat child labor in its sector (or in general).	<input type="checkbox"/>	<input type="checkbox"/>	
9.2. has a specific program to hire apprentices <sup>22</sup> .	<input type="checkbox"/>	<input type="checkbox"/>	
9.3. considering its social role in relation to apprentices, offers them good working, learning, and professional/personal development conditions – with due monitoring, evaluation, and guidance.	<input type="checkbox"/>	<input type="checkbox"/>	
9.4. when the learning program period is over, seeks to hire them in the company and, if that is not possible, seeks opportunities with partner companies or organizations.	<input type="checkbox"/>	<input type="checkbox"/>	
	<b>2005</b>	<b>2006</b>	<b>2007</b>
9.5. Total number of underage apprentices in the company			
9.6. Total number of apprentices hired after the end of the learning period			
9.7. Total number of times the company was filed by the Ministry of Labor for use of child labor			

## Indicator 10 – Commitment to Child Development

Considering its contribution to children’s development in the country and its commitment to children’s rights, the company:

<p>Complies with the laws in force of protection to maternity<sup>23</sup>, paternity, breastfeeding, and day care, explicitly forbidding any type of discrimination against pregnant women and employees (men and women, including outsourced ones) with children under six years of age in recruitment, promotion or internal mobility processes.</p>	<p>Has internal policies or initiatives to facilitate prenatal care and monitoring of the childhood of its employees’ (men and women, including outsourced ones) children, and offers specific medical, nutritional and psychological counseling to monitor these periods in order to ensure that the competencies necessary for the overall development of these children (survival, development, participation, and protection<sup>24</sup>) will be achieved.</p>	<p>For understanding that the success of such policies and/or initiatives is related to the parents’ education background and to their living conditions, integrates this aspect into the actions aimed at the personal and professional development of its employees. In addition, develops community-oriented guidance campaigns, and extends the discussion of this theme to its suppliers.</p>	<p>Understands protection to maternity and childhood as a critical right and contribution to the development of present and future generations, and is engaged in the development, improvement, execution, control or evaluation of public policy aimed at the promotion of children’s rights.</p>
<input type="checkbox"/> STAGE 1	<input type="checkbox"/> STAGE 2	<input type="checkbox"/> STAGE 3	<input type="checkbox"/> STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify)		<input type="checkbox"/> We have not addressed this issue before.	

### ADDITIONAL INFORMATION

The company:	YES	NO
10.1. offers a specific program for pregnant women’s health.	<input type="checkbox"/>	<input type="checkbox"/>
10.2. provides employees with a counseling program on how a child’s overall development can be achieved through improved family competencies <sup>25</sup> (birth care, healthy food, prevention of diseases, protection to the child’s integrity, and stimuli to the child’s cognitive and emotional development).	<input type="checkbox"/>	<input type="checkbox"/>
10.3. carries out a periodic monitoring of immunization, growth and development of employees’ children, requesting and checking the Child’s Vaccination Card of the Ministry of Health.	<input type="checkbox"/>	<input type="checkbox"/>
10.4. promotes immunization campaigns aimed at employees and their dependents with vaccines not offered by the public health system (e.g. <i>influenza vaccine</i> ).	<input type="checkbox"/>	<input type="checkbox"/>
10.5. monitors its employees’ children inclusion at school by requesting their enrolment certificates, (particularly of children with disabilities).	<input type="checkbox"/>	<input type="checkbox"/>
10.6. has specific policy for employed parents or guardians of children with disabilities aiming to ensure that they can adequately follow their children’s development.	<input type="checkbox"/>	<input type="checkbox"/>
10.7. contributes to the funds managed by the councils on the rights of children and adolescents, allocating for this purpose 1% of its due income tax.	<input type="checkbox"/>	<input type="checkbox"/>
10.8. encourages its employees to allocate up to 6% of their due income tax to contribute to the funds managed by the councils on the rights of children and adolescents.	<input type="checkbox"/>	<input type="checkbox"/>
10.9. encourages its suppliers and partner companies to allocate 1% of their due income tax to contribute to the funds managed by the councils on the rights of children and adolescents.	<input type="checkbox"/>	<input type="checkbox"/>
<b>The company provides employees (women and men) of all hierarchical levels with the benefits listed below:</b>		
10.10. Family health plan;	<input type="checkbox"/>	<input type="checkbox"/>
10.11. Day care at the workplace or elsewhere, pursuant to laws in force;	<input type="checkbox"/>	<input type="checkbox"/>
10.12. Flexible working hours for employees with children under 6;	<input type="checkbox"/>	<input type="checkbox"/>
10.13. Financial aid for their children’s education.	<input type="checkbox"/>	<input type="checkbox"/>

<b>The company:</b>	<b>YES</b>	<b>NO</b>
10.14. provides outsourced workers with the same benefits offered to its formally employed workers.	<input type="checkbox"/>	<input type="checkbox"/>
10.15. provides those workers who regularly render services and issue an invoice with the same benefits offered to its formally employed workers.	<input type="checkbox"/>	<input type="checkbox"/>
10.16. has a postpartum care policy, particularly aiming to identify postpartum depression.	<input type="checkbox"/>	<input type="checkbox"/>
10.17. facilitates the use of work schedule flexibility to allow time for breastfeeding, pursuant to laws in force.	<input type="checkbox"/>	<input type="checkbox"/>
	<b>2005</b>	<b>2006</b>
10.18. Percentage of employees' children enrolled in day care centers (0 to 3 year olds)		
10.19. Percentage of employees' children with disabilities enrolled in day care centers (0 to 3 year olds)		
10.20. Percentage of employees' children with disabilities enrolled in day care centers (4 and 5 year olds)		
10.21. Percentage of employees' children with vaccination updated pursuant to the schedule set by the Ministry of Health		
<b>Regarding formally employed workers pursuant to the CLT Labor Code<sup>26</sup>:</b>		
10.22. Total number of male employees that are parent or guardian of children from 0 to 5 years of age		
10.23. Total number of female employees (parent or guardian) responsible for children from 0 to 5 years of age		
10.24. Total number of female employees whose last child received exclusive breastfeeding until 4 months of age		
10.25. Total number of female employees who had work schedule flexibility to breastfeed their child until 6 months		
10.26. Total number of children from 0 to 5 years of age who are dependent of female employees*		
10.27. Total number of children from 0 to 5 years of age who are dependent of female employees with under 4 years of schooling*		
10.28. Total number of children from 0 to 5 years of age who are dependent of male employees*		
10.29. Total number of children from 0 to 5 years of age who are dependent of male employees with under 4 years of schooling*		
10.30. Total number of employees' children below 1 year of age*		
10.31. Total number of employees' children below 1 year of age who are DTaP-Hib vaccinated*		
10.32. Total number of pregnant employees (or pregnant women who are dependent of employees)*		
10.33. Total number of pregnant employees (or pregnant women who are dependent of employees) who are receiving prenatal care*		
10.34. Total number of employees' children between 4 and 5 years of age*		
10.35. Total number of employees children between 4 and 5 years of age enrolled in preschool*		
<b>Regarding outsourced employees:</b>		
10.36. Total number of male employees that are parent or guardian of children from 0 to 5 years of age		
10.37. Total number of female employees (parent or guardian) responsible for children from 0 to 5 years of age		
10.38. Total number of female employees whose last child received exclusive breastfeeding until 4 months of age		
10.39. Total number of female employees who had work schedule flexibility to breastfeed their child until 6 months		
10.40. Total number of children from 0 to 5 years of age who are dependent of female employees*		
10.41. Total number of children from 0 to 5 years of age who are dependent of female employees with under 4 years of schooling*		
10.42. Total number of children from 0 to 5 years of age who are dependent of male employees*		
10.43. Total number of children from 0 to 5 years of age who are dependent of male employees with under 4 years of schooling*		
10.44. Total number of employees' children below 1 year of age*		
10.45. Total number of employees' children below 1 year of age who are DTaP-Hib vaccinated*		
10.46. Total number of pregnant employees (or pregnant women who are dependent of employees)*		
10.47. Total number of pregnant employees (or pregnant women who are dependent of employees) who are receiving prenatal care*		
10.48. Total number of employees' children between 4 and 5 years of age*		
10.49. Total number of employees' children between 4 and 5 years of age enrolled in preschool*		

	2005	2006	2007
<b>Regarding autonomous employees or those who regularly render services and issue an invoice:</b>			
10.50. Total number of male employees that are parent or guardian of children from 0 to 5 years of age			
10.51. Total number of female employees (parent or guardian) responsible for children from 0 to 5 years of age			
10.52. Total number of female employees whose last child received exclusive breastfeeding until 4 months of age			
10.53. Total number of female employees who had work schedule flexibility to breastfeed their child until 6 months			
10.54. Total number of children from 0 to 5 years of age who are dependent of female employees*			
10.55. Total number of children from 0 to 5 years of age who are dependent of female employees with under 4 years of schooling*			
10.56. Total number of children from 0 to 5 years of age who are dependent of male employees*			
10.57. Total number of children from 0 to 5 years of age who are dependent of male employees with under 4 years of schooling*			
10.58. Total number of employees' children below 1 year of age*			
10.59. Total number of employees' children below 1 year of age who are DTaP-Hib vaccinated*			
10.60. Total number of pregnant employees (or pregnant women who are dependent of employees)*			
10.61. Total number of pregnant employees (or pregnant women who are dependent of employees) who are receiving prenatal care*			
10.62. Total number of employees' children between 4 and 5 years of age*			
10.63. Total number of employees' children between 4 and 5 years of age enrolled in preschool*			

\*Responses to the items of Indicator 10 marked with an asterisk will comprise the Corporate Child Development Index (IDI-E). By responding to all these items, the company will have access – through the Ethos Indicators Diagnosis Report – to its performance regarding its contribution to child development. This information can be used as reference to designing, developing and monitoring programs on this theme. Further information on IDI-E can be found in the introduction of this publication and in the following Unicef publications: *Situação da Infância Brasileira 2006 – Crianças de até 6 Anos: o Direito à Sobrevivência e ao Desenvolvimento (The State of Brazilian Children, 2006 – Children Aged up to 6 Years: the Right to Survival and Development)*, and *O Município e a Criança de até 6 Anos – Direitos Cumpridos, Respeitados e Protegidos (The City and the Child Aged up to 6 Years – Fulfilled, Respected and Protected Rights)*.

## Indicator 11 – Valuing Diversity<sup>27</sup>

By recognizing the ethical obligation of companies to fight all forms of negative discrimination and value the opportunities offered by the diversity of our society, the company:

<p>Strictly complies with the laws regarding prejudice and negative discrimination<sup>28</sup>, and has a clear stance against discriminatory behaviors that do not promote equal opportunities in the workplace and in its relations with customers, suppliers and surrounding community.</p>	<p>In addition, fosters diversity by means of written rules that prohibit negative discriminatory practices, ruling on recruiting, hiring, promotion and internal mobility processes, and explaining how to address accusations.</p>	<p>Besides having written rules and channels for potential accusations of negative discriminatory practices, offers specific awareness-raising training and seminars on the theme, and uses indicators to identify problematic areas and establish recruitment and promotion strategies.</p>	<p>Extends these actions throughout the production chain, and participates in forums supporting usually discriminated groups such as the afro-descendants, women, people with disabilities or over 45, among other segments and situations.</p>
<input type="checkbox"/> STAGE 1	<input type="checkbox"/> STAGE 2	<input type="checkbox"/> STAGE 3	<input type="checkbox"/> STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify.)		<input type="checkbox"/> We have not addressed this issue before.	

**ADDITIONAL INFORMATION**

	YES	NO	
11.1. The diversity and non-discrimination policy is included in the organization's code of conduct and/or values statement.	<input type="checkbox"/>	<input type="checkbox"/>	
<b>This policy explicitly includes:</b>			
11.2. the ethnic-racial issue;	<input type="checkbox"/>	<input type="checkbox"/>	
11.3. the gender issue;	<input type="checkbox"/>	<input type="checkbox"/>	
11.4. the age issue;	<input type="checkbox"/>	<input type="checkbox"/>	
11.5. the religious issue;	<input type="checkbox"/>	<input type="checkbox"/>	
10.6. the sexual orientation issue;	<input type="checkbox"/>	<input type="checkbox"/>	
11.7. the geographical origin;	<input type="checkbox"/>	<input type="checkbox"/>	
11.8. the social class issue;	<input type="checkbox"/>	<input type="checkbox"/>	
11.9. the disability issue;	<input type="checkbox"/>	<input type="checkbox"/>	
11.10. the physical appearance issue.	<input type="checkbox"/>	<input type="checkbox"/>	
11.11. In people management processes and tools, the company includes requirements to monitor its staff diversity and potential inequalities in the above-mentioned segments, among other situations.	<input type="checkbox"/>	<input type="checkbox"/>	
11.12. There are formal procedures for recruiting, hiring, promotion, internal mobility, and dismissal processes derived from the valuing diversity policy.	<input type="checkbox"/>	<input type="checkbox"/>	
11.13. This policy includes clear, formal mechanisms and channels for accusations, direction, analysis and finding of facts involving potential discrimination cases.	<input type="checkbox"/>	<input type="checkbox"/>	
11.14. The company has a specific program to hire people with disabilities, and strictly complies with the affirmative action/positive discrimination law for this public.	<input type="checkbox"/>	<input type="checkbox"/>	
11.15. There are specific procedures derived from this diversity and non-discrimination policy to improve the qualification of and promote people with disabilities.	<input type="checkbox"/>	<input type="checkbox"/>	
11.16. The company has carried out or is carrying out the necessary adaptations regarding accessibility, pursuant to the laws in force.	<input type="checkbox"/>	<input type="checkbox"/>	
11.17. There are policies derived from this diversity and non-discrimination policy for hiring people over 45.	<input type="checkbox"/>	<input type="checkbox"/>	
11.18. There are specific procedures derived from this diversity and non-discrimination policy addressing the employees' age groups issue.	<input type="checkbox"/>	<input type="checkbox"/>	
11.19. The company tries to avoid the dismissal of employees over 45.	<input type="checkbox"/>	<input type="checkbox"/>	
11.20. The company offers work opportunities for former prisoners.	<input type="checkbox"/>	<input type="checkbox"/>	
11.21. There are specific policies derived from this diversity and non-discrimination policy for indigenous workers.	<input type="checkbox"/>	<input type="checkbox"/>	
	<b>2005</b>	<b>2006</b>	<b>2007</b>
11.22. Percentage of people with disabilities in the company			
11.23. Percentage of people with disabilities in management positions			
11.24. Percentage of people with disabilities in coordination and leadership positions			
11.25. Average monthly salary of people with disabilities			
11.26. Average monthly salary of people with disabilities in management positions			
11.27. Average monthly salary of people with disabilities in coordination and leadership positions			
11.28. Percentage of people over 45			

## Indicator 12 – Commitment to Non-Discrimination and Promoting Racial Equality<sup>29</sup>

Considering the Brazilian historical background, the persistent historical disadvantages that characterize the situation of the afro-descendant population, the company:

<p>Strictly complies with the laws in force prohibiting racial discrimination in the workplace, and has a clear internal stance against any type of prejudice in relation to all stakeholders. Has a specific provision demanding full compliance with such laws in its contracts with outsourced workers.</p>	<p>Periodically carries out an internal census-like process to evaluate needs, critical situations or areas regarding racial equality. Such information is used in the planning of affirmative actions, to reinforce awareness-raising campaigns, review processes and policies, etc.</p>	<p>Has a public commitment to promoting racial equality through formal people management policies that prioritize equality, and the performance of affirmative actions to ensure equal opportunities for afro-descendants in hiring, promotion, and internal mobility processes.</p>	<p>Besides keeping professional development, coaching and/or mentoring programs aimed at afro-descendant employees, encourages the promotion of racial equality throughout its production chain and invests in community programs that have the same objective, contributing to raising the society's awareness on the theme.</p>
<input type="checkbox"/> STAGE 1	<input type="checkbox"/> STAGE 2	<input type="checkbox"/> STAGE 3	<input type="checkbox"/> STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify,)		<input type="checkbox"/> We have not addressed this issue before.	

### ADDITIONAL INFORMATION

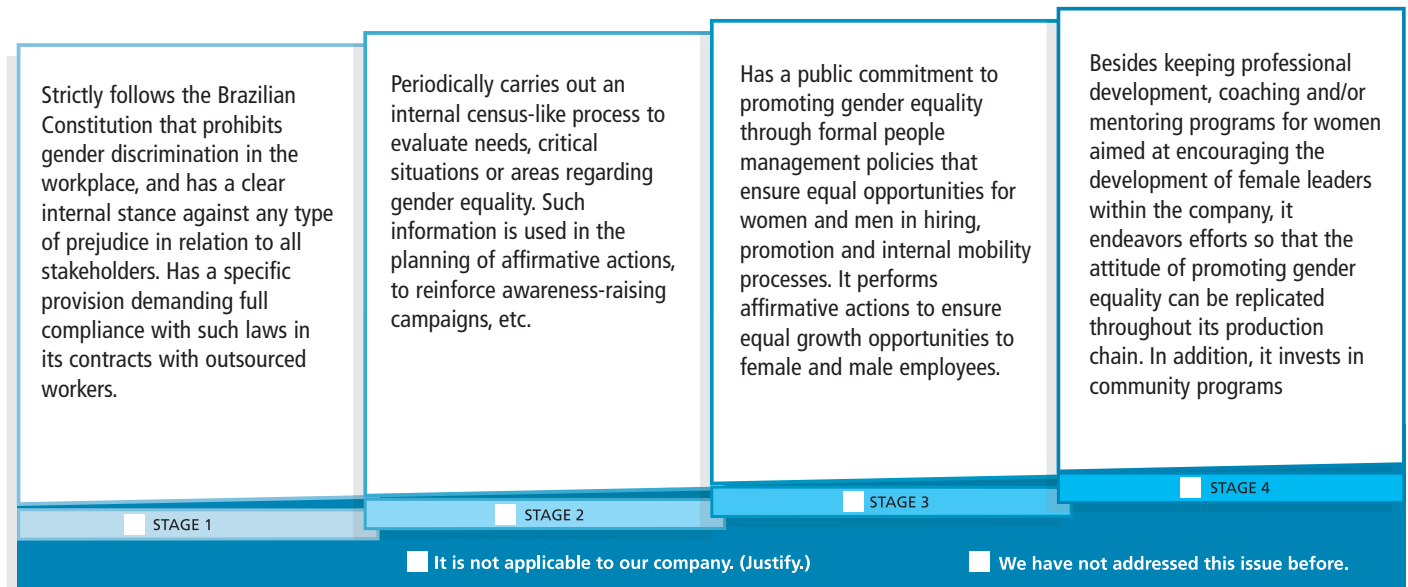
	YES	NO	
12.1. The racial equality and non-discrimination policy is formal and is included in the organization's code of conduct and/or values statement.	<input type="checkbox"/>	<input type="checkbox"/>	
12.2. There are specific procedures derived from this racial equality and non-discrimination policy aimed at improving the qualification and career development of afro-descendant employees.	<input type="checkbox"/>	<input type="checkbox"/>	
12.3. The racial equality and non-discrimination policy is explicit regarding wages and benefits, pension plan, access to training and scholarships.	<input type="checkbox"/>	<input type="checkbox"/>	
12.4. The company carries out internal awareness-raising campaigns (seminars, forums or specific meetings) to improve the understanding of the importance of racial equality and non-discrimination.	<input type="checkbox"/>	<input type="checkbox"/>	
12.5. The company has goals to promote racial equality in the hiring, promotion and training processes in all hierarchical levels and in all areas.	<input type="checkbox"/>	<input type="checkbox"/>	
12.6. The racial equality and non-discrimination policy ensures the participation of afro-descendants in the decision-making processes and in the management for all hierarchical levels and all areas of the company.	<input type="checkbox"/>	<input type="checkbox"/>	
12.7. The promotion of racial equality and non-discrimination is one of the dimensions of the company's strategic communication policy.	<input type="checkbox"/>	<input type="checkbox"/>	
12.8. The business communication policy is based on the premise of not using illustrations or situations that are disrespectful to the dignity of afro-descendants.	<input type="checkbox"/>	<input type="checkbox"/>	
	<b>2005</b>	<b>2006</b>	<b>2007</b>
12.9. Percentage of afro-descendants (men and women) in relation to the total headcount			
12.10. Percentage of afro-descendant women in relation to the total number of female collaborators			
12.11. Percentage of afro-descendant women in management positions in relation to the total number of management positions available			
12.12. Percentage of afro-descendant women in coordination and leadership positions in relation to the total number of coordination and leadership positions available			



	2005	2006	2007
12.13. Percentage of afro-descendant men in relation to the total number of male collaborators			
12.14. Percentage of afro-descendant men in management positions in relation to the total number of available management positions			
12.15. Percentage of afro-descendant men in coordination and leadership positions in relation to the total number of coordination and leadership positions available			
12.16. Average monthly salary of white women - in reais			
12.17. Average monthly salary of afro-descendant women - in reais			
12.18. Average monthly salary of white men - in reais			
12.19. Average monthly salary of afro-descendant men - in reais			
12.20. Average monthly salary of white women in management positions - in reais			
12.21. Average monthly salary of afro-descendant women in management positions - in reais			
12.22. Average monthly salary of white men in management positions - in reais			
12.23. Average monthly salary of afro-descendant men in management positions - in reais			
12.24. Average monthly salary of white women in coordination and leadership positions - in reais			
12.25. Average monthly salary of afro-descendant women in coordination and leadership positions - in reais			
12.26. Average monthly salary of white men in coordination and leadership positions - in reais			
12.27. Average monthly salary of afro-descendant men in coordination and leadership positions - in reais			

## Indicator 13 – Commitment to Promoting Gender Equality<sup>30</sup>

Aiming to cooperate to fight prejudice, to enhance women’s chances in the labor market and their training for specialized functions, the company:



**ADDITIONAL INFORMATION**

	YES	NO	
13.1. The gender equality policy is formal and is included in the organization's code of conduct and/or values statement.	<input type="checkbox"/>	<input type="checkbox"/>	
13.2. There are specific procedures derived from the gender equality promotion policy aimed at improving the qualification of and promoting women.	<input type="checkbox"/>	<input type="checkbox"/>	
13.3. The gender equality promotion policy expressly prohibits the hiring, dismissal or promotion of women based on marital status or reproductive condition.	<input type="checkbox"/>	<input type="checkbox"/>	
13.4. The gender equality policy explicitly advocates equal conditions for men and women regarding wages and benefits, pension plan, and access to training and scholarships.	<input type="checkbox"/>	<input type="checkbox"/>	
13.5. The company carries out internal awareness-raising campaigns (seminars, forums or specific meetings) to enhance its employees' understanding of the importance of valuing the women.	<input type="checkbox"/>	<input type="checkbox"/>	
13.6. The company health plan has specific adaptations aimed at women's health maintenance and care.	<input type="checkbox"/>	<input type="checkbox"/>	
13.7. The company has hiring, training and internal mobility (both horizontal and vertical) goals aimed at promoting gender equality in all hierarchical levels and in all areas.	<input type="checkbox"/>	<input type="checkbox"/>	
13.8. The gender equality policy ensures the participation of women in decision-making processes and in the management in all levels and areas of the company.	<input type="checkbox"/>	<input type="checkbox"/>	
13.9. The company promotes, when necessary, adjustment of work areas and equipment to women's physical conditions.	<input type="checkbox"/>	<input type="checkbox"/>	
13.10. The gender equality promotion policy expressly prohibits activities that can intimidate or embarrass women in the workplace.	<input type="checkbox"/>	<input type="checkbox"/>	
13.11. The gender equality is one of the dimensions of the company's strategic communication policy.	<input type="checkbox"/>	<input type="checkbox"/>	
13.12. The business communication policy is based on the premise of not using illustrations that are stereotyped or disrespectful to the dignity of women.	<input type="checkbox"/>	<input type="checkbox"/>	
13.13. The gender equality policy expressly prohibits discrimination against women with health problems, including HIV-positive ones.	<input type="checkbox"/>	<input type="checkbox"/>	
13.14. It has procedures to ensure women's protection against violence and psychological, moral, physical and sexual harassment in the workplace and when commuting between home and work.	<input type="checkbox"/>	<input type="checkbox"/>	
13.15. The company carries out men's sensibilization campaigns on the importance of sharing domestic chores and on responsible paternity.	<input type="checkbox"/>	<input type="checkbox"/>	
	<b>2005</b>	<b>2006</b>	<b>2007</b>
13.16. Percentage of women in relation to the total headcount			
13.17. Percentage of women in management positions in relation to the total number of available management positions			
13.18. Percentage of women in coordination and leadership positions in relation to the total number of available positions in this hierarchical level			
13.19. Average monthly salary of women in management positions – in reais			
13.20. Average monthly salary of men in management positions – in reais			
13.21. Average monthly salary of women in coordination and leadership positions – in reais			
13.22. Average monthly salary of men in coordination and leadership positions – in reais			

## Indicator 14 – Relations with Outsourced Workers

In its relations with outsourced workers and/or providers of these services, the company:

Keeps contractual relationship pursuant to legal parameters of joint responsibility for the compliance with labor and social security duties	Periodically monitors the fulfillment of requirements established at hiring, ensuring that the necessary adjustments for the compliance with laws in force are made.	Besides monitoring the compliance with laws in force, negotiates with its suppliers so that they provide their employees with wages compatible with those practiced in the market.	Offers to the outsourced worker the same health and safety conditions and access to basic benefits as those enjoyed by the regular employees, such as transport, food, day care centers, outpatient care, etc.
STAGE 1	STAGE 2	STAGE 3	STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify.)		<input type="checkbox"/> We have not addressed this issue before.	

### ADDITIONAL INFORMATION

	YES	NO	
14.1. The company's code of conduct and/or values statement includes issues regarding non-discrimination of outsourced workers.	<input type="checkbox"/>	<input type="checkbox"/>	
<b>The company:</b>			
14.2. includes the outsourced workers in its training and professional development programs.	<input type="checkbox"/>	<input type="checkbox"/>	
14.3. employs a number of outsourced workers lower than 20% (twenty percent) of the headcount.	<input type="checkbox"/>	<input type="checkbox"/>	
14.4. has a policy aimed at integrating the outsourced workers into the company's culture, values and principles.	<input type="checkbox"/>	<input type="checkbox"/>	
	<b>2005</b>	<b>2006</b>	<b>2007</b>
14.5. Total number of outsourced workers (women and men)			
<b>Within the total number of outsourced workers:</b>			
14.6. Percentage of women			
14.7. Percentage of afro-descendant women			
14.8. Percentage of afro-descendant men			
14.9. Percentage of people with disabilities			
14.10. Percentage of people over 45			
14.11. Average monthly salary of white women - in reais			
14.12. Average monthly salary of afro-descendant women - in reais			
14.13. Average monthly salary of white men - in reais			
14.14. Average monthly salary of afro-descendant men - in reais			

## Indicator 15 – Compensation, Benefits, and Career Planning Policy

In its compensation, benefits and career planning policy, the company:

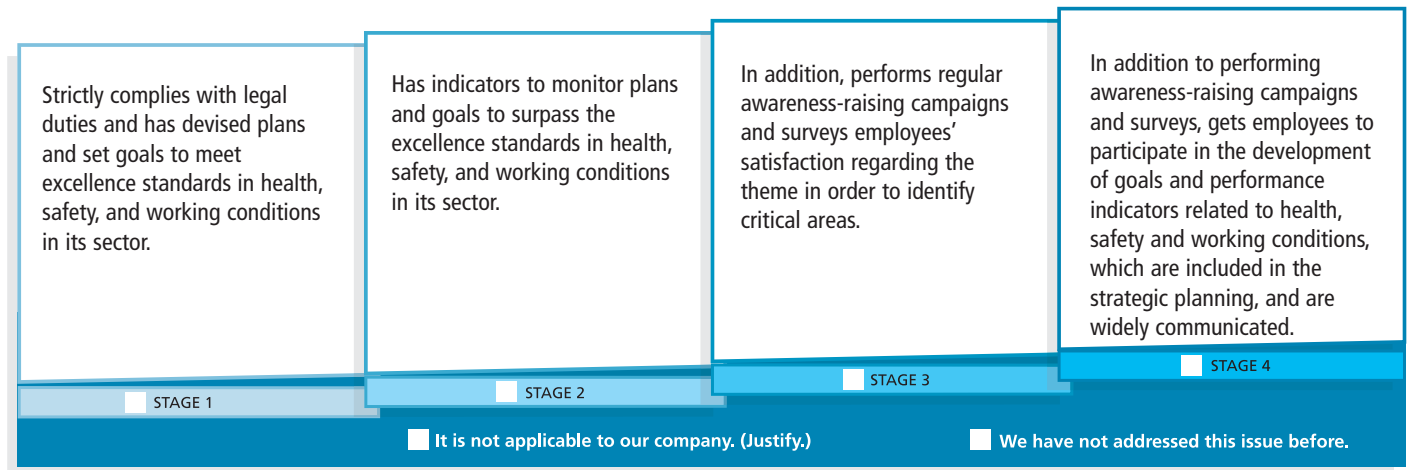
<p>Seeks to surpass the wage floor agreed with the unions.</p>	<p>Regards the employees as human capital, encouraging them through compensation and expenditure on their professional development according to a structured career planning policy, and taking into account the necessary skills for their current performance.</p>	<p>Values potential competencies, encouraging employees through compensation and expenditure on their professional development, and taking into account their capacity for growth and development of new skills.</p>	<p>Regards employees as partners, and in addition to valuing potential competencies through compensation and professional development, sets forth mechanisms so that its representatives take part in the formulation of policies on compensation and benefits, professional development, and internal mobility.</p>
STAGE 1	STAGE 2	STAGE 3	STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify.)		<input type="checkbox"/> We have not addressed this issue before.	

### ADDITIONAL INFORMATION

	YES	NO	
15.1. The career and compensation plan is transparent and is addressed in the company's code of conduct and/or values statement.	<input type="checkbox"/>	<input type="checkbox"/>	
15.2. The company's variable compensation accounts for less than 20% (twenty per cent) of the payroll.	<input type="checkbox"/>	<input type="checkbox"/>	
<b>The company:</b>			
15.3. has policies with targets aiming to reduce the gap between the highest and the lowest compensation paid by the company (calculated by dividing the highest compensation by the lowest one, in kind, including profit sharing and performance bonuses).	<input type="checkbox"/>	<input type="checkbox"/>	
15.4. has, in the last two years, increased the lowest wage paid by the company in relation to the minimum wage in force.	<input type="checkbox"/>	<input type="checkbox"/>	
15.5. carries out surveys to assess employees' satisfaction as to its compensation and benefits policy.	<input type="checkbox"/>	<input type="checkbox"/>	
<b>In case there is a profit sharing plan in the company:</b>			
15.6. it has been established through negotiation with a workers committee or with the union, and in compliance with applicable laws.	<input type="checkbox"/>	<input type="checkbox"/>	
<b>In case the company has a bonus program:</b>			
15.7. it has been established through negotiation with a workers committee or with the union, and in compliance with the applicable laws.	<input type="checkbox"/>	<input type="checkbox"/>	
15.8. it provides its employees with additional sustainability-oriented bonuses as a reward for medium- and long-term achievements or social and environmental performance-related goals reached.	<input type="checkbox"/>	<input type="checkbox"/>	
	<b>2005</b>	<b>2006</b>	<b>2007</b>
15.9. Total annual payroll and benefits - in reais			
15.10. Division of the lowest wage paid by the company by the minimum wage in force			
<b>Regarding the company's profit sharing program:</b>			
15.11. Percentage of amounts distributed in relation to the payroll			
15.12. Percentage of benefited employees			
<b>Regarding the company's bonus program:</b>			
15.13. Percentage of amounts distributed in relation to the payroll			
15.14. Percentage of benefited employees			
15.15. Percentage of company shares held by employees			

# Indicator 16 – Concern for Health, Safety, and Working Conditions

Aiming to ensure good working conditions, health and safety, the company:



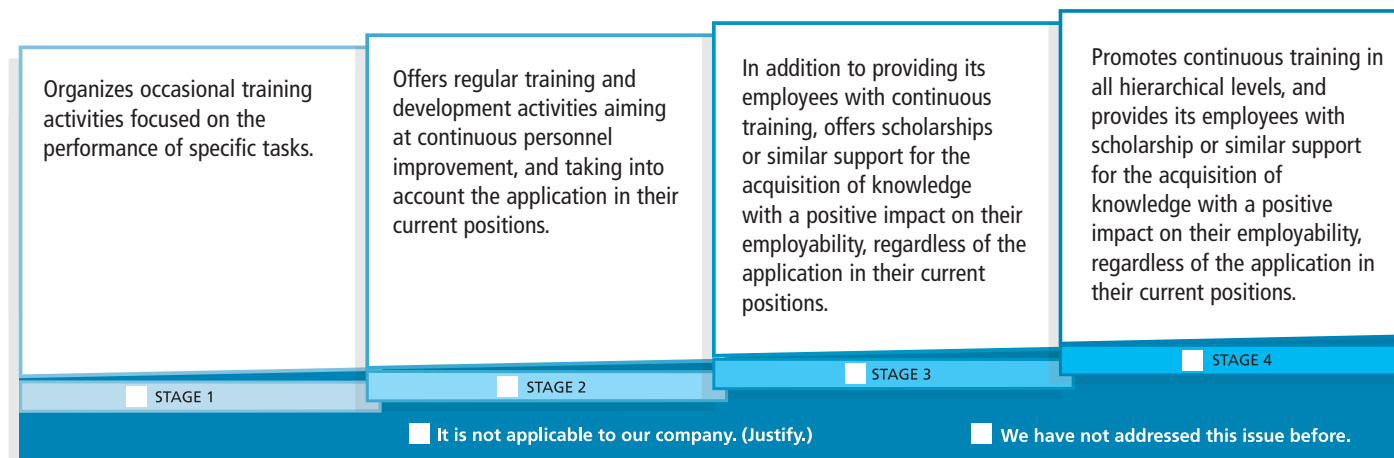
## ADDITIONAL INFORMATION

The company:	YES	NO
16.1. has been certified by SA 8000 <sup>31</sup> , BS 8800 <sup>32</sup> , OHSAS 18001 <sup>33</sup> , or any other equivalent standard.	<input type="checkbox"/>	<input type="checkbox"/>
16.2. offers drug and alcohol addiction prevention and treatment program.	<input type="checkbox"/>	<input type="checkbox"/>
16.3. offers a specific program for HIV-positive individuals.	<input type="checkbox"/>	<input type="checkbox"/>
16.4. its code of ethics has an explicit policy regarding its employees' privacy concerning sensitive information (including medical) obtained and kept under the responsibility of the human resources area.	<input type="checkbox"/>	<input type="checkbox"/>
16.5. this policy supports non-discrimination based on HIV/Aids status.	<input type="checkbox"/>	<input type="checkbox"/>
16.6. has rules and processes to fight moral harassment <sup>34</sup> that are diffused and duly supported by a formal and neutral structure of denunciation and finding of facts.	<input type="checkbox"/>	<input type="checkbox"/>
16.7. has rules and processes to fight sexual harassment <sup>35</sup> that are diffused and duly supported by a formal and neutral structure of denunciation and finding of facts.	<input type="checkbox"/>	<input type="checkbox"/>
16.8. offers physical training sessions during working hours.	<input type="checkbox"/>	<input type="checkbox"/>
16.9. offers anti-stress program to employees, especially to those who perform more stressing duties (such as call center operators, cashiers, etc.).	<input type="checkbox"/>	<input type="checkbox"/>
16.10. offers food and nutrition counseling program.	<input type="checkbox"/>	<input type="checkbox"/>
16.11. has a work-and-family balance policy addressing issues concerning working hours and overtime.	<input type="checkbox"/>	<input type="checkbox"/>
16.12. has an overtime compensation policy for all employees, including middle and senior management.	<input type="checkbox"/>	<input type="checkbox"/>

	2005	2006	2007
16.13. Average overtime rate by employee/year			
16.14. Average number of occupational accidents by employee/year			
16.15. Percentage of accidents resulting in leave of absence for employees and/or outsourced workers			
16.16. Percentage of accidents resulting in mutilation or other harm to the physical integrity of employees and/or outsourced workers, with permanent removal (including RSI – Repetitive Strain Injury)			
16.17. Percentage of accidents resulting in death of employees and/or outsourced workers			

## Indicator 17 – Commitment to Professional Development and Employability

Aiming to develop its human resources, the company:



### ADDITIONAL INFORMATION

The company:	YES	NO	
17.1. periodically analyses its employees' social and economic profile in order to guide its compensation and benefits, and educational and professional development strategies.	<input type="checkbox"/>	<input type="checkbox"/>	
17.2. offers a (comprehensive and/or functional) program for eradication of illiteracy, basic education or education for the youth and adults ("supletivo") to its employees with pre-established goals and resources <sup>36</sup> .	<input type="checkbox"/>	<input type="checkbox"/>	
17.3. has a mapping program to identify potential competencies to be developed.	<input type="checkbox"/>	<input type="checkbox"/>	
17.4. includes in its development policies programs that promote consistency between the organization's ethical values and principles and its employees' individual values and principles.	<input type="checkbox"/>	<input type="checkbox"/>	
17.5. has a career planning counseling program to help employees think over their current positions and identify long-term goals.	<input type="checkbox"/>	<input type="checkbox"/>	
17.6. considering its social role regarding the trainees, provides them with good working, learning, and professional/personal development conditions in their respective study areas, with due monitoring.	<input type="checkbox"/>	<input type="checkbox"/>	
17.7. when its internship program period is over, seeks to hire trainees; in case it is not possible, seeks outplacement in partner companies or organizations.	<input type="checkbox"/>	<input type="checkbox"/>	
	<b>2005</b>	<b>2006</b>	<b>2007</b>
17.8. Total number of professional development hours per employee/year			
17.9. Percentage of gross income spent on professional development and education			
17.10. Total number of illiterate people within the workforce			
17.11. Percentage of illiterate women within the workforce			
17.12. Percentage of women who completed Primary School I (1 <sup>st</sup> -4 <sup>th</sup> grade) within the workforce			
17.13. Percentage of women who completed Primary School II (5 <sup>th</sup> -8 <sup>th</sup> grade) within the workforce			
17.14. Percentage of women who completed Secondary School within the workforce			
17.15. Percentage of women who completed Higher Education within the workforce			
17.16. Percentage of illiterate men within the workforce			
17.17. Percentage of men who completed Primary School I (1 <sup>st</sup> -4 <sup>th</sup> grade) within the workforce			
17.18. Percentage of men who completed Primary School II (5 <sup>th</sup> -8 <sup>th</sup> grade) within the workforce			
17.19. Percentage of men who completed Secondary School within the workforce			
17.20. Percentage of men who completed Higher Education within the workforce			

## Indicator 18 – Handling of Dismissals

In order to carry out dismissal processes, the company:

<p>Strictly complies with the laws in force and provides the dismissed worker with guidance regarding the necessary procedures. In case of need to cut personnel, considers other cost reduction alternatives (such as consulting with other companies on the possibility of temporary transfer of redundant employees, reducing working hours), and reduction in expenses to avoid mass dismissals.</p>	<p>Has dismissal policies and processes that allow decisions to be made based on professional evaluations of technical, psychological and behavioral nature, thus ensuring impartiality and allowing access to information that led to the decisions made as a way to foster the professional growth of the dismissed workers. In case of mass dismissals, reviews social and economic criteria (age, marital status, number of dependents, etc.) in order to guide and define priorities.</p>	<p>Offers outplacement support and the continuation of benefits for a certain period of time to the workers terminated without cause. In case of mass dismissals, it previously offers a voluntary dismissal program with the continuation of benefits for a certain period of time, salary per year of employment, etc.</p>	<p>In addition, it funds retraining (mentoring, coaching, etc.) of the workers terminated without cause.</p>
<input type="checkbox"/> STAGE 1	<input type="checkbox"/> STAGE 2	<input type="checkbox"/> STAGE 3	<input type="checkbox"/> STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify,)		<input type="checkbox"/> We have not addressed this issue before.	

### ADDITIONAL INFORMATION

The company:	YES	NO
18.1. has faced dismissal-related labor claims in the last three years.	<input type="checkbox"/>	<input type="checkbox"/>
18.2. periodically monitors and reviews employees' turnover and has a policy to minimize and improve this indicator.	<input type="checkbox"/>	<input type="checkbox"/>
18.3. seeks to establish a structured dialogue with local government officials, experts, NGOs, and unions to know, understand, foresee, and reduce the impact of a likely closing of business units or plants, or a likely need to cut personnel.	<input type="checkbox"/>	<input type="checkbox"/>
18.4. seeks to establish partnerships with specialized organizations in order to develop training programs and encourage entrepreneurship.	<input type="checkbox"/>	<input type="checkbox"/>
18.5. considering the need to cut personnel, makes plans on communicating to the remaining employees the reasons that led to the decisions made.	<input type="checkbox"/>	<input type="checkbox"/>

	2005	2006	2007
18.6. Total number of employees at year end			
18.7. Total labor liability at year end			
18.8. Total number of ongoing labor claims at year end			
18.9. Total number of dismissals in the year			
18.10. Total number of new employees hired in the year			
18.11. Percentage of dismissed employees over 45 years of age in relation to total number of dismissals			

# Indicator 19 – Preparation for Retirement

Aiming to prepare its employees for retirement, the company:

**STAGE 1**  
Offers basic retirement information.

**STAGE 2**  
Advises and offers regular guidance regarding changes in laws, alternatives, and administrative procedures for retirement.

**STAGE 3**  
Carries out systematic activities including (collective and individual) guidance, counseling, and preparation for retirement, discussing its psychological and financial planning aspects.

**STAGE 4**  
Besides having an internal systematic preparation program, offers opportunities for deploying retired workers capacity.

It is not applicable to our company. (Justify.)

We have not addressed this issue before.

**ADDITIONAL INFORMATION**

The company:	YES	NO	
19.1. offers a closed pension fund program to all its employees.	<input type="checkbox"/>	<input type="checkbox"/>	
19.2. involves employees' families in the retirement preparation process.	<input type="checkbox"/>	<input type="checkbox"/>	
19.3. takes part in the preparation of public policy focused on the elderly.	<input type="checkbox"/>	<input type="checkbox"/>	
19.4. takes part in or supports public or private programs and campaigns for valuing the elderly.	<input type="checkbox"/>	<input type="checkbox"/>	
	<b>2005</b>	<b>2006</b>	<b>2007</b>
19.5. Total number of employees that took part in retirement preparation programs			
19.6. Total number of leaders and managers trained in issues regarding the emotional impact of retirement and the importance of employee's preparation			



### NOTES

- 20** For further information on labor-related themes, access the website [www.dieese.org.br](http://www.dieese.org.br) of the Inter Trade Union Department of Statistics and Socio-Economic Studies (DIEESE).
- 21** See the Ethos Institute manual *O Que as Empresas Podem Fazer pela Criança e pelo Adolescente (What Companies Can Do for the Children and the Adolescent)*, available at [www.ethos.org.br](http://www.ethos.org.br).
- 22** All the medium-sized and large companies shall hire apprentices at a minimum of 5% and maximum of 15% of the total number of employees whose duties require professional qualification. The micro and small companies do not have to hire apprentices, but may do so, thus contributing to the adolescents' professional development. For further information, access [www.leidoaprendiz.org.br](http://www.leidoaprendiz.org.br).
- 23** The expression "protection to maternity" is used to identify the legislation that comprises women's rights during pregnancy, birth, and the first months of the child's life. The Federal Constitution uses this wording, which is regulated by section V of the Labor Code (CLT). Another reference is ILO Convention 183, which became effective in 2002; this convention is a revision of the previous conventions on the same theme – Convention 3 dated 1919, and Convention 103 dated 1952 –, which were ratified by Brazil.
- 24** For further information, refer to the World Declaration on the Survival, Protection and Development of Children in the 90s, available at [www.unicef.org/brazil/summit.htm](http://www.unicef.org/brazil/summit.htm).
- 25** According to the United Nations Children's Fund (Unicef), family competencies are "the knowledge, experiences and abilities coupled with affection and family care practices that promote the survival, development, protection and participation of children aged up to 6 years. Unicef offers on its website page [www.unicef.org/brazil/familia\\_brasileira.htm](http://www.unicef.org/brazil/familia_brasileira.htm) an interactive kit for families entitled: "Strengthening Brazilian Families". The kit contains modules that cover the various phases of child care up to 6 years of age. For further information, access [www.unicef.org.br](http://www.unicef.org.br).
- 26** Situation by the time of survey.
- 27** About diversity, see the Ethos Institute publications *Como as Empresas Podem (e Devem) Valorizar a Diversidade (How Companies Can (and Must) Value Diversity)*, *O Compromisso das Empresas com a Valorização da Mulher (Business Commitment to Valuing the Women)*, and *O Compromisso das Empresas com a Promoção da Igualdade Racial (Business Commitment to the Promotion of Racial Equality)*, all available at [www.ethos.org.br](http://www.ethos.org.br).
- 28** The Federal Constitution considers racism as a non-bailable and imprescriptible crime. Act 7716/89 updated by Act 9459/97 sets forth a punishment for the period of one to three years of imprisonment plus fine for those "practicing, inducing or inciting the crimes of discrimination or prejudice against race, color, ethnic groups, religion or origin."
- 29** On these issues, see the 2003 and 2005 editions of the survey *Perfil Social, Racial e de Gênero das 500 Maiores Empresas do Brasil e Suas Ações Afirmativas (Social, Racial and Gender Profile of the 500 Largest Companies in Brazil and their Affirmative Actions)* and the manual *O Compromisso das Empresas com a Promoção da Igualdade Racial (Companies' Commitment to the Promotion of Racial Equality)* – available at [www.ethos.org.br](http://www.ethos.org.br).
- 30** See the Ethos Institute manuals *O Compromisso das Empresas com a Valorização da Mulher (Companies' Commitment to Valuing the Women)*, and *Como as Empresas Podem Investir na Saúde da Mulher (How Companies Can Invest in Women's Health)*, both available at [www.ethos.org.br](http://www.ethos.org.br).
- 31** The Social Accountability 8000 (SA8000) is the first standard aimed at improving working conditions. It comprises the main workers' rights (health and safety, freedom of association, maximum working hours, compensation, protection against forced labor, discrimination and child labor), and whose compliance is verified by independent auditors. The SA8000 follows the ISO 9000 and ISO 14000 standards, which facilitates its implementation by companies that are familiar with this system. For further information, access [www.cepaa.org](http://www.cepaa.org).
- 32** The BS 8800 standard, created by the British Standards Institution (BSI), is about occupational health and safety management systems. For further information, see [www.osha-bs8800-ohsas-18001-health-and-safety.com/bs8800.htm](http://www.osha-bs8800-ohsas-18001-health-and-safety.com/bs8800.htm) and [www.bsi-global.com](http://www.bsi-global.com).
- 33** The OHSAS 18001 is a set of standards for the evaluation of occupational health and safety in health and safety management systems. Its purpose is to help companies in the control of employees' health and safety risks. It was developed in response to the need for a recognized evaluation and certification standard. For further information, access [www.ohsas-18001-occupational-health-and-safety.com/index.htm](http://www.ohsas-18001-occupational-health-and-safety.com/index.htm).
- 34** Moral harassment "is the exposure of workers (male and female) to humiliating and embarrassing, repetitive and enduring situations during the working day and in the exercise of their duties; it being more common in authoritarian and asymmetric hierarchical relations where negative behavior, inhuman and non-ethical relations prevail for a long time, on the part of one or more superiors regarding one or more subordinates, thus undermining the victim's relationship with the work environment and the organization, compelling such person to quit the job". (Source: [www.assediomoral.org](http://www.assediomoral.org)).
- 35** According to Act no. 10.224 – Section 216-A of the Brazilian Criminal Code, sexual harassment is a crime liable to punishment of one to two years of imprisonment for those who "harass another person by making an unsolicited demand or request for sexual favors, taking advantage of a superior hierarchical position in the job."
- 36** See the Ethos Institute manuals *O Que as Empresas Podem Fazer pela Educação (What Companies Can Do for Education)* and *O Compromisso das Empresas com o Alfabetismo Funcional (Business Commitment to Functional Literacy)*, both available at [www.ethos.org.br](http://www.ethos.org.br).



# Environment

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## **RESPONSIBILITY FOR FUTURE GENERATIONS**

Indicator 20 – Commitment to Environmental Quality Improvement

Indicator 21 – Environmental Education & Awareness

## **ENVIRONMENTAL IMPACT MANAGEMENT**

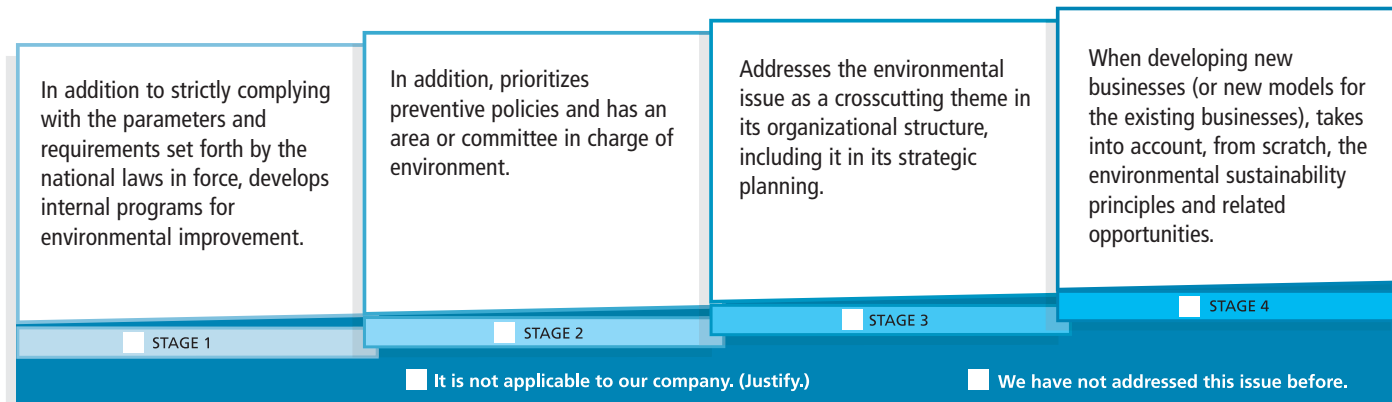
Indicator 22 – Management of Environmental Impact and Product and Service Life Cycle

Indicator 23 – Forest Economics Sustainability

Indicator 24 – Inputs and Waste Reduction

## Indicator 20 – Commitment to Environmental Quality Improvement

In order to deal with the environmental impacts resulting from its activities in a relevant and responsible manner, the company:

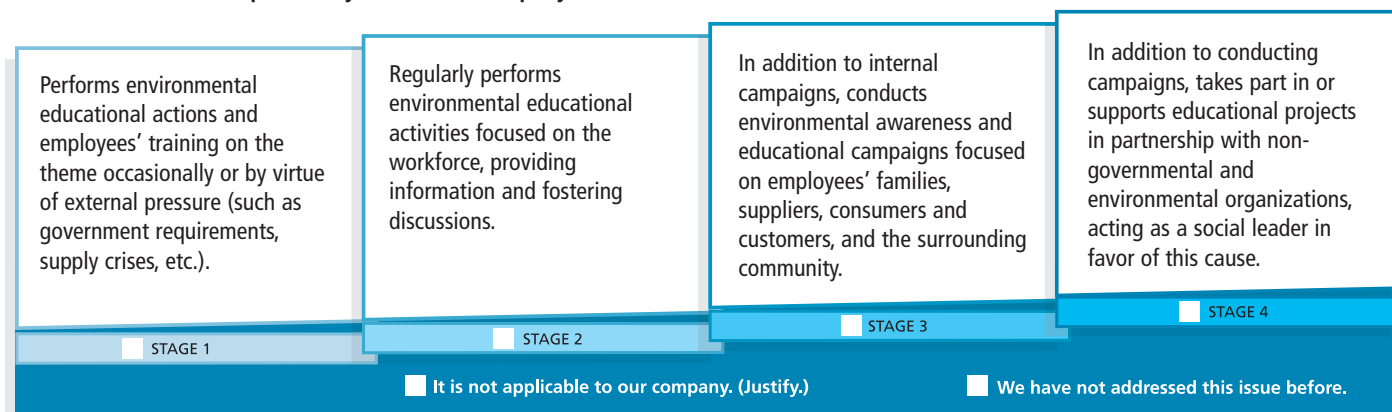


### ADDITIONAL INFORMATION

The company:	YES	NO
20.1. has a formal environmental policy – known by all employees – that is included in its code of conduct and/or values statement.	<input type="checkbox"/>	<input type="checkbox"/>
20.2. has a person in charge of the environmental area taking part in its strategic decisions.	<input type="checkbox"/>	<input type="checkbox"/>
20.3. takes part in local or regional committees/councils to discuss environmental issues with the government and community.	<input type="checkbox"/>	<input type="checkbox"/>
20.4. contributes to the conservation of biodiversity <sup>37</sup> through specific policies, project(s) for the conservation of protected areas and/or through endangered species protection program <sup>38</sup> .	<input type="checkbox"/>	<input type="checkbox"/>
20.5. has an explicit policy banning the use of materials and inputs deriving from illegal exploration of natural resources (such as wood, non-timber forest products, animals, etc.)	<input type="checkbox"/>	<input type="checkbox"/>
20.6. has mapping and systemic analysis processes to improve environmental quality.	<input type="checkbox"/>	<input type="checkbox"/>

## Indicator 21 – Environmental Education and Awareness

Aiming to contribute to the public awareness raising regarding the environmental challenges resulting from human activities, and to instill environmental responsibility values, the company:



## Environment

### RESPONSIBILITY FOR FUTURE GENERATIONS

#### ADDITIONAL INFORMATION

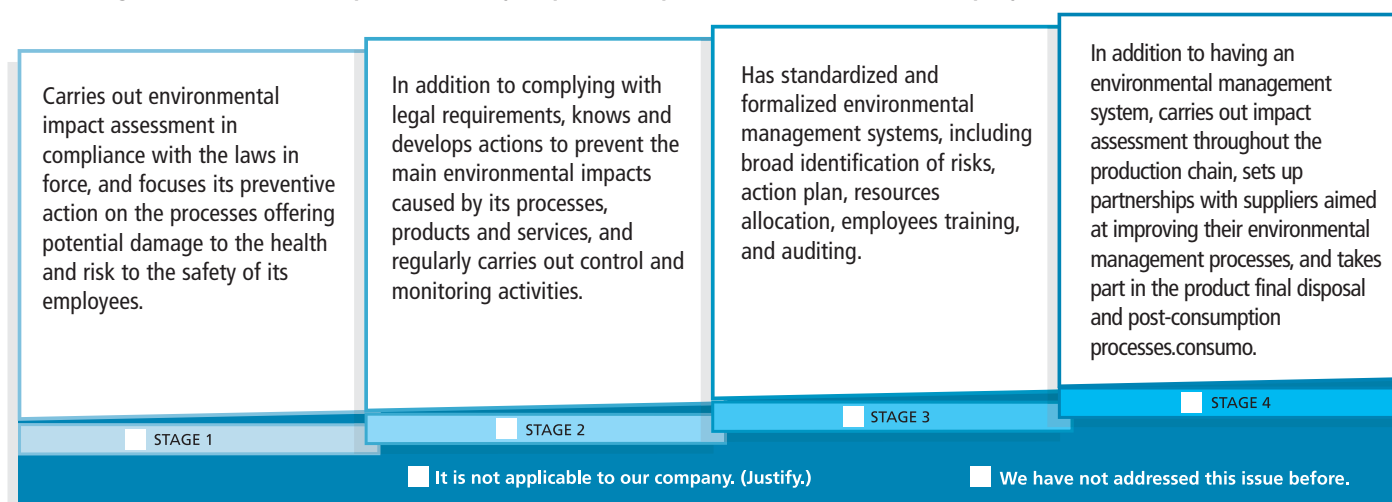
The company:	YES	NO
21.1. periodically conducts internal campaigns aimed at water and energy consumption reduction.	<input type="checkbox"/>	<input type="checkbox"/>
21.2. periodically conducts internal educational campaigns based on the 3Rs <sup>39</sup> .	<input type="checkbox"/>	<input type="checkbox"/>
21.3. periodically conducts internal educational campaigns aimed at conscious consumption <sup>40</sup> .	<input type="checkbox"/>	<input type="checkbox"/>

## Environment

### ENVIRONMENTAL IMPACT MANAGEMENT

# Indicator 22 – Management of Environmental Impact and Product and Service Life Cycle

Considering the environmental impacts caused by its processes, products and services, the company:



#### ADDITIONAL INFORMATION

The company:	YES	NO	
22.1. has an environmental emergency plan including all its processes, products and services involving risky situations, and periodically trains its employees to face such situations.	<input type="checkbox"/>	<input type="checkbox"/>	
22.2. has a monitoring policy and system aimed at increasing environmental performance of logistics and fleet management (both for company's and contractors' vehicles).	<input type="checkbox"/>	<input type="checkbox"/>	
22.3. has a waste management program with the customer's participation, such as toxic materials collection or post-consumption recycling.	<input type="checkbox"/>	<input type="checkbox"/>	
22.4. provides its consumers and customers with detailed information about the environmental damage resulting from the use and final disposal of its products.	<input type="checkbox"/>	<input type="checkbox"/>	
22.5. discusses with employees, consumers and customers, suppliers and the community the environmental impacts caused by its products and services.	<input type="checkbox"/>	<input type="checkbox"/>	
22.6. prioritizes the selection of suppliers with proven good environmental conduct.	<input type="checkbox"/>	<input type="checkbox"/>	
22.7. is certified by ISO14001, FSC etc.	<input type="checkbox"/>	<input type="checkbox"/>	
	2005	2006	2007
22.8. Average number of events, filings and/or fines for environmental protection rules violation			
22.9. Total environmental liability at year end			

## Indicator 23 – Forest Economics Sustainability<sup>41</sup>

Aiming to contribute to forest conservation, fight its illegal and predatory exploitation, as well as protect biodiversity, the company:

Acknowledges the importance of checking both the origin and the production chain of timber and forest inputs <sup>xlii</sup> used in its daily operations and/or production process, but has neither internal policy or specific program.	Has either internal policy or specific program for checking both the origin and the production chain of timber and forest inputs used in its daily operations and/or production process.	The timber and forest inputs used in its daily operations and/or production process have the origin and the chain of custody <sup>43</sup> certification.	The timber and forest inputs used in its facilities and/or products have the origin and the chain of custody certification.
STAGE 1	STAGE 2	STAGE 3	STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify.)		<input type="checkbox"/> We have not addressed this issue before.	

### ADDITIONAL INFORMATION

The company:	YES	NO	
23.1. carries out scheduled or occasional visits in order to monitor the origin or production chain of timber and forest inputs it uses.	<input type="checkbox"/>	<input type="checkbox"/>	
23.2. encourages its suppliers to pursue forest certification.	<input type="checkbox"/>	<input type="checkbox"/>	
23.3. prioritizes and supports suppliers engaged in the search for forest sustainability.	<input type="checkbox"/>	<input type="checkbox"/>	
	2005	2006	2007
23.4. Total scheduled or occasional visits carried out to monitor the origin of timber and forest inputs			
23.5. Amount of forest inputs used in daily operations or in the production process with verified origin			
23.6. Amount of forest inputs used in daily operations or in the production process with certified production chain			

## Indicator 24 – Inputs and Waste Reduction

Aiming to prevent and reduce environmental damage and optimize processes, the company:

Without changing its current technological standard, has sought to reduce energy, water, toxic products, and raw materials consumption, as well as implement proper waste disposal processes.	Has updated its technological standard, aiming to reduce and/or replace inputs and residues reuse (either by the company itself or by third parties).	In addition to reducing and reusing resources, has a process to periodically measure, monitor and audit significant environmental aspects related to natural resources consumption, and to residues and refuse production, periodically setting new targets.	Is almost reaching a high sustainability level by means of environmental reuse and offset strategies that involve the whole production system.
STAGE 1	STAGE 2	STAGE 3	STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify.)		<input type="checkbox"/> We have not addressed this issue before.	

## Environment

### ENVIRONMENTAL IMPACT MANAGEMENT

#### ADDITIONAL INFORMATION

<b>The company:</b>	<b>YES</b>	<b>NO</b>	
24.1. has taken actions aimed at the use of renewable energy sources.	<input type="checkbox"/>	<input type="checkbox"/>	
24.2. has taken actions aimed at the control of pollution caused by its own vehicles or contractors' ones.	<input type="checkbox"/>	<input type="checkbox"/>	
<b>The company has a monitoring system with specific targets aimed at:</b>			
24.3. energy efficiency increase.	<input type="checkbox"/>	<input type="checkbox"/>	
24.4. water consumption reduction.	<input type="checkbox"/>	<input type="checkbox"/>	
24.5. solid residues generation reduction.	<input type="checkbox"/>	<input type="checkbox"/>	
24.6. reduction in the emissions of CO <sub>2</sub> and other greenhouse gases.	<input type="checkbox"/>	<input type="checkbox"/>	
	<b>2005</b>	<b>2006</b>	<b>2007</b>
24.7. Total expenditure in environmental improvement programs and projects (in reais)			
24.8. Percentage of gross income spent in environmental improvement programs and projects			
24.9. Annual energy consumption (in kWh)			
24.10. Annual water consumption (in m <sup>3</sup> )			
24.11. Average annual volume of CO <sub>2</sub> and other greenhouse gases (in tons)			
24.12. Annual amount (in tons) of solid residues generated (trash, refuse, debris, etc.)			
<b>Annual fossil fuels consumption:</b>			
24.13. gasoline/diesel (in liters)			
24.14. fuel oil (in tons)			
24.15. gas – LPG/NG (in m <sup>3</sup> )			

### NOTES

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- 37** Find out about the Convention on Biological Diversity – CBD, the most important world forum to establish the legal and political parameters on biodiversity-related themes and issues. For further information on how to support the CBD, access [www.cdb.gov.br](http://www.cdb.gov.br) and [www.biodiv.org](http://www.biodiv.org). Also refer to the manual *As Empresas e a Biodiversidade (Companies and Biodiversity)*, available at [www.wbcd.org/web/publications/business-bio-portugese.pdf](http://www.wbcd.org/web/publications/business-bio-portugese.pdf).
- 38** Find out about the threatened species on the World Conservation Union Red List at [www.iucn.org](http://www.iucn.org).
- 39** According to the Agenda 21 ([www.mma.gov.br/port/se/agen21/cap21.html](http://www.mma.gov.br/port/se/agen21/cap21.html)), the 3 Rs – Reduction, Reuse and Recycling – are the steps that individuals, institutions, and governments must take in order to truly minimize natural resources exploration, the amount of waste produced, and the urban-industrial society impact on the environment. Reduction concerns the adoption of measures to avoid the disposal of products, which implies a reduction in the use, consumption, and misuse of goods. It depends on a deep review of the current production and consumption standards. Reuse comprises the activities that make use of products and packaging before their final disposal as a direct reuse (of containers or the back of sheets of paper, for instance), restoration, second-hand exchanges, handicraft with leftovers, etc. Recycling is the recovery of disposed materials, changing their physical features. It can be direct (pre-consumption) when materials disposed inside the production line are reprocessed, such as paper shavings, metal barb, etc., or indirect (post-consumption), when materials disposed by users as waste are reprocessed. For further information access [www.cecae.usp.br/recicla](http://www.cecae.usp.br/recicla) or [www.cempre.org.br](http://www.cempre.org.br).
- 40** Regarding conscious consumption, any organization can help build a more equitable and sustainable society when making its daily choices, either when deciding on how to use natural resources, products and services or when selecting suppliers according to their social responsibility. To learn more about becoming a conscious consumer, access the Akatu Institute for Conscious Consumption website ([www.akatu.net](http://www.akatu.net)).
- 41** See the Ethos Institute manual *O Compromisso das Empresas com o Meio Ambiente – A Agenda Ambiental e a Sustentabilidade da Economia Florestal (Business Commitment to the Environment – The Environmental Agenda and the Forest Economics Sustainability)*, available at [www.ethos.org.br](http://www.ethos.org.br).
- 42** Among the products from the forest used in daily production and operations there are timber products such as wood pulp for paper and packaging; timber for furniture, pencils, floors; wood for civil construction. There are also non-timber products such as oils, herbs and fruits used in the manufacturing of products such as pharmaceuticals, foods, cosmetics, etc. An organization that is conscious of its role in the consumption and production chains, and above all of its power to change the current situation of illegal and predatory exploration of forests, the unfair and inequitable distribution of wealth obtained from the biodiversity exploration (an asset that belongs to the entire humanity), as well as the appropriation of traditional knowledge and practices, can – through its leadership – help in the conservation of remnant forests, of biodiversity, and act so as to equitably distribute the wealth obtained from its utilization. For further information, access [www.compradores.amazonia.org.br](http://www.compradores.amazonia.org.br) and [www.amazonia.org.br](http://www.amazonia.org.br), and for information on the Convention on Biological Diversity (CBD), access [www.cdb.gov.br](http://www.cdb.gov.br) and [www.biodiv.org](http://www.biodiv.org). Also refer to the manual *As Empresas e a Biodiversidade (Companies and Biodiversity)* at [www.wbcd.org/web/publications/business-bio-portugese.pdf](http://www.wbcd.org/web/publications/business-bio-portugese.pdf).
- 43** One of the most important certifications is conferred by FSC (Forest Stewardship Council), whose aim is to disseminate good forest management practices according to principles and criteria that integrate ecological protection with social benefits and economic feasibility. The FSC seal to forest management attests that the timber – or another forest input – used in a product derives from a sustainably managed forest – ecologically, socially, and economically – and was obtained in compliance with the laws in force. Intermediate or end products that make use of forest raw materials bearing the FSC Chain of Custody seal offer their raw materials traceability from the forest to the end consumer. The seal is a tool to guide the conscious consumer to choose a product that does not harm the environment and contributes to social and economic development of the region it comes from. The seal also guides the purchaser – retailer or wholesaler – to choose a distinguished, value added product, able to conquer a more demanding public, and therefore, open new markets. For further information, access [www.fsc.org.br](http://www.fsc.org.br).



# Suppliers

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## **SELECTION, ASSESSMENT, AND PARTNERSHIP WITH SUPPLIERS**

Indicator 25 – Criteria Used in Selection and Assessment of Suppliers

Indicator 26 – Child Labor in the Production Chain

Indicator 27 – Forced Labor (or Similar to Slavery) in the Production Chain

Indicator 28 – Support to Supplier Development

## Indicator 25 – Criteria Used in Selection and Assessment of Suppliers

In order to regulate its relations with suppliers and partners, the company:

<p>Has internal policies to select and assess suppliers and partners. Such policies are known by the parties involved and based only on factors such as quality, price, and delivery term.</p>	<p>Has transparent rules for selection and assessment of suppliers that include criteria and requirements related to the compliance with labor, social security, and tax laws.</p>	<p>In addition to basic criteria of compliance with the laws, has rules for selection and assessment of suppliers that include specific social responsibility criteria, such as prohibition of child labor, proper work relations and adoption of environmental standards.</p>	<p>In addition to adopting the previously described criteria, encourages and gathers evidence that its suppliers make use of the same social responsibility requirements in dealing with their own suppliers, and that they periodically monitor this criteria.</p>
<input type="checkbox"/> STAGE 1	<input type="checkbox"/> STAGE 2	<input type="checkbox"/> STAGE 3	<input type="checkbox"/> STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify.)		<input type="checkbox"/> We have not addressed this issue before.	

### ADDITIONAL INFORMATION

The company:	YES	NO	
25.1. has the supplier relations policies and criteria included in its code of conduct and/or values statement.	<input type="checkbox"/>	<input type="checkbox"/>	
25.2. when selecting suppliers (or developing new suppliers), it adopts as a criterion the effective use of ethical procedures in the management of private information obtained from its interaction with customers or the market in general.	<input type="checkbox"/>	<input type="checkbox"/>	
25.3. has an explicit policy or a specific corporate social responsibility program for the supply chain.	<input type="checkbox"/>	<input type="checkbox"/>	
25.4. regularly publishes social reports showing that corporate social responsibility issues are being complied with and implemented in its production chain.	<input type="checkbox"/>	<input type="checkbox"/>	
25.5. discusses social responsibility issues with its suppliers aiming at their training and adjustment to its criteria.	<input type="checkbox"/>	<input type="checkbox"/>	
25.6. sets a formal deadline for its suppliers to conform to its social responsibility criteria.	<input type="checkbox"/>	<input type="checkbox"/>	
25.7. when requiring social responsibility practices from its suppliers, it pays them visits to inspect such practices.	<input type="checkbox"/>	<input type="checkbox"/>	
25.8. knows in depth the source of raw materials, inputs and products used in its production or daily operations, and is it sure that the human rights and environment are respected in such sources.	<input type="checkbox"/>	<input type="checkbox"/>	
25.9. adopts purchasing criteria that take into account the source guarantee to avoid purchasing of pirate or forged products or those resulting from cargo robbery.	<input type="checkbox"/>	<input type="checkbox"/>	
	<b>2005</b>	<b>2006</b>	<b>2007</b>
25.10. Percentage of suppliers receiving visits to inspect social responsibility practices			
25.11. Training sessions, courses, lectures or meetings on social responsibility practices offered to suppliers			
25.12. Total number of suppliers			
25.13. Total amount paid for goods, materials and services acquired in the period			

## Suppliers

### SELECTION, ASSESSMENT, AND PARTNERSHIP WITH SUPPLIERS

# Indicator 26 – Child Labor in the Production Chain<sup>44</sup>

In its relations with suppliers and partners, the company:

<p>Has formal policies with the purpose of contributing to the abolition of child labor, discusses the issue with suppliers, and encourages them to comply with the laws.</p>	<p>In addition to discussing the issue, has a specific provision on child labor prohibition in its contracts with suppliers.</p>	<p>In addition to the contractual provisions prohibiting child labor, periodically monitors its compliance and organizes awareness-raising campaigns aimed at all its suppliers, openly rejecting child labor.</p>	<p>Organizes programs and activities aimed at the total abolition of child labor in partnership with civil society and/or public power organizations.</p>
STAGE 1	STAGE 2	STAGE 3	STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify.)		<input type="checkbox"/> We have not addressed this issue before.	

#### ADDITIONAL INFORMATION

The company:	YES	NO	
26.1. has the practice of carrying out periodical surveys, verifications, and reports on its production chain, performing in loco inspections and requiring evidence that there is no child labor at all.	<input type="checkbox"/>	<input type="checkbox"/>	
26.2. Number of fines received for the use of child labor in its production chain	2005	2006	2007

# Indicator 27 – Forced Labor (or Similar to Slavery) in the Production Chain<sup>45</sup>

In its relations with suppliers and partners, the company:

<p>Strictly complies with the laws, has formal policies with the purpose of contributing to the elimination of forced labor, demanding that its suppliers comply with the laws.</p>	<p>In addition, periodically monitors compliance with the laws and has a specific provision on forced labor prohibition in its contracts with suppliers.</p>	<p>In addition to the contractual provisions prohibiting forced labor, periodically monitors its compliance and organizes awareness-raising campaigns for all its suppliers, openly rejecting forced labor.</p>	<p>Organizes programs and activities aimed at the total elimination of forced labor in partnership with civil society and/or public power organizations.</p>
STAGE 1	STAGE 2	STAGE 3	STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify.)		<input type="checkbox"/> We have not addressed this issue before.	

# Suppliers

## SELECTION, ASSESSMENT, AND PARTNERSHIP WITH SUPPLIERS

### ADDITIONAL INFORMATION

The company:	YES	NO
27.1. has as a practice to carry out periodical surveys, verifications, and reports on its suppliers, requiring evidence that there is no forced labor at all.	<input type="checkbox"/>	<input type="checkbox"/>
27.2. before purchasing from or contracting a supplier, it normally verifies the slave labor "blacklist" of the Ministry of Labor <sup>46</sup> .	<input type="checkbox"/>	<input type="checkbox"/>

	2005	2006	2007
27.3. Number of fines concerning the use of forced labor in the production chain			

## Indicator 28 – Support to Supplier Development<sup>47</sup>

In its relations with suppliers of equal or smaller size, the company:

STAGE 1: Negotiates with transparency and establishes contractual relationship based only on business criteria.  
 STAGE 2: Contributes to the improvement in suppliers' management standards, providing information and organizing joint training activities.  
 STAGE 3: In addition to contributing to the improvement in suppliers' management, maintains stable and long-term relations with them, and uses negotiation criteria that promote their future growth.  
 STAGE 4: In addition to contributing to the growth of their suppliers of equal or smaller size, encourages and fosters suppliers' engagement in social and environmental projects.

It is not applicable to our company. (Justify.)       We have not addressed this issue before.

### ADDITIONAL INFORMATION

The company:	YES	NO
28.1. includes among its suppliers individuals or groups from the local community, such as cooperatives of small producers or solidarity initiatives, residents associations and organizations with income generation projects for usually excluded groups (indigenous populations, people with disabilities, etc.).	<input type="checkbox"/>	<input type="checkbox"/>
28.2. supports organizations that practice and promote the Fair Trade <sup>48</sup> .	<input type="checkbox"/>	<input type="checkbox"/>
28.3. takes as a rule the fair treatment of suppliers, prioritizing the small supplier (with a fair and prompt compensation, quality in the relationship, qualification and technology transfer programs, etc.)	<input type="checkbox"/>	<input type="checkbox"/>
28.4. encourages the creation of small suppliers' networks or cooperatives, helping them to conform to new supply standards.	<input type="checkbox"/>	<input type="checkbox"/>
28.5. has a purchasing policy favoring suppliers with social and environmental certification <sup>49</sup> (such as the SA8000 <sup>50</sup> , ISO 14001 <sup>51</sup> , FSC <sup>52</sup> seal, FLO <sup>53</sup> , ABNT NBR16601 <sup>54</sup> etc.).	<input type="checkbox"/>	<input type="checkbox"/>
28.6. has formal mechanisms enabling its values and principles to be transferred to the supply chain, such as good working conditions, absence of child and forced labor (or similar to slavery), environment protection, gender equality, transparency, participation and accountability.	<input type="checkbox"/>	<input type="checkbox"/>
28.7. has an ombudsman for suppliers, or a similar function, to ensure a partnership relationship with this stakeholder.	<input type="checkbox"/>	<input type="checkbox"/>

### NOTES

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- 44** As a means to prevent and abolish child labor, the International Labour Organisation (ILO) adopted the Convention 138 of 1973 concerning minimum age for admission to employment, and Convention 182 of 1999 concerning worst forms of child labor and its elimination. Source: ILO Brazil ([www.oitbrasil.org.br](http://www.oitbrasil.org.br)).
- 45** Article 2 of Convention 29 on Forced or Compulsory Labor defines the term “forced or compulsory labor” as all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.” For further information on forced labor, see [www.oitbrasil.org.br/prgativ/in\\_focus/trab\\_esc.php](http://www.oitbrasil.org.br/prgativ/in_focus/trab_esc.php).
- 46** The Ministry of Labor has developed the Cadastro dos Empregadores da Portaria 540, de 15 de outubro de 2004 (employers’ slave labor list, dated October 15, 2004) known as the “blacklist”, containing the main information of companies and employers who have been caught exploiting slave labor or keeping workers in situation similar to slavery, living in precarious hygiene conditions, with unsuitable food and no remuneration, and with documents retained. See the blacklist at [www.reporterbrasil.com.br/listasuja/index.php](http://www.reporterbrasil.com.br/listasuja/index.php).
- 47** Refer to the Ethos Institute manual Como Fortalecer a Responsabilidade Social nas Relações entre Grandes e Pequenas Empresas (How to Strengthen Social Responsibility in the Relationship Between Large and Small Companies), available at [www.ethos.org.br](http://www.ethos.org.br).
- 48** Fair Trade is an international movement which advocates business practices that, besides being fair are also ethical and solidary, based on principles such as abolition of child and slave labor, elimination of race, gender and religious discrimination, people’s health preservation and environment conservation. For further information, access [www.facesdobrasil.org.br](http://www.facesdobrasil.org.br), of the Fórum de Articulação para o Comércio Ético e Solidário – Faces do Brasil (Ethical and Solidary Trade Articulation Forum).
- 49** In order to start a supplier management process pursuant to CSR principles, the company must first organize its suppliers’ file in order to clearly prioritize them. Companies who already have some work developed in this area can start by those suppliers who offer most risks, considered critical to the business. The process can also be started by occasional purchases such as free gifts, for instance.
- 50** The Social Accountability 8000 (SA8000) is the first standard aimed at improving working conditions, comprising the main workers’ rights (health and safety, freedom of association, maximum working hours, compensation, protection against forced labor, discrimination and child labor), and whose compliance is verified by independent auditors. The SA8000 follows the ISO 9000 and ISO 14000 standards, which facilitates its implementation by companies that are familiar with this system. For further information, access [www.cepaa.org](http://www.cepaa.org).
- 51** The ISO 14000 standard presents a series of patterns that help companies to establish and implement an environmental management system, providing the requirements to be considered for auditing and certification purposes. Based on methods and analyses, the ISO 14000 seeks to ensure that a certain producer of goods or services makes use of management processes and specific procedures aimed at the reduction of environmental damage. For further information, access [www.iso.org/iso/en/iso9000-14000/index.html](http://www.iso.org/iso/en/iso9000-14000/index.html).
- 52** The FSC (Forest Stewardship Council) aims to disseminate good forest management practices according to principles and criteria that integrate ecological protection with social benefits and economic feasibility. The FSC seal to forest management attests that the timber – or another forest input – used in a product derives from a sustainably managed forest – ecologically, socially, and economically – and was obtained in compliance with the laws in force. Intermediate or end products that make use of forest raw materials bearing the FSC Chain of Custody seal offer their raw materials traceability from the forest to the end consumer. The seal is a tool to guide the conscious consumer to choose a product that does not harm the environment and contributes to social and economic development of the region it comes from. The seal also guides the purchaser – retailer or wholesaler – to choose a distinguished, value added product, able to conquer a more demanding public, and therefore, open new markets. For further information, access [www.fsc.org.br](http://www.fsc.org.br).
- 53** FLO (Fair Trade Labeling Organizations) is an international organization for fair trade products certification.
- 54** The ABNT NBR16001 is a Brazilian standard on social responsibility, issued in 2004. Find out about the standard at [www.abnt.org.br](http://www.abnt.org.br).



# Consumers and Customers

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## **SOCIAL DIMENSION OF CONSUMPTION**

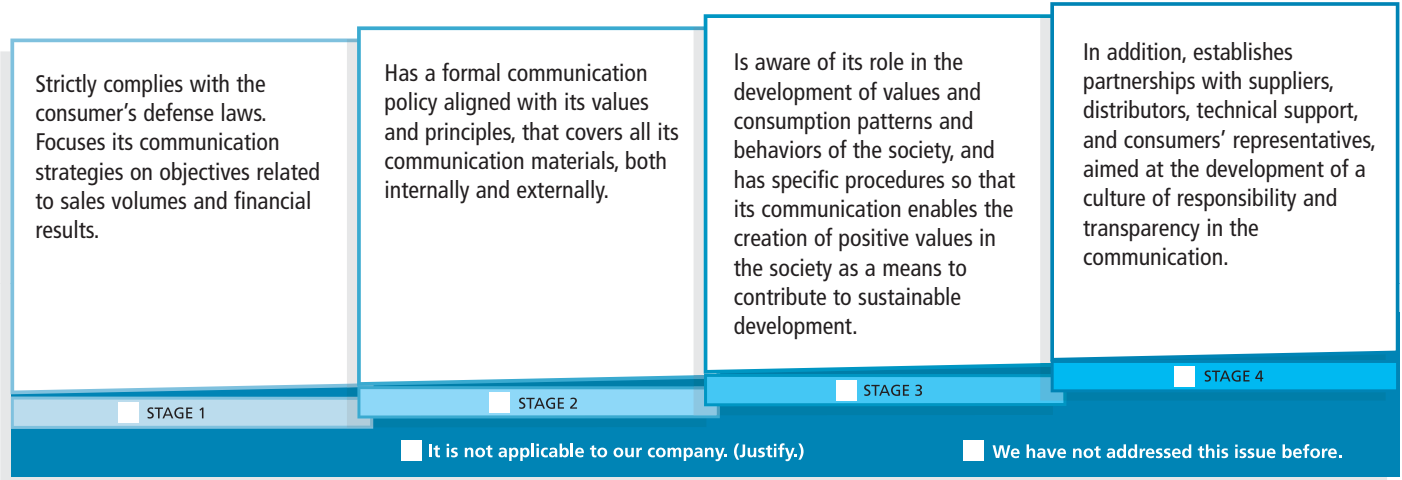
Indicator 29 – Business Communication Policy

Indicator 30 – Excellence in Customer Service

Indicator 31 – Knowledge and Management of Potential Harm Caused by Products and Services

## Indicator 29 – Business Communication Policy

Considering the influence of its business communication on building a credible and trustworthy image, the company:



### ADDITIONAL INFORMATION

	YES	NO
29.1. The business communication policy is included in the company's code of conduct and/or values statement.	<input type="checkbox"/>	<input type="checkbox"/>
<b>The company:</b>		
29.2. always reviews and updates its communication materials directed to consumers/customers (such as labels, packaging, formulae, operating manuals, instructions for use, warranty terms, and advertising materials) to make the relationship more transparent and the use of its products safer.	<input type="checkbox"/>	<input type="checkbox"/>
29.3. draws the attention of the customer/consumer for changes in the characteristics (composition, quality, terms, weight, price, etc.) of its products or services.	<input type="checkbox"/>	<input type="checkbox"/>
29.4. has a formal policy against advertising that portrays children, adolescents, afro-descendants, women or any individual in discriminatory, embarrassing, disrespectful or risky situations.	<input type="checkbox"/>	<input type="checkbox"/>
29.5. carries out a previous analysis of advertising campaigns to check compliance with its values and principles.	<input type="checkbox"/>	<input type="checkbox"/>
29.6. has specific policies to ensure that the communication focused on the juvenile public be responsible <sup>56</sup> .	<input type="checkbox"/>	<input type="checkbox"/>
29.7. interacts with its suppliers and distributors encouraging them to have a responsible attitude towards the communication focused on the juvenile public.	<input type="checkbox"/>	<input type="checkbox"/>
29.8. carries out a previous analysis of advertising campaign to check compliance with the Universal Declaration of Human Rights.	<input type="checkbox"/>	<input type="checkbox"/>
29.9. has had, in the last 3 years, advertising campaign or material subject to complaints by customers, suppliers or competitors.	<input type="checkbox"/>	<input type="checkbox"/>
29.10. has had, in the last 3 years, advertising campaign or material taken off the air by pressure of entities of the organized civil society.	<input type="checkbox"/>	<input type="checkbox"/>



## Indicator 30 – Excellence in Customer Service

Regarding its commitment to consumer / customer service quality, the company:

<p>Has a receptive basic customer service, broadly diffused, and focused on providing information and resolving individual claims.</p>	<p>Provides easy access for the consumer/customer to services or information of their interest, internally records and communicates individual consumer's/customer's claims, resolving them quickly, and instructing the consumer/customer on the measures taken.</p>	<p>In addition to quickly recording requests and resolving claims, has processes including the search for the causes of problems and the use of such information to improve services and products quality.</p>	<p>Promotes continuous improvement in its service by prioritizing the dialogue with and engagement of stakeholders in the process.</p>
<input type="checkbox"/> STAGE 1	<input type="checkbox"/> STAGE 2	<input type="checkbox"/> STAGE 3	<input type="checkbox"/> STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify.)		<input type="checkbox"/> We have not addressed this issue before.	

### ADDITIONAL INFORMATION

	YES	NO	
30.1. The policies and standards regarding customer and consumer relations are included in the company's code of conduct and/or values statement.	<input type="checkbox"/>	<input type="checkbox"/>	
<b>The company:</b>			
30.2. has an ombudsman or a similar function for consumers.	<input type="checkbox"/>	<input type="checkbox"/>	
30.3. has a Customer Service Department or another specific service to receive and forward suggestions, opinions and complaints concerning its products and services.	<input type="checkbox"/>	<input type="checkbox"/>	
30.4. provides continuous training to its customer service staff aimed at an ethical and respectful relationship regarding consumer rights.	<input type="checkbox"/>	<input type="checkbox"/>	
30.5. trains and encourages its customer service staff to acknowledge faults and act quickly and independently to solve problems.	<input type="checkbox"/>	<input type="checkbox"/>	
30.6. continuously warns its customer service staff and related areas about the importance of ethical procedures in the gathering, maintenance, and use of private information obtained from its interaction with consumers, customers or users.	<input type="checkbox"/>	<input type="checkbox"/>	
30.7. has the customer service monitored by indicators and plays a role in its decision-making processes.	<input type="checkbox"/>	<input type="checkbox"/>	
30.8. uses solely truthful arguments to convince the consumer or customer when selling products and services.	<input type="checkbox"/>	<input type="checkbox"/>	
30.9. has explicit anti-bribery policy for achieving a buying decision for its products or services.	<input type="checkbox"/>	<input type="checkbox"/>	
30.10. has a formal policy on privacy protection and/or a consumer's/customer's or user's private information management system.	<input type="checkbox"/>	<input type="checkbox"/>	
30.11. informs to the customer the purpose of gathering personal data before doing so.	<input type="checkbox"/>	<input type="checkbox"/>	
30.12. requests only relevant personal information and nothing beyond the purposes for which the company declares their need.	<input type="checkbox"/>	<input type="checkbox"/>	
30.13. gives the customer's file information to third parties only upon the customer's authorization.	<input type="checkbox"/>	<input type="checkbox"/>	
30.14. has a data bank policy that enables the inclusion, change and deletion of consumers, customers' or users' data.	<input type="checkbox"/>	<input type="checkbox"/>	
	<b>2005</b>	<b>2006</b>	<b>2007</b>
30.15. Net sales			
30.16. Total number of consumers or customers			
30.17. Total calls answered by the Customer Service Department			

	2005	2006	2007
30.18. Percentage of complaints in relation to total calls answered by the Customer Service Department			
30.19. Percentage of complaints not resolved by the Customer Service Department			
30.20. Average waiting time on the Customer Service phone until the beginning of service (in minutes)			
30.21. Number of innovations implemented as a result of an action of the ombudsman and/or the Customer Service Department			

## Indicator 31 – Knowledge and Management of Potential Harm Caused by Products and Services

Regarding knowledge and management of potential harm caused by its products and services<sup>57</sup>, the company:

<p>Occasionally carries out technical studies and research on potential harm to consumers/customers caused by its products and services.</p>	<p>Regularly carries out technical studies and research on potential risks, discloses the information gathered to business partners, and takes preventive or corrective measures when risks of defects are detected. Makes available detailed information on its products and services to consumers and customers.</p>	<p>In addition, through permanent dialogue, it actively engages the workforce, suppliers, distributors, consumers and customers in the continuous products and services improvement, replacing components, technologies and procedures to minimize or avoid health and safety risks to consumers and customers.</p>	<p>In addition, the company's values and principles, sustainable development and ethics<sup>58</sup> are regarded as important dimensions in the conception or redesign, production and sale of its products and/or services rendered.</p>
<input type="checkbox"/> STAGE 1	<input type="checkbox"/> STAGE 2	<input type="checkbox"/> STAGE 3	<input type="checkbox"/> STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify.)		<input type="checkbox"/> We have not addressed this issue before.	

### ADDITIONAL INFORMATION

The company:	YES	NO
31.1. has a specific program focused on the health and safety of the consumer of its products and services.	<input type="checkbox"/>	<input type="checkbox"/>
31.2. has quick internal systems and trains its public relations department to provide a quick and transparent response in the event of a crisis.	<input type="checkbox"/>	<input type="checkbox"/>
31.3. has been sued, in the last three years, for not complying with regulations related to consumer/customer health and safety.	<input type="checkbox"/>	<input type="checkbox"/>
31.4. has had products taken out of the market in the last five years because of pressure exercised by customers/consumers or their protection agencies.	<input type="checkbox"/>	<input type="checkbox"/>
31.5. has products/services prohibited in other countries and still sold in Brazil or exported.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Regarding Consumer Code violations, the company:</b>		
31.6. has already had products fined for non-compliance with regulations concerning information and labeling.	<input type="checkbox"/>	<input type="checkbox"/>

Regarding Consumer Code violations:	2005	2006	2007
31.7. Total number of administrative proceedings (Procon – consumer protection, Vigilância Sanitária – sanitary surveillance, Ipem – weight and measure agencies, etc.)			
31.8. Total number of (civil and criminal) lawsuits filed			

### NOTES

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- 55** For further information on the theme, access the Fundação de Proteção e Defesa do Consumidor (Foundation for Consumer Protection and Defense) – Procon website ([www.procon.sp.gov.br](http://www.procon.sp.gov.br))
- 56** According to the Alana Institute, responsible for the Criança & Consumo (Children and Commercialism) Project ([www.criancaconsumo.org.br](http://www.criancaconsumo.org.br)) “the excessive exposure to television in Brazil – which is higher among the low-income population as a result of poor leisure options – may increase the following problems among the juvenile population: obesity, anorexia and bulimia, early irresponsible sexuality, early alcohol consumption, wearing out of family relationships, juvenile violence due to low purchasing power frustrations, little encouragement to creativity development, consumption vulgarization, and lack of bonds with personal belongings, and encouragement to consumerism.” Excerpt from the magazine *Adiante*, May 2006.
- 57** The main source of harm to customers caused by service providers is disclosure of personal data used in their business transactions. It is important to take this aspect into account in the self-assessment.
- 58** We refer to Kant’s principle of only doing to others what we would do to ourselves. Read more in the book *Ética Empresarial no Brasil (Corporate Ethics in Brazil)*, by Joaquim Manhães Moreira [www.manhaesmoreira.com.br](http://www.manhaesmoreira.com.br).



# Community

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## **RELATIONS WITH THE LOCAL COMMUNITY**

Indicator 32 – Management of the Company's Impact on the Surrounding Community

Indicator 33 – Relations with Local Organizations

## **SOCIAL ACTION**

Indicator 34 – Social Action Funding

Indicator 35 – Engagement in Social Action

# Indicator 32 – Management of the Company's Impact on the Surrounding Community

Considering its potential impacts on the community needs (health and leisure centers, day care centers, public transportation, vehicle traffic, etc.), the company:

Seeks to take corrective measures aiming to solve complaints and claims from the community.	Has an in-depth knowledge of its impacts on the community, has a structured process to record complaints and claims, and holds regular meetings to inform local leaders about measures taken.	Has a formal policy on anticipating community claims and providing information on current and future plans for and impacts of its activities, involving the community in problem solving.	In addition to having a formal policy on community relations, has permanent committees or work groups, in which local leaders take part, to review its activities and monitor its impacts.
<input type="checkbox"/> STAGE 1	<input type="checkbox"/> STAGE 2	<input type="checkbox"/> STAGE 3	<input type="checkbox"/> STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify.)		<input type="checkbox"/> We have not addressed this issue before.	

### ADDITIONAL INFORMATION

The company:	YES	NO
32.1. recognizes the surrounding community as an important stakeholder in its decision-making processes.	<input type="checkbox"/>	<input type="checkbox"/>
32.2. has policies regarding relations with the surrounding community included in its code of conduct and/or values statement.	<input type="checkbox"/>	<input type="checkbox"/>
32.3. takes active part in the discussion and solution of community problems.	<input type="checkbox"/>	<input type="checkbox"/>
32.4. contributes to infrastructure improvements that may be enjoyed by the local community (such as housing, roads, bridges, schools, hospitals, etc.).	<input type="checkbox"/>	<input type="checkbox"/>
32.5. has a program to hire in its activities, as applicable, the highest possible number of local people, providing them with education to increase the qualification level of the surrounding community in partnership with unions, NGOs, community leaders, or public authorities.	<input type="checkbox"/>	<input type="checkbox"/>
32.6. has procurement and investment practices aiming to improve the social and economic development of the community in which it operates.	<input type="checkbox"/>	<input type="checkbox"/>
32.7. raises awareness of and trains its employees to respect the surrounding community's values, knowledge, and traditions.	<input type="checkbox"/>	<input type="checkbox"/>
32.8. has indicators to monitor the impacts caused by its activities on the surrounding community.	<input type="checkbox"/>	<input type="checkbox"/>
32.9. in case it operates in areas adjacent to indigenous communities and reserves, it has formal policies, procedures and standards for valuing and preserving the cultural and human heritage, knowledge, and traditions of the indigenous populations.	<input type="checkbox"/>	<input type="checkbox"/>
<b>The company has, in the last three years, received complaints and claims (petitions, formal requests, demonstrations) made by the community or civil society organizations due to the reasons listed below:</b>		
32.10. excessive trash, emission of bad smell, effluents, and other forms of pollution (noise, visual, etc.).	<input type="checkbox"/>	<input type="checkbox"/>
32.11. excessive vehicle traffic, causing noise and annoyance.	<input type="checkbox"/>	<input type="checkbox"/>
32.12. interference in communications systems.	<input type="checkbox"/>	<input type="checkbox"/>
32.13. negative social changes derived from its operations/facilities.	<input type="checkbox"/>	<input type="checkbox"/>
32.14. other reasons.	<input type="checkbox"/>	<input type="checkbox"/>

## Indicator 33 – Relations with Local Organizations<sup>59</sup>

Regarding community organizations, NGOs, and public facilities (schools, health centers, etc.) present in its surrounding, the company:

<p>Has superficial knowledge of its activities and promptly responds to occasional requests of support.</p>	<p>Supports several organizations through donations, projects funding and implementation, and reports on successful experiences.</p>	<p>Takes part in the development and implementation of joint projects through long-term partnerships with local entities, and trains leaders involved in the process.</p>	<p>Establishes partnerships with local entities seeking to influence public policy, forming alliances and participating in several networks to maximize its contribution to local development.</p>
STAGE 1	STAGE 2	STAGE 3	STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify.) <input type="checkbox"/> We have not addressed this issue before.			

### ADDITIONAL INFORMATION

The company:	YES	NO
33.1. carries out a local needs survey before designing its projects for the community.	<input type="checkbox"/>	<input type="checkbox"/>
33.2. carries out educational and/or other campaign of public interest within the community in partnership with local organizations.	<input type="checkbox"/>	<input type="checkbox"/>

## Indicator 34 – Social Action Funding

The company's social action funding is based on:

<p>Variable funds, managed at the exclusive discretion of an officer or manager in response to external requests.</p>	<p>Funds budgeted annually, managed with transparency by a committee or work group according to pre-established criteria.</p>	<p>A structured social program or private social investment<sup>60</sup> managed by a specialized team, with stable budgetary allocation, and defined public, targets, and strategies.</p>	<p>A structured social program or private social investment that has its own income generation mechanism, which ensures its long-term continuity (trust fund and/or fixed percentage of the company's revenues).</p>
STAGE 1	STAGE 2	STAGE 3	STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify.) <input type="checkbox"/> We have not addressed this issue before.			

**ADDITIONAL INFORMATION**

The company:	YES	NO
34.1. includes social action and the people in charge of its process in the overall strategic planning.	<input type="checkbox"/>	<input type="checkbox"/>
34.2. has mechanisms to encourage suppliers, shareholders, and other stakeholders to make financial donations.	<input type="checkbox"/>	<input type="checkbox"/>
34.3. uses experts in the planning, monitoring, and assessment of its social action.	<input type="checkbox"/>	<input type="checkbox"/>
34.4. plans its social action aiming to maximize its long-term impact.	<input type="checkbox"/>	<input type="checkbox"/>
34.5. optimizes the impact of its social actions by leveraging funds from other companies or private entities and/or the engagement of public bodies.	<input type="checkbox"/>	<input type="checkbox"/>
34.6. has a regular consultation procedure with the beneficiaries of its social action monitored by performance indicators.	<input type="checkbox"/>	<input type="checkbox"/>

## Indicator 35 – Engagement in Social Action<sup>61</sup>

As a means to perform its social action, the company:

**STAGE 1**  
Makes donations of products and financial resources, provides facilities, encourages its employees' volunteering, and/or carries out its own social projects.

**STAGE 2**  
In addition to donations and/or its own social projects, makes available some of its employees' working hours or equipment for activities connected with those projects.

**STAGE 3**  
In addition, has a policy whereby it uses its technical, technological and management expertise to enhance the social projects (either its own or third parties')

**STAGE 4**  
In addition to material and expertise support, involves local organizations and leaders in the design and implementation of its social projects, and negotiates with other bodies, either public or private, aiming at the implementation of such projects.

It is not applicable to our company. (Justify.)

We have not addressed this issue before.

**ADDITIONAL INFORMATION**

The company:	YES	NO
35.1. uses tax incentives for deductions or discounts of amounts related to donations and sponsorships.	<input type="checkbox"/>	<input type="checkbox"/>
35.2. makes internal publicity of social projects it develops or supports, offering volunteer work opportunities and encouraging its employees to take part in such projects.	<input type="checkbox"/>	<input type="checkbox"/>
35.3. authorizes the controlled use of paid hours in volunteer work.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Regarding social action governance, the company:</b>		
35.4. has a mixed council or committee comprising members from different areas of the company or from the business group, including external consultants to deal with the theme in its performance area.	<input type="checkbox"/>	<input type="checkbox"/>

	2005	2006	2007
35.5. Percentage of gross income allocated to social action (do not include legal obligations, taxes, company employees' benefits)			
35.6. Percentage of total allocated to social action corresponding to donations in products and services			
35.7. Percentage of total allocated to social action corresponding to in kind donations			
35.8. Percentage of total allocated to social action corresponding to expenditure in own social project			
35.9. Percentage of total allocated to social action corresponding to expenditure in advertising			
35.10. Percentage of employees performing volunteer work in the local community			
35.11. Average monthly hours donated (allowed within regular working hours) by the company for employees' volunteer work			



### NOTES

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**59** See the following Ethos Institute manuals: O Que as Empresas Podem Fazer para a Erradicação da Pobreza, Segurança Alimentar e Nutricional: a Contribuição das Empresas para a Sustentabilidade das Iniciativas Locais (*What Companies Can Do to Eliminate Poverty, for Food and Nutrition Security: Business Contribution to the Sustainability of Local Initiatives*); Segurança Alimentar: a Contribuição das Entidades Empresariais (*Food Security: Business Associations' Contribution*); O Que as Empresas Podem Fazer pela Inclusão Digital (*What Companies Can Do for Digital Inclusion*); and Como as Empresas Podem Apoiar e Participar do Combate à Fome (*How Companies Can Support and Take Part in the Fight Against Hunger*). They are all available at [www.ethos.org.br](http://www.ethos.org.br).

**60** Private social investment is the planned, monitored and systematic voluntary transfer of private funds to social, environmental and cultural projects of public interest. For further information, access [www.gife.org.br](http://www.gife.org.br).

**61** See the Ethos Institute manuals: Como as Empresas Podem Implementar Programas de Voluntariado (*How Companies Can Implement Volunteering Programs*) and Como as Empresas Podem Participar de Programas de Segurança Alimentar com a Mobilização dos Funcionários (*How Companies Can Participate in Food Security Programs by Mobilizing Their Employees*). They are available at [www.ethos.org.br](http://www.ethos.org.br).



# Government and Society

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## **POLITICAL TRANSPARENCY**

Indicator 36 – Donations to Political Campaigns

Indicator 37 – Construction of Citizenship by the Companies

Indicator 38 – Anti-Corruption and Anti-Bribery Practices

## **SOCIAL LEADERSHIP**

Indicator 39 – Social Leadership and Influence

Indicator 40 – Participation in Government Social Projects

## Indicator 36 – Donations to Political Campaigns<sup>62</sup>

Regarding donations to political parties and to candidates for public offices, the company:

<p>In case of making donations, does it at the sole discretion of the senior management, pursuant to parameters set forth by laws in force.</p>	<p>In case of making donations, does it pursuant to internally defined rules and criteria, disclosing information to the workforce on the decision taken.</p>	<p>Decides whether making donations or not in a transparent way (through written policies, code of conduct and/or values statement, etc.), allowing the stakeholders to access the information, and requiring from the candidate or political party the respective evidence and registration of the donation.</p>	<p>In addition to what was said in Stage 3, promotes campaigns for political awareness, citizenship and importance of voting, involving all employees and other stakeholders.</p>
STAGE 1	STAGE 2	STAGE 3	STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify.)		<input type="checkbox"/> We have not addressed this issue before.	

### ADDITIONAL INFORMATION

	YES	NO
36.1. In the last five years, the company has been negatively mentioned in the press due to financial contribution to political campaigns.	<input type="checkbox"/>	<input type="checkbox"/>
36.2. The company has an explicit rule banning the use of economic power to exert influence on donations of other companies, suppliers, distributors, and partners.	<input type="checkbox"/>	<input type="checkbox"/>

## Indicator 37 – Construction of Citizenship<sup>63</sup> by the Companies

Regarding its role in the construction of citizenship by the companies, the company :

<p>Develops occasional activities focused on education for citizenship, addressing rights and duties.</p>	<p>Develops periodical activities focused on education for citizenship, and allows free discussions and exchange of ideas on political themes.</p>	<p>In addition, promotes or supports, in partnership with organizations working on the theme, the organization of panels and discussion forums with candidates to public offices aiming to assure conscious voting.</p>	<p>Takes the role of educating citizens and develops programs on education for citizenship internally, in its production chain and in the surrounding community, and takes a leading role in the discussion of themes such as population participation and anti-corruption actions in its city.</p>
STAGE 1	STAGE 2	STAGE 3	STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify.)		<input type="checkbox"/> We have not addressed this issue before.	

### ADDITIONAL INFORMATION

The company:	YES	NO
37.1. encourages its employees to assess and control the performance of elected candidates.	<input type="checkbox"/>	<input type="checkbox"/>

## Indicator 38 – Anti-Corruption and Anti-Bribery Practices<sup>64</sup>

In its relationship with government officials, agents and inspectors at all levels, the company:

<p>Seeks to avoid situations involving preferential treatment to government agents, but has neither formal nor published control and punishment procedures.</p>	<p>Has an internally known position of banning preferential treatment, either direct or indirect, to government agents.</p>	<p>Assumes public commitment to fighting corruption and bribery, has written rules on the theme (in specific documentation, in the code of ethics, etc.) that are widely published, both internally and externally (suppliers, consumers, and government agents it liaises with), and has formal procedures for control, punishment and auditing in case of any occurrence.</p>	<p>Being aware that the eradication of illegal, immoral and unethical practices also depends on diffusion, facilitation or education, seeks to engage an increasing number of stakeholders, such as suppliers, customers, partner entities, etc. in initiatives to fight corruption and bribery, disseminating the theme, teaching about the use of related tools, etc.</p>
<input type="checkbox"/> STAGE 1	<input type="checkbox"/> STAGE 2	<input type="checkbox"/> STAGE 3	<input type="checkbox"/> STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify.)		<input type="checkbox"/> We have not addressed this issue before.	

### ADDITIONAL INFORMATION

The company:	YES	NO
38.1. has had its name mentioned in the press in the last five years under suspicion of having taken part in events involving bribery or corruption of government agents.	<input type="checkbox"/>	<input type="checkbox"/>
38.2. sets forth punitive measures to employees involved in preferential treatment to government agents.	<input type="checkbox"/>	<input type="checkbox"/>
38.3. has an explicit policy against support and participation in processes aimed at the manipulation of invitations to bid (either public or private).	<input type="checkbox"/>	<input type="checkbox"/>

## Indicator 39 – Social Leadership and Influence

Aiming to exert its citizenship through business associations and forums, the company:

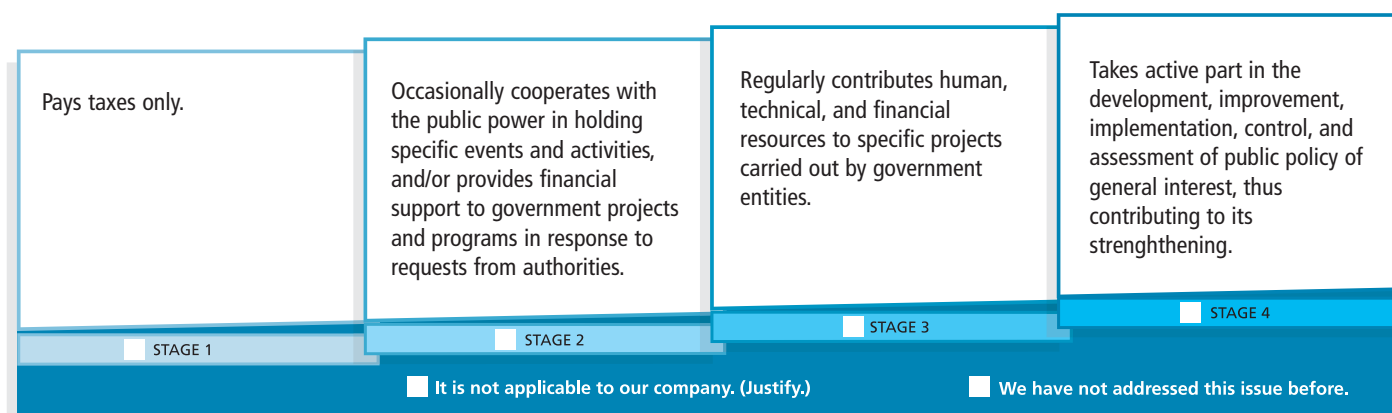
<p>Participates in committees and work groups related to the defense and promotion of specific interests of its business field or sector.</p>	<p>Participates in committees and work groups related to public interest issues.</p>	<p>Takes active part, contributing either human or financial resources, in the processes of designing proposals of public interest and socioenvironmental nature.</p>	<p>Has senior management members involved in the organization, feasibility and strengthening of socioenvironmental proposals, together with other companies, associations or public power aimed at their adoption.</p>
<input type="checkbox"/> STAGE 1	<input type="checkbox"/> STAGE 2	<input type="checkbox"/> STAGE 3	<input type="checkbox"/> STAGE 4
<input type="checkbox"/> It is not applicable to our company. (Justify.)		<input type="checkbox"/> We have not addressed this issue before.	

**ADDITIONAL INFORMATION**

The company:	YES	NO
39.1. sponsors or conducts media campaigns exclusively related to public interest issues.	<input type="checkbox"/>	<input type="checkbox"/>
39.2. actively liaises with educational institutions of all levels to design proposals for labor qualification improvement in its business sector.	<input type="checkbox"/>	<input type="checkbox"/>
39.3. encourages and sponsors research and technology development projects, actively liaising with the academic and scientific community.	<input type="checkbox"/>	<input type="checkbox"/>

## Indicator 40 – Participation in Government Social Projects

In its involvement with social activities carried out by government agencies, the company:



**ADDITIONAL INFORMATION**

The company:	YES	NO
40.1. adopts or establishes partnership with government agencies aiming to improve the quality of education, social work, health or infrastructure, abolish child labor and/or eliminate forced labor, foster income and/or employment generation, promote food security etc.	<input type="checkbox"/>	<input type="checkbox"/>
40.2. sponsors public or private scholarship programs.	<input type="checkbox"/>	<input type="checkbox"/>
40.3. organizes and coordinates partnerships in the programs it participates.	<input type="checkbox"/>	<input type="checkbox"/>

## NOTES

**62** See the Ethos Institute manual A Responsabilidade Social das Empresas no Processo Eleitoral, Edição 2006 (Corporate Social Responsibility in the Electoral Process – 2006), available at [www.ethos.org.br](http://www.ethos.org.br).

**63** According to jurist Dalmo Dallari, in his book Direitos Humanos e Cidadania (Human Rights and Citizenship), “Citizenship is a set of rights that enables the person to actively participate in the life and government of his/her people. Persons without citizenship are either marginalized or excluded from social life and from decision-making processes, remaining in an inferior position within the social group.”

**64** Find out about the Business Pact for Integrity and Against Corruption, an initiative of the Ethos Institute; Patri – Government Relations and Public Policy; United Nations Development Program/UNDP; United Nations Office on Drugs and Crime/UNODC, and the Global Compact Brazilian Committee. The Pact presents a set of guidelines and procedures to be adopted by the signatory companies and entities in their relations with the public power. To become a signatory, access [www.empresalimpa.org.br](http://www.empresalimpa.org.br).

# Notes on the Ethos Indicators

By conducting the Ethos Indicators filling out process, both the facilitator and the reporter should take notes that will help the company to analyze and interpret the diagnosis report made by the Ethos Institute. See below an example of a note-taking guide:

<b>ETHOS INDICATORS 2007</b>	
<b>General Coordinator</b>	<b>Name of general coordinator</b>
<b>Theme</b>	<b>Values, Transparency and Governance</b>
<b>Theme Facilitator</b>	<b>Name of theme facilitator</b>
<b>Team</b>	<b>Name of team</b>
<b>Indicator</b>	<b>Ethical Commitment</b>
<b>Stage as defined by the team:</b>	
Stage 1 <input type="checkbox"/> Stage 2 <input type="checkbox"/> Stage 3 <input type="checkbox"/> Stage 4 <input type="checkbox"/>	
We have not addressed this issue before <input type="checkbox"/> It is not applicable to our company <input type="checkbox"/>	
<b>Consensus</b>	
Easy <input type="checkbox"/> Difficult <input type="checkbox"/>	
<b>Comments/perceptions:</b>	
<b>Verified risks</b>	
<b>Opportunities to be explored</b>	
<b>Target for the next application</b>	
<b>Internal leaderships (formal or informal) to conduct this process</b>	
<b>External leaderships (formal or informal) to be involved in this process</b>	
<b>Tools or sources of information to be researched</b>	
<b>What can be done regarding this indicator</b>	
Immediately:	
After obtaining additional information:	
After planning:	
<b>Aspects to be considered in this indicator regarding</b>	
Sustainability:	
Stakeholders:	
Internal Processes:	
Continuous improvement:	

# Glossary

**360-Degree Assessment** – Assessment of individual performance based on feedback from superiors, colleagues and subordinates. The system may include customers, suppliers, associates, and partners. More than simply assessing, this system allows a true analysis of how the organization operates, from the point of view of those who work for it. Ethical issues should be addressed in this type of assessment.

For further information, refer to: *A Ética Empresarial no Brasil* (Corporate Ethics in Brazil) by Joaquim Manhães Moreira (Pioneira, 1999).

**Absolute Illiteracy and Functional Illiteracy** – “The concept of illiteracy has changed in the last years. In 1958 UNESCO would define an illiterate as a person who could neither read nor write simple phrases. Twenty years later, it adopted the concept of functional illiteracy: a functionally illiterate is someone who, although knowing how to read and write simple phrases, is unable to perform his/her daily functions and achieve personal and professional growth.” (Source: Paulo Montenegro Institute at [www.ipm.org.br](http://www.ipm.org.br)). The company should have either a program to eradicate illiteracy (whether absolute or functional), a basic education or education for the youth and adults program for its employees, with predefined goals and funds.

Refer to the following Ethos Institute manuals: *O que as Empresas Podem Fazer pela Educação* (What Companies Can Do for Education), and *O Compromisso das Empresas com o Alfabetismo Funcional* (Business Commitment to Functional Literacy) at [www.ethos.org.br](http://www.ethos.org.br).

**Administrative Council for Economic Defense (Cade)** – Government body created in 1962, and turned into an authority linked to the Ministry of Justice in 1994, aims to defend free competition by preventing and punishing abuse of economic power such as, for instance, the formation of cartels.

Sources: Ministry of Justice, and *Dicionário de Economia* (Economics Dictionary) at [www.nortes.com.br/dicionario](http://www.nortes.com.br/dicionario).

**Advisory Board** – The IBGC – Brazilian Institute of Corporate Governance – considers the existence of an advisory board as a good practice, “specially for closely-held companies

under development or under family control, and third-sector organizations.” This practice “enables independent board members to contribute to the organization, and allows a gradual improvement process in corporate governance.”

Source: *IBGC Code of Best Practices for Corporate Governance* at [www.ibgc.org.br](http://www.ibgc.org.br).

**Afro-Descendants** – Classification comprising individuals self-declared as blacks and mulattos.

**Apprentice** – Young person aged 14 to 18 who is enrolled in a CLT-approved apprenticeship program. The CLT (Brazilian labor code) regulates the apprenticeship agreement, obligation of companies to employ apprentices, allowed working hours, apprentice’s wage floor, and other rights. Act no. 10.097/00 defines the apprenticeship agreement as “the special written labor agreement for a specified period of time, in which the employer shall be bound to provide the young person aged 14 to 18 enrolled in an apprenticeship program with methodic technical and vocational education compatible with his/her physical, moral and psychological development, and the apprentice shall zealously and diligently perform the tasks required.”

All medium-sized and large companies must hire apprentices accounting for between 5% and 15% of the total headcount whose functions require vocational education. Micro and small companies are not required to hire apprentices, but they can do it, thus contributing to the vocational education of adolescents.

For further information, access *Fundação Abrinq* at [www.fundabrinq.org.br](http://www.fundabrinq.org.br).

**Balanced Scorecard (BSC)** – It is a management tool for describing strategy through the use of linked performance measures in four, balanced perspectives - Financial, Customer, Internal Business Processes, and Learning and Growth. It creates a system of interconnected objectives, measures, goals, and initiatives that describe a company’s strategy, and how these aims can be achieved. The Balanced Scorecard has been

extensively used by companies from different sectors in all strategy and operation levels. The Sigma Project has adapted the traditional approach of the BSC to support sustainable development and corporate sustainability regarding planning and decision-making: the Sustainability Scorecard.

For further information, access: Symnetics – [www.symnetics.com.br](http://www.symnetics.com.br), and Sigma Project – [www.projectsigma.com](http://www.projectsigma.com).

**Basic Benefits** – Labor benefits granted by the CLT (Labor Code), to which all workers formally employed are entitled, besides other benefits negotiated and agreed with between the sectors and their specific unions. In addition to the basic benefits, the company is expected to provide its employees with: family health plan; support to children’s education; home loan; day care at the workplace or elsewhere. All benefits should be offered to both male and female employees, comprising all hierarchical levels, no matter whether workers are formally employed or regularly render services and issue an invoice.

Refer to the following Ethos Institute manuals: *O que as Empresas Podem Fazer pela Educação* (What Companies Can Do for Education), *O que as Empresas Podem Fazer pela Criança e pelo Adolescente* (What Companies Can Do for the Children and the Adolescent), and *O Compromisso das Empresas com a Valorização da Mulher* (Business Commitment to Valuing the Women) at [www.ethos.org.br](http://www.ethos.org.br).

**Benchmarking** – According to the International Benchmarking Clearinghouse (IBC), benchmarking is a systematic process of continuously comparing and measuring an organization’s business practices against leading organizations anywhere in the world to gain information which will help the organization take action to improve its performance. Source: *Dicionário de RH* (HR Dictionary) at [www.guiarh.com.br/dicionario2.htm](http://www.guiarh.com.br/dicionario2.htm).

**Board of Directors** – This board is a deliberative body applicable to publicly-traded or closely-held organizations, regardless of the way they are legally organized. It represents shareholders interests, as well as the interests of the other stakeholders, looking after the organization’s safety and evolution.



For sources and further information, refer to the IBGC Code of Best Practices for Corporate Governance at [www.ibgc.org.br](http://www.ibgc.org.br); see also the book *Governança Corporativa: O Governo da Empresa e o Conselho de Administração* (Corporate governance: the Company's Government and the board of directors), by João Bosco Lodi (Elsevier, 2000).

**Bonus** – Additional compensation related to the performance of certain tasks or activities. Companies engaged in sustainability can provide its employees with additional sustainability-oriented bonuses as a reward for medium- and long-term achievements or social and environmental performance-related goals reached.

**Bribery** – An illicit reward (usually money) paid to someone for services rendered. Cases of organizations involved in this type of practice are usual in our society.

Institutions should have a code of ethics with their values and principles incorporated into the work processes and into managers' and employees' attitude and behavior, with explicit commitment to transparency and reliability of information provided to all stakeholders. The code should include clear items prohibiting illegal practices in organizational management. In addition, procedures may be established concerning internal notice of suspicious illegal actions, followed by investigation and punishment.

For further information on practices and procedures to fight corruption, access Transparency Brazil at [www.transparencia.org.br](http://www.transparencia.org.br).

**Business Committee** – This committee, consisting of senior management members, is a forum for the integration of relevant and strategic issues. It aims to foster the alignment of business development, management, and the organization's strategic plan guidelines.

For further information on best practices for corporate governance, refer to IBGC - Brazilian Institute of Corporate Governance at [www.ibgc.org.br](http://www.ibgc.org.br).

**Business Ethics** – It comprises the principles and standards that guide the business world behavior. The organization's ethical behavior is the basis for social responsibility, expressed in

the principles and values adopted by the company. There is no social responsibility without business ethics. There should be consistency between action and speech.

Source: Centro de Apoio à Pesquisa (Research Support Center) at [www.uniethos.org.br/uniethos](http://www.uniethos.org.br/uniethos).

**Child Labor** – "It is the illegal employment of children. The Child and Adolescent Statute – Sections 60-69 specifies that working is allowed only after the age of 16 or after the age of 14 as apprentices, provided the education and peculiar conditions for the development of the adolescent are guaranteed." (Source: [www.fundabring.org.br](http://www.fundabring.org.br))

Besides not hiring minors, except as apprentices, the company can have formal policies aimed at contributing to the abolition of child labor, promoting discussions with its suppliers on the theme and encouraging their compliance with the laws. The company should have specific provisions on the theme in its agreements with suppliers, verifying its compliance and ensuring that hiring minors is banned even in agreements with its outsourced workers' suppliers.

**Code of Conduct** – Manual drafted by the Executive Board according to the principles and policies defined by the board of directors, aiming to guide managers and employees in the way they behave professionally on a daily basis. The Code of Conduct must also define social and environmental responsibilities.

For further information, refer to IBGC – Brazilian Institute of Corporate Governance at [www.ibgc.org.br](http://www.ibgc.org.br).

**Color or Race** – Learning the color or race of employees or managers enables the company to develop affirmative actions aimed at promoting diversity and equality, which means proportional participation of the several society groups in the company positions, with equal opportunities for all of them. The classification shall be made through self-declaration, according to the terms used by the IBGE – Brazilian Institute of Geography and Statistics: white, black, Asian, mulatto or indigenous person.

Refer to the following Ethos Institute publications:

*Como as Empresas Podem (e Devem) Valorizar a Diversidade* (How Companies Can (and Must) Value Diversity), *Perfil Social, Racial e de Gênero das 500 Maiores Empresas do Brasil e Suas Ações Afirmativas* (Social, Racial and Gender Profile of the 500 Largest Companies in Brazil and their Affirmative Actions); and *O Compromisso das Empresas com a Promoção da Igualdade Racial* (Business Commitment to the Promotion of Racial Equality) at [www.ethos.org.br](http://www.ethos.org.br).

### **Commission for Prior Conciliation (CCP)** –

These workers commissions are private conciliation bodies that aim to mediate and try to conciliate – out of court – the individual conflicts deriving from labor relations. They neither have any administrative relation nor depend on the Ministry of Labor and Employment or the Labor Courts. Likewise, they are neither registered nor accredited by public agencies. Even so, they are normally the first stage of individual labor disputes.

In order to be more representative, members of this type of commission should be elected by the workers, without any interference from the company.

For further information, refer to *Observatório Social* (Social Observatory) at [www.observatoriosocial.org.br](http://www.observatoriosocial.org.br), and to *Dieese* – Inter Trade Union Department of Statistics and Socio-Economic Studies at [www.dieese.org.br](http://www.dieese.org.br).

**Conscious Consumption** – It aims to turn consumption into an act of citizenship. In addition to personal well-being, the conscious consumer takes into account in his/her consumption choices the environmental possibilities and the social needs.

For further information, refer to Akatu Institute for Conscious Consumption at [www.akatu.org.br](http://www.akatu.org.br).

**Continuous Improvement** – It is the personal and intellectual improvement – concerning both the knowledge necessary to develop the work tasks and a more general knowledge – that can be carried out through systematic activities specifically organized for this purpose, such as training sessions, courses, seminars, group dynamics, etc. The company should try to provide its employees with development and training activities with a positive impact on their employability, regardless of hierarchical levels

or applicability in their current positions.

Refer to the following Ethos Institute manual: *O que as Empresas Podem Fazer pela Educação* (What Companies Can Do for Education) at [www.ethos.org.br](http://www.ethos.org.br).

**Corporate Governance** – A system through which business entities are directed and monitored involving the relationships among shareholders, board of directors, executive board, independent auditing, and fiscal council. The good practices of corporate governance aim at increasing the entity's value, facilitating its access to capital, and contributing to its perpetual existence. (Source: IBGC – Brazilian Institute of Corporate Governance)

"The debates on corporate governance in Latin America and throughout the world are focused on public companies and on private companies that have the potential to go public in the short term. (...) However, (...) good corporate governance is also a relevant reason for concern for private companies since most of them still depend on self-financing, private equity operations, and on the banking system to raise the funds necessary for their expansion and growth. The private companies (in general, family business or owned by their founders) must take consistent accounting and audit practices, as well as adequate controls and strategic management and planning, if they want to keep their competitiveness." (Source: *Latin American White Paper on Corporate Governance*, OECD).

For further information on corporate governance refer to IBGC - Brazilian Institute of Corporate Governance at [www.ibgc.org.br](http://www.ibgc.org.br).

**Corporate Income Tax and Donations to NGOs** – Companies can make donations to organizations of public interest deducting from its income tax "up to 2% of its operating profit before deduction", pursuant to Act 9249 – Section 13 § 2 (III). It is advisable to consult an accountant to clarify the legal procedures of entering this type of donation in the corporate income tax.

**Corporate Social Responsibility** – A way of conducting business defined by ethical and transparent relations with all stakeholders and the establishment of business goals compatible

with the sustainable development of the society, conserving environmental and cultural resources for future generations, respecting diversity, and promoting reduction in social inequalities.

**Corporate Sustainability** – "Sustainability is about ensuring long-term business success while contributing towards economic and social development, a healthy environment and a stable society (...) Sustainability has three broad components, generally described as 'people, profit, and planet', that is, the 'social, economic and environmental' aspects. The need for companies to become aware of these three dimensions has been summed up in the triple bottom line concept. Besides these three components, there is another element in the sustainability process regarding accountability, transparency and stakeholder engagement. Sustainability is sometimes called 'corporate social responsibility' or 'corporate citizenship'. Although we use here the word 'sustainability', we acknowledge that the expressions are synonymous in many points. And they cover the same broad aspects of business: management, the way to deal with employees, the impact on the environment and on the local community, and supplier and customer relations."

Source: *Developing Value – The Business Case for Sustainability in Emerging Markets* at [www.sustainability.com](http://www.sustainability.com).

**Corporate Volunteering** – A business volunteering program is the formal and organized support from a company to employees and retired workers that are willing to voluntarily serve a community with their time and skills. One of the best ways for the company to cooperate with the country's social development is by transferring planning and management know-how and competencies to social organizations. When structuring a volunteering program, the company develops a transfer channel, and therefore can create great changes, for strengthened social organizations can enhance and qualify their activities, thus reaching more efficient and significant results. Source: CVSP – Centro de Voluntariado de São Paulo (São Paulo Volunteering Center) at [www.voluntariado.org.br](http://www.voluntariado.org.br).

**Corruption** – It is the behavior that deviates from the formal duties of a public function for private gain (personal, family, group interests) of monetary nature or to improve status, or violates rules of certain types of behavior linked to private interests.

Source: "Reforma do Estado, Transparência e Democracia no Brasil" (State Reform, Transparency and Democracy in Brazil.), by José Matias Pereira. In: *Revista Acadêmica de Economia*, n. 26. Available at [www.eumed.net](http://www.eumed.net).

Cases of organizations involved in this type of practice are usual in our society. Institutions should have a code of ethics with their values and principles incorporated into the work processes and into managers' and employees' attitude and behavior, with explicit commitment to transparency and reliability of information provided to all stakeholders. The code should include clear items prohibiting illegal practices in organizational management. In addition, procedures may be established concerning internal notice of suspicious illegal actions, followed by investigation and punishment.

For further information on practices and procedures to fight corruption, access Transparency Brazil at [www.transparencia.org.br](http://www.transparencia.org.br).

**Cross-Cutting Theme** – The theme that is globally dealt with by the company, and not just as a specific area theme.

**Customer Service Department** – In order to get the most out of this type of service the company can broadly diffuse it, allowing free and easy access to consumers/customers. The professionals that work in this department should be given continuous training to have an ethical and respectful approach to consumer rights. The company should have a quick and individual response to the demands, informing consumers/customers about the measures taken. The company can also establish processes to search for the causes of problems complained about, and use this information to improve the quality and development of products and services.

**Diversity** – Basic citizenship principle that aims to provide every person with full conditions to develop their talents and

potentialities, considering the search for equal opportunities and respect to dignity of all persons. The practice of diversity represents the effective right to difference, creating conditions and environments where people can act according to their individual values.

Companies have the ethical obligation to fight all forms of negative discrimination and value the opportunities offered by the richness of diversity in our society. For this purpose, they can:

1. develop non-discriminatory standards for its internal environment and its customer relations;
2. apply these standards in processes such as recruitment, promotion, compensation and benefits;
3. give training on the theme;
4. develop activities to value minority groups within the company.

Refer to the following Ethos Institute publications: *Como as Empresas Podem (e Devem) Valorizar a Diversidade* (How Companies Can (and Must) Value Diversity); *O que as Empresas Podem Fazer pela Reabilitação do Preso* (What Companies Can Do for the Recovery of Prisoners); *O que as Empresas Podem Fazer pela Inclusão das Pessoas com Deficiência* (What Companies Can Do for the Inclusion of People with Disabilities); *O Compromisso das Empresas com a Valorização da Mulher* (Business Commitment to Valuing the Women); *Perfil Social, Racial e de Gênero das 500 Maiores Empresas do Brasil e Suas Ações Afirmativas* (Social, Racial and Gender Profile of the 500 Largest Companies in Brazil and their Affirmative Actions); and *O Compromisso das Empresas com a promoção da Igualdade Racial* (Business Commitment to the Promotion of Racial Equality) at [www.ethos.org.br](http://www.ethos.org.br).

### Donations for the Children and Adolescent's Rights Fund

– Natural persons and legal entities can allocate part of their Income Tax to the Children and Adolescent's Rights Fund – FIA. Taxpayers can even choose beneficiary institutions. Natural persons can donate up to 6% of their due income tax, and legal entities can donate up to 1% of the Income Tax or in the statement. It is advisable to consult an accountant on how to better make this type of donation.

(Sources: *Income Tax Statement Program for Natural Persons and Legal Entities – Act no. 9.250 – Section 12 (I) dated 1995; RIR – Income Tax Regulation – Section 102 dated 1999*).

**Eco-efficiency** – According to the World Business Council for Sustainable Development (WBCSD), eco-efficiency is achievable by the “delivery of competitively priced goods and services that satisfy human needs and bring quality of life, while progressively reducing ecological impacts and resource use intensity throughout the life cycle, to a level at least in line with the Earth's estimated carrying capacity”. Companies can carry out several eco-efficient actions such as developing monitoring systems for gas emission and energy, water, toxic products and raw material consumption. They can also implement residue reuse processes in specific stages of their production process.

For further information, refer to the following Ethos Institute manual: *O Compromisso das Empresas com o Meio Ambiente* (Business Commitment to the Environment) at [www.ethos.org.br](http://www.ethos.org.br).

**Embedding** – The company's values and principles are progressively embedded in the organizational culture to the extent they go through a systematic diffusion.

Besides developing communication instruments, it is important to encourage periodic participation and contribution of stakeholders in the assessment and monitoring process, thus enabling the incorporation of suggestions into work processes. The company can also have committees, boards or person(s) responsible for ethical issues, who address such issues in organizational climate surveys, for example. External partners can also be encouraged to replicate the same process in the company's production chain.

**Emergency Relief** – Doctrine, system or practice that helps organize and assists socially excluded communities, but does not have a policy to bring them out of their deprived condition. It is a concept associated with the notion of charity or philanthropy, since it neither includes the community involvement nor aims at significant structural changes.

(Source: *newspaper Folha de São Paulo – Feb 1, 2005*)

**Employability** – “It is the ability a person has to remain in the labor market. In other words, the ability to quickly find another job with the same quality as the previous one.” (Source: [www.estudando.com](http://www.estudando.com))

The company can provide its employees with development and training activities with a positive impact on their employability, regardless of hierarchical levels or applicability in their current positions. It can also offer outplacement services and/or fund retraining to dismissed workers in all hierarchical level, as well as the continuation of benefits to dismissed workers in all hierarchical levels.

Refer to the following Ethos Institute manual: *O que as Empresas Podem Fazer pela Educação* (What Companies Can Do for Education) at [www.ethos.org.br](http://www.ethos.org.br).

**Empowerment** – It is related to increasing the political, social and economic power of individuals or groups. Empowering normally means strengthening the groups that are usually excluded from decision-making processes.

The business empowerment actions will vary according to the public it targets. The workforce, for instance, is empowered through actions that give more autonomy to employees; on the other hand, the community is empowered through actions that provide those with no power with basic conditions to start figuring out their participation in decision-making processes of any kind.

[Adapted from *Responsabilidade Social Empresarial – Uma nova visão empresarial (Corporate Social Responsibility – A new business vision) – Forum Empresa*]

### Environmental Management System

– System that defines the steps of evaluation, planning, implementation, monitoring, and review, as provided by the international ISO 14000 standards, aiming to progressive continuous improvement. The company should address the environmental issue as a cross-cutting theme in its organizational structure, and include it in its strategic planning.

Refer to the following Ethos Institute manual: *O Compromisso das Empresas com o Meio Ambiente* (Business Commitment to the Environment) at [www.ethos.org.br](http://www.ethos.org.br).

**Externality** – Economic concept concerning the impacts of an activity that are not limited to its stakeholders. Externality can be negative (such as the environmental pollution resulting from industrial activities) or positive (when, for instance, a low-cost production method

developed by a certain company is transferred free of charge to others).

**Extortion** – There are many dictionary definitions for this term: 1. Act or effect of extorting; 2. Criminal offense, which occurs when a person obtains for him/herself or somebody else money, behavior, or other goods and/or services from another by the use of violence, threats or intimidation; 3. Unjust exaction, excessive overcharging; 4. Graft, encroachment. [Source: Dicionário Aurélio da Língua Portuguesa (Aurélio Portuguese Language Dictionary)].

Cases of organizations involved in this type of practice are usual in our society. Institutions should have a code of ethics with their values and principles incorporated into the work processes and into managers' and employees' attitude and behavior, with explicit commitment to transparency and reliability of information provided to all stakeholders. The code should include clear items prohibiting illegal practices in organizational management. In addition, procedures may be established concerning internal notice of suspicious illegal actions, followed by investigation and punishment.

For further information on practices and procedures to fight corruption, access Transparency Brazil at [www.transparencia.org.br](http://www.transparencia.org.br).

**Factory Committee** – It is an internal system that aims to represent workers by negotiating benefits, internal problems, conflicts in trade unions, and all the other dilemmas faced by employees within the company. This committee consists of one coordinator and district representatives of the workers elected through secret voting ballot.

To be more representative, members of this type of committee should be elected by the workers without the company's interference.

For further information, refer to Observatório Social (Social Observatory) at [www.observatoriosocial.org.br](http://www.observatoriosocial.org.br), and to Dieese – Inter Trade Union Department of Statistics and Socio-Economic Studies at [www.dieese.org.br](http://www.dieese.org.br).

**Fair Trade** – Fair Trade is an international movement that, besides being fair, is also ethical and solidary, based on principles such as abolition of child and slave labor, elimination of

race, gender and religious discrimination, people's health preservation and environment conservation.

In addition to carrying out such actions in the relationship with its suppliers, the company should support organizations that practice and promote fair trade.

For further information, refer to Faces do Brasil at [www.facesdobrasil.org.br](http://www.facesdobrasil.org.br).

**Family Council** – Used in family businesses, this council is "a small group formed to discuss family issues and organize expectations of society." Its objectives should not be confused with those of the board of directors.

Source: IBGC Code of Best Practices for Corporate Governance at [www.ibgc.org.br](http://www.ibgc.org.br).

**Forced (or Compulsory) Labor** – "It is all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily. It happens when the work is imposed by the Government, private enterprises or individuals that can control workers through severe deprivation, such as physical violence or sexual abuse, restricting freedom, withholding payments or documents, forcing them to stay at work or retaining them through a fraudulent debt from which they cannot escape. Forced labor is a crime and a human rights violation." (Source: International Labour Organisation – [www.oitbrasil.org.br](http://www.oitbrasil.org.br))

As a means to contribute to the elimination of forced labor, the company should have specific provisions on the theme in its agreements with suppliers, verifying its compliance and ensuring that this type of labor is banned even in agreements with its outsourced workers' suppliers. The company can also promote discussions with its suppliers on the theme and encourage their compliance with the laws.

**Foundation** – A private nonprofit organization that manages an asset endowed by its founder to support a public interest cause. It has no owner, holder or partners. Its asset, managed by its own trustees, is frequently inspected by the Public Prosecutor's Office.

(Source: newspaper Folha de São Paulo, Feb 1, 2005)

**Fundraising** – This practice is not limited to raising funds. It also involves the search for products and services that help a certain entity to achieve its mission. In Brazil, the ABCR (Brazilian Association of Fundraisers) has created a code of ethics for the professionals that work on it. One of the requirements of the code, for example, is that the fund raiser shall not take commission for the funds he/she raises.

For further information, contact the ABCR at [captadores@gmail.com](mailto:captadores@gmail.com).

**Income Generation** – Social actions that seek income generation aim to encourage and facilitate employment generation for the beneficiary population. Some community entrepreneurship initiatives also contribute to income generation, such as commercialization of handicraft production and professional development of cultural activities. (Source: newspaper Folha de São Paulo, Feb 1, 2005) Companies can engage in these types of initiatives in many ways. They can lend their workers (as volunteers), their technical, technological and management competencies to support projects created by the company or third parties. They can also engage local organizations or leaders in designing and implementing the projects, mobilizing other public or private entities to achieve the project's goals.

**Indicators** – Data that should not be analyzed alone, and can be used as inputs in decision-making, trend analysis, and forecasting of scenarios. These data systematically show the status variations in a certain moment for a country, region or organization with respect to factors such as performance of processes and products, consumer price indexes, unemployment, salaries, imports and exports, etc.

An organizational body created to promote education, research or science. It exists only as an assumed name – its legal character is that of the associations supporting them. It does not require initial allocation of assets and its purpose can be altered along time, pursuant to resolution of the majority of partners. It has more statutory autonomy and more democratic management than the foundations.

### **Internal Commission for Accident Prevention (CIPA)**

– It is a regulatory norm of the Ministry of Labor and Employment that aims to prevent occupational accidents and diseases, so as to permanently make work compatible with the conservation of life and the promotion of workers' health.

In order to be more representative, members of this type of commission should be elected by the workers, without any interference from the company.

For further information, refer to Observatório Social (Social Observatory) at [www.observatoriosocial.org.br](http://www.observatoriosocial.org.br), and to Dieese – Inter Trade Union Department of Statistics and Socio-Economic Studies – at [www.dieese.org.br](http://www.dieese.org.br).

**Majority Shareholder** – Natural person or legal entity, or a group of persons or entities bound by a voting agreement, or under common control, that:

- are entitled to the majority of votes in the shareholders meeting resolutions and to elect the board of directors who appoint the officers of the corporation;
- effectively use their power to lead the social activities and guide the company operations.

For further information on good shareholder participation in corporate governance, refer to IBGC - Brazilian Institute of Corporate Governance at [www.ibgc.org.br](http://www.ibgc.org.br).

**Management Committees** – These committees operate as forums for in-depth discussion of management-related themes, and for structuring information to be given to the Business Committee. They are formed by top managers of the areas involved, and sometimes include members of the Business Committee. Their attributions are as follows:

- articulating the implementation of strategic decisions and recommendations;
- setting priorities for the actions based on the integration of plans, programs and projects;
- monitoring the execution of strategic programs and actions, indicating the necessary adjustment measures based on performance indicators.

For further information on best practices for corporate governance, refer to IBGC - Brazilian Institute of Corporate Governance at [www.ibgc.org.br](http://www.ibgc.org.br).

**Minority Shareholder** – The shareholder of a company whose amount of shares does not enable him/her to control the company.

For further information on good shareholder participation in corporate governance, refer to IBGC - Brazilian Institute of Corporate Governance at [www.ibgc.org.br](http://www.ibgc.org.br).

**Moral Harassment** – “It is the exposure of workers (male and female) to humiliating and embarrassing, repetitive and enduring situations during the working day and in the exercise of his/her duties; it being more common in authoritarian and asymmetric hierarchical relations where negative behavior, inhuman and non-ethical relations prevail for a long time, on the part of one or more superiors regarding one or more subordinates, thus undermining the victim's relationship with the work environment and the organization, compelling such person to quit the job”. It is characterized by deliberate degradation of labor conditions, which reflect negative conduct and attitude of superiors towards their subordinates. It is a subjective experience that causes practical and emotional damage for the worker and the organization. The victim is often isolated from the group for some unexplained reason, and starts being treated with hostility, ridiculed, undervalued, blamed, and discredited by their peers. The workmates, fearing unemployment and the possibility of also being humiliated, in addition to the constant encouragement given to competitiveness, break their emotional bonds with the victim and often reproduce and repeat actions and acts of the offender in the workplace, establishing a collective “tolerance and silence pact” while the victim gradually loses his/her balance and weakens, losing self-esteem.

(Source: [www.assediomoral.org/site](http://www.assediomoral.org/site))

The company should have rules and processes to fight moral harassment situations. They should be diffused and duly supported by a formal and neutral denunciation and investigation structure.

**Ombudsman** – Swedish word that means “representative” and is used in Scandinavian countries to identify a public official appointed to investigate citizens' complaints and protect their rights. In business, the concept also

includes private service ombudsmen representing a communication channel between a company and its consumers, workforce, and suppliers.

For further information, refer to ABO - Brazilian Association of Ombudsman at [www.abonacional.org.br](http://www.abonacional.org.br).

**Organizational Climate Survey** – It is a tool that allows the identification and measurement of employees' perceptions of their work environment. Companies can introduce ethical questions in their organizational climate surveys.

**OSCIP** – Acronym for “Public Interest Civil Society Organization” in Portuguese, it is the name given by the Executive Power since 1999 to nonprofit private entities. Among the main innovations is the possibility to remunerate the entity directors. Another different aspect is the establishment of partnerships between the public power and the OSCIPs, enabling them to receive funds from entities linked to the three spheres of government for the development of social projects.

For further information, access the Ministry of Justice website page [www.mj.gov.br/snj/oscip/](http://www.mj.gov.br/snj/oscip/).

**Outsourced Worker** – It is the worker hired by a service provider, and not directly by the company. The expression ‘outsourced’ means service hired by a company operating between the hiring company and the workforce through a service provision agreement.

The company should share responsibility for the compliance with labor and social security obligations of its outsourced workers. The company can also negotiate with its suppliers so that they provide their employees with salary levels compatible with the market average. It can also provide its outsourced workers with the same health and safety conditions, and access to basic benefits as those enjoyed by its regular employees, including transport, food, day care, outpatient care, etc.

**Partnership/Partners** – The work in partnership takes place when an organization seeks other institutions for the purpose of accomplishing mutually agreed upon

objective(s) through collective effort. The parties interact in the design and planning phase, and enter into a mutually beneficial arrangement for the development of actions. (Source: newspaper *Folha de São Paulo*, Feb 1, 2005)

**Private Social Investment** – “It is the planned, monitored and voluntary use of private resources in social, environmental and cultural projects of public interest. The scope of private social investment covers the social action performed by companies, institutes and foundations belonging to businesses or created by families or individuals. The concern about project planning, monitoring, and assessment is intrinsic to the concept of private social investment, and is one of the key elements to differ this practice from relief actions. Contrary to the concept of charity, which is characterized by the notion of emergency relief, the private social investors are concerned about the results obtained, the changes created, and the engagement of the community in developing the action.” (Source: GIFE – Group of Institutes, Foundations, and Companies).

For further information, access [www.gife.org.br/investimento.php](http://www.gife.org.br/investimento.php).

**Product Life Cycle** – Includes the product processing, from the extraction of production of the raw material to the end disposal after consumption. Includes the industrial processes, packaging, distribution, and sales. The company should know in depth the origin of raw materials, inputs and products used in its production or daily operations, and should make sure that in these origins human rights and environment are respected. The company must guarantee that its products and services have components, technologies and procedures that do not impact on the society and the environment.

Refer to the following Ethos Institute manuals: *O Compromisso das Empresas com o Meio Ambiente* (Business Commitment to the Environment) and *Como Fortalecer a Responsabilidade Social nas Relações entre Grandes e Pequenas Empresas* (How to Strengthen Social Responsibility in the Relationship Between Large and Small Companies) at [www.ethos.org.br](http://www.ethos.org.br) – Further information can be found at the Akatu Institute website – [www.akatu.org.br](http://www.akatu.org.br).

**Production Chain** – All elements in the production process, from raw material extraction to end product commercialization to the final consumer. The company should know in depth the origin of raw materials, inputs and products used in its production or daily operations, and should make sure that in these origins human rights and environment are respected. The company must guarantee that its products and services have components, technologies and procedures to minimize risks to its consumers’/customers’ health and safety, and to the environment, thus avoiding pain and suffering and ensuring their privacy.

Refer to the following Ethos Institute manuals: *O Compromisso das Empresas com o Meio Ambiente* (Business Commitment to the Environment), *Como Fortalecer a Responsabilidade Social nas Relações entre Grandes e Pequenas Empresas* (How to Strengthen Social Responsibility in the Relationship Between Large and Small Companies) at [www.ethos.org.br](http://www.ethos.org.br).

**Profit Sharing (PLR in Portuguese)** – It is the constitutional provision that grants the workers the right to participate in the company profit or results through negotiation. No labor taxes are levied on its payment, and it is not incorporated into the salary. It is dependant on the achievement of results, and the bonus value is proportional to the salary of each employee, without payments in advance.

The PLR bonus is paid in one annual installment, or in two biannual installments, in most of the companies. Companies engaged in sustainability can provide its employees with additional sustainability-oriented bonuses as a reward for medium- and long-term achievements or socioenvironmental performance-related goals reached.

For further information, refer to the Ministry of Labor and Employment at [www.mte.gov.br](http://www.mte.gov.br).

**Recycling** – Process through which a certain material is re-introduced into the production cycle after being used and disposed, so that it can be remanufactured, thus saving energy and conserving natural resources and the environment.

For further information on these programs, refer to the Gea Institute at [www.institutogea.org.br](http://www.institutogea.org.br).

**Renewable Energy** – This is an alternative type of energy to solve environmental problems, such as emissions reduction, energy costs stabilization, and energy safety. In addition, its use decreases dependency on fossil fuels (oil, gas, and coal). Examples of this new type of energy are alcohol, wind and solar energy, which still account for a small percentage of the world consumption. The technological advances are allowing for an increase in the application of this type of energy. Companies are expected to follow such advances, aware of their relevance for the planet’s sustainability. One way for companies to move in this direction is by taking into account environmentally sustainable principles and opportunities when developing new businesses or new models for existing businesses.

**Residue** – Any gaseous, liquid or solid material that remains after a production or transformation process, natural resources extraction, processing or consumption of products and services. Companies can invest in resources reduction and reuse through processes that periodically measure, monitor, and audit significant environmental aspects related to the consumption of natural resources and to the production of residues and waste, periodically setting new targets.

For further information, refer to the Gea Institute at [www.institutogea.org.br](http://www.institutogea.org.br).

**Selective Collection of Materials** – A waste collection alternative that includes an initial phase of sorting out different types of materials before taking them to recycling, thus keeping them from being taken to landfills and/or dampers.

Nowadays there are organizations that develop structured programs of selective collection of materials. Such programs involve members of the organization and can be considered as effective steps towards sustainability.

For further information on these programs, refer to the Gea Institute at [www.institutogea.org.br](http://www.institutogea.org.br).

**Sexual Harassment** – Crime liable to punishment of one to two years of imprisonment for those who “harass another

person by making an unsolicited demand or request for sexual favors, taking advantage of a superior hierarchic position in the job.” (Act no. 10.224 – Section 216 – Brazilian Criminal Code.)

The company should have standards and processes to deal with sexual harassment situations. They should be diffused and duly supported by a formal and neutral accusation and investigation structure.

For further information, refer to *A Ética Empresarial no Brasil (Corporate Ethics in Brazil)* by Joaquim Manhães Moreira (Pioneira, 1999).

**Slush Funds** – Expression that defines unrecorded money that comes into a company and, therefore, can be used so that no tax is levied on it. This practice is considered tax evasion crime. Source: Dicionário de Economia (Economics Dictionary) at [www.nortes.com.br/dicionario/](http://www.nortes.com.br/dicionario/).

Cases of organizations involved in this type of practice are usual in our society. Institutions should have a code of ethics with their values and principles incorporated into the work processes and into managers’ and employees’ attitude and behavior, with explicit commitment to transparency and reliability of information provided to all stakeholders. The code should include clear items prohibiting illegal practices in organizational management. In addition, procedures may be established concerning internal notice of suspicious illegal actions, followed by investigation and punishment.

**Social Action** – Any activity carried out by companies to assist the communities organized in different ways (community councils, non-governmental organizations, community associations, etc.), in areas such as social work, food, health, education, culture, environment, and community development. It covers from small donations to people or institutions to structured actions with planned and monitored use of funds by the company itself, by foundations and corporate institutes, or by individuals specially hired for the activity. The company must endeavor to make these activities well structured in order to maximize its long-term impacts. Suppliers, shareholders and the other stakeholders should also be

encouraged to perform this type of action.

Refer to the following Ethos Institute manuals: *O que as Empresas Podem Fazer pela Erradicação da Pobreza (What Companies Can Do for the Eradication of Poverty)*, *Como as Empresas Podem Apoiar e Participar do Combate à Fome (How Companies can Support and Participate in the Fight Against Hunger)*, among others, at [www.ethos.org.br](http://www.ethos.org.br).

**Social Actors** – Individuals, organizations or groups involved in social projects, and able to influence the results of such projects. The social actor is expected to have multiple knowledge, teamwork skills, be representative, have social influence, and, above all, identify with the cause it works for. (Source: newspaper Folha de São Paulo, Feb 1, 2005)

**Social Impact** – It is the transformation of the reality of a community or area as a result of a planned, monitored and assessed action. The social impact can only be measured if the assessment shows that the project has actually reached the desired results, and has affected the characteristic of the reality it wanted to change. The company should learn about the impacts it causes in the community, inform the community about the current and future plans for and impacts of its activities, engaging the community in problem-solving.

The company can also contribute to local infrastructure or environment improvement; it can develop programs to hire in its activities, as applicable, the highest possible number of local people, giving them training with the objective of raising the qualification levels of the community where it operates in cooperation with unions, NGOs, community leaders or government officials; the company can have procurement and investment practices that enhance the social and economic development of the communities; furthermore, it can raise awareness of and give training to its employees so that they can respect the values and traditions of the local communities.

Refer to the following Ethos Institute manuals: *O que as Empresas Podem Fazer pela Erradicação da Pobreza (What Companies Can Do for the Eradication of Poverty)*, *Segurança Alimentar e Nutricional: a Contribuição das Empresas para a Sustentabilidade das Iniciativas Locais (Food and Nutrition Security: the Contribution of Companies to Local Initiatives)*, *Segurança Alimentar: a Contribuição das Entidades*

*Empresariais (Food Security: Business Associations’ Contribution)*, *O que as Empresas Podem Fazer pela Inclusão Digital (What Companies Can Do for Digital Inclusion)*, and *Como as Empresas Podem Apoiar e Participar do Combate à Fome (How Companies can Support and Participate in the Fight Against Hunger)* at [www.ethos.org.br](http://www.ethos.org.br).

**Social Marketing** – It consists of a set of activities, techniques, and strategies used to encourage and promote social changes such as change in beliefs, attitudes, and behaviors. Therefore, the social marketing uses concepts and tools derived from the conventional marketing aiming to foster social changes. Classical examples of the use of social marketing are family planning, disease prevention, human rights, energy saving, and environmental conservation programs or campaigns.

**Social Mobilization** – Strategic practice that involves the civil society in the process of design, planning, execution, assessment, and sustainability of life quality improvement programs. The United Nations Children’s Fund (Unicef) has defined the expression as a “large-scale movement to engage people’s participation in achieving a specific development goal through their own efforts.” (Source: newspaper Folha de São Paulo, Feb 1, 2005).

**Social Report** – It is a way to provide corporate activities with transparency through a survey of the main economic, social, and environmental performance indicators of the company. In addition, it is a tool that enhances dialogue with all the stakeholders: shareholders, consumers and customers, surrounding community, employees, suppliers, government, non-governmental organizations, financial market, and society in general. Social reporting is also a self-evaluation tool, for it provides the company with an overview of its management and the alignment of current and future values and objectives of the company with its present results.

The company should include in its report unfavorable aspects and their respective challenges, with goals for the next year. The company’s social report must take into account the principles of materiality, reliability, clarity, comparability, assurability, and neutrality.

See also “Sustainability Reports”.

For further information on social reporting principles, refer to *Guia para Elaboração de Balanço Social e Relatório de Sustentabilidade* (Social and Sustainability Reporting Guide), available for download at [www.ethos.org.br](http://www.ethos.org.br).

**Stakeholder** – Stakeholders are defined broadly as those groups or individuals whose actions can reasonably be expected to affect the organization through their opinions and actions; or that can reasonably be expected to be significantly affected by the organization: workforce, suppliers, customers and consumers, community, government, shareholders, etc. There is an increasing trend to consider stakeholders as those who feel as such, and the company should map the stakeholders involved in each situation.

**Supplier** – Any individual or organization that provides goods or services to the company. “These goods and services can be used at any stage of project, production, and use of products. Therefore, suppliers can include distributors, resellers, outsourced service providers, transporters, contracted companies and franchisees, as well as those who provide the organization with materials and components. Service providers in the health, training, and education areas are also considered suppliers.” (Source: *ABIPTI – Associação Brasileira das Instituições de Pesquisa Tecnológica*) The socially responsible company is involved with its suppliers and partner companies, abiding by the agreements made, and improving its partnership relations. The company should convey the values of its code of conduct to all the participants in its supply chain, using it as a guiding tool in case of conflicts of interest. The company should be aware of its role in strengthening the supply chain, enhancing the weakest links and valuing free competition.

**Sustainability Reports** – These reports have similar characteristics to those of social reports, but are more comprehensive. They demand an institutional attitude towards fully and transparently reporting environmental, social, and economic impacts of the company’s operating activities.

The financial market finds in sustainability reports a source of relevant information to qualify, quantify and prioritize financial investments, as well as prepare for the cost and coverage of respective risks. See also “Social Report”.

For further information on Sustainability Reports, refer to Global Reporting Initiative at [www.globalreporting.org](http://www.globalreporting.org) and to Ethos Institute at [www.ethos.org.br](http://www.ethos.org.br).

**Sustainable Development** – It is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs. (Source: Brundtland Report) It is a concept that warns about irrational exploration of natural resources, and urges caution when it comes to human rights, recovery of citizenship, and access to the consumption of goods and services.

**Third Sector** – Nonprofit private civil society organizations that undertake activities aimed at the common well-being. Third sector institutions include NGOs (non-governmental organizations) and public interest civil society organizations. The expression, created by North-American researchers in the 1970s, describes organizations that fit in neither the public sector nor the private sector, thus falling under a third via, gathering private initiatives aimed at meeting the collective needs of the society. (Source: *newspaper Folha de São Paulo, Feb 1, 2005*)

**Timber and Forest Inputs** – Examples of products from the forest used by companies in their daily production and operations include wood pulp for paper and packaging; timber for furniture, pencils, floors, and wood for civil construction. There are also non-timber products such as oils, herbs and fruits used in the manufacturing of several products such as pharmaceutical, food, cosmetics, etc. The company should acknowledge the importance of verifying the origin and production chain of the timber and forest inputs used in its daily operations and/or production process. Specific policies or programs can be developed to verify the origin of the inputs, which can also have origin and chain of custody certification.

Refer to the following Ethos Institute manual: *O Compromisso das Empresas com o Meio Ambiente* (Business Commitment to the Environment) at [www.ethos.org.br](http://www.ethos.org.br). For further information, refer to *Compradores de Produtos Florestais Certificados* (Certified Forest Products Buyers) at [www.compradores.amazonia.org.br](http://www.compradores.amazonia.org.br).

**Payroll** – It is the result of the average monthly salary multiplied by the number of jobs. The annual payroll is the sum of the total payroll of the 12 months of the year, including or not the 13th salary. A good estimate for the calculation of the annual total payroll can be made by multiplying the total payroll in December per 12 (monthly salaries) or 13 (including the 13th salary), and then by the number of existing jobs on the 31st day of the same month. (Source: *Ministry of Labor and Employment – www.mte.gov.br*)

**Value Added Statement (VAS)** – According to the CVM – Securities Commission, this type of statement of the wealth created by the company, measured in the value added concept, is calculated by subtracting the goods produced by third parties used in the company’s production process from the value of the company’s production. The current and potential applications of the value added show the economic and social aspects addressed by its concept:

1. as a wealth creation performance assessment index, when measuring the company’s efficiency in using production factors, by comparing the output value with the input value;
2. as a social performance assessment index, to the extent it shows the participation of employees, government, providers of capital and shareholders in the distribution of the wealth created.

The VAS is usually part of the companies’ social balance.

See the social reporting principles in the *Guia para Elaboração do Balanço Social e Relatório de Sustentabilidade* (Social and Sustainability Reporting Guide) at [www.ethos.org.br](http://www.ethos.org.br).

**Variable Compensation** – Also called “compensation with incentives”, it is a practice that seeks to improve the performance of



professionals by pegging part of their compensation to the business success or the organization's performance.

**Voluntary Dismissal Program** – This type of program is used when the employer, intending to reduce the number of employees, makes a broad strategic planning to reorganize the administrative-financial area of the company. The program initially defines the target employees. These employees receive an advantageous offer of an indemnification for the unexpected loss of the job, without prejudice to all the other rights such as, for instance, notice, vacations bonus, FGTS (Government Severance Indemnity Fund for Employees), 40% fine on FGTS, among others.

*Source: Revista Tributária e de Finanças Públicas (Tax and Public Finance Magazine) Vol. 59 – p. 30 to 40.*



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