



PRODUCTION GUIDE FOR
CORPORATE SOCIAL RESPONSIBILITY

ANNUAL REPORT AND STATEMENT



2001 EDITION

INSTITUTO
ETHOS

**PRODUCTION GUIDE FOR
CORPORATE SOCIAL RESPONSIBILITY
ANNUAL REPORT
AND STATEMENT**

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ANNUAL REPORT AND STATEMENT**

Produced by

Instituto Ethos de Empresas e Responsabilidade Social

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Introduction

Purpose

This **Production Guide for Corporate Social Responsibility Annual Report and Statement** is the result of an intense effort of the Ethos Institute in developing tools for corporate social responsibility practices. Several social factors, both in Brazil or on an international level, have, for a long time, invested time and financial resources to create and experiment with processes, tools and indicators which can provide transparency for business activities before different types of public. The large number of companies which publish Social Statements in Brazil reflects their growing commitment to meet this demand in our society. Background elements of this movement include ethical relations among companies and their different types of public, the concept of sustainable development and the growing hope that economic activity will be able to provide a broad and equitable social welfare.

The structure of the **Corporate Social Responsibility Annual Report** represents another step towards the consolidation of a corporate culture that emphasizes transparency and allows society to know and value the efforts of companies aiming at reconciling economic success with the social and environmental impacts resulting from their productive activities.

This report intends to provide companies with a proposal for dialogue with the different types of public involved in their business: the internal public (workplace), suppliers, consumers/customers, community, the environment, government and society. Therefore, it suggests the presentation of some basic indicators of social, environmental and economic performance.

Moreover, the report may be considered, along with the **Ethos Indicators of Corporate Social Responsibility**, as a tool for self-diagnosis and management for the companies, since it presents relevant information on the organization under the perspective of its social role, permits the planning of the development and improvement of their indicators, and provides a comparison and dialogue among companies in the same sector.

This guide is aimed directly at organizations in the process of integrating the **Corporate Social Responsibility Annual Report** into their actual business. It does not intend to eliminate the need for external help in the preparation of the report, but rather to provide support for the establishment of a strategy for action and an outline of the basic steps to be taken.

Social reports in Brazil and worldwide

Perhaps the most remarkable sign of our time is the recognition of the limited capacity for recovery in nature and that technological advancement and profit do not lead naturally to a developed and sustainable society. The premises of continual growth, which have directed the Economy, are no longer appropriate in view of the physical reality of the planet and are unable to take into account the enormous impact of economic growth in society as a whole.

Faced with this reality, companies and society in general, are slowly realizing that the sustainability of any enterprise does not depend solely on itself or on its circumstantial financial power, but on the possibility of a joint effort by several types of public and on the commitment to long-term success. The logic of profit includes now the logic of social responsibility, which implies the recognition and the necessity of strengthening the company's commercial and social bindings.

Some of the relevant steps along this way are presented below:

Before the 70's

1721 Resolution of the Economic and Social Council of the UN – studies are initiated on the role of multinational companies, their impact on the development process of emerging countries and their interference in international relations, and discussions are conducted about the creation of an Ethics Code designed for transnational companies transnational compareconductedcom.transnacionais

Weimar Constitution (Germany)– introduction of the idea of the "social role of property"

ADCE (Association of Christian Business Leaders – Brazil) Letter of Principles of the Christian Business Leader

1929 1960 1965 1972

USA – movements for social responsibility

Singer publishes what was considered the first social report in the world

The 70's and the 80's

Publication of "Da Sociologia da Contabilidade à Auditoria Sócio-Econômica" ["From Sociology to Socio-economic Auditing"] – Prof. Dr. Alberto Almada Rodrigues

FIDES Foundation and ADCE (Association of Christian Business Leaders) study the subject of social responsibility

FIDES – presents a proposal for Social Statement

FIDES – International Conference on Social Statement and publishing of the book "Balço Social na América Latina"

Nitrofertil – produces the first social Statement in Brazil

1976 1978 1980 1984

1977

France – Law N°. 77.769/77 – orders the publication of social statement (bilan social) – focused on work relationship

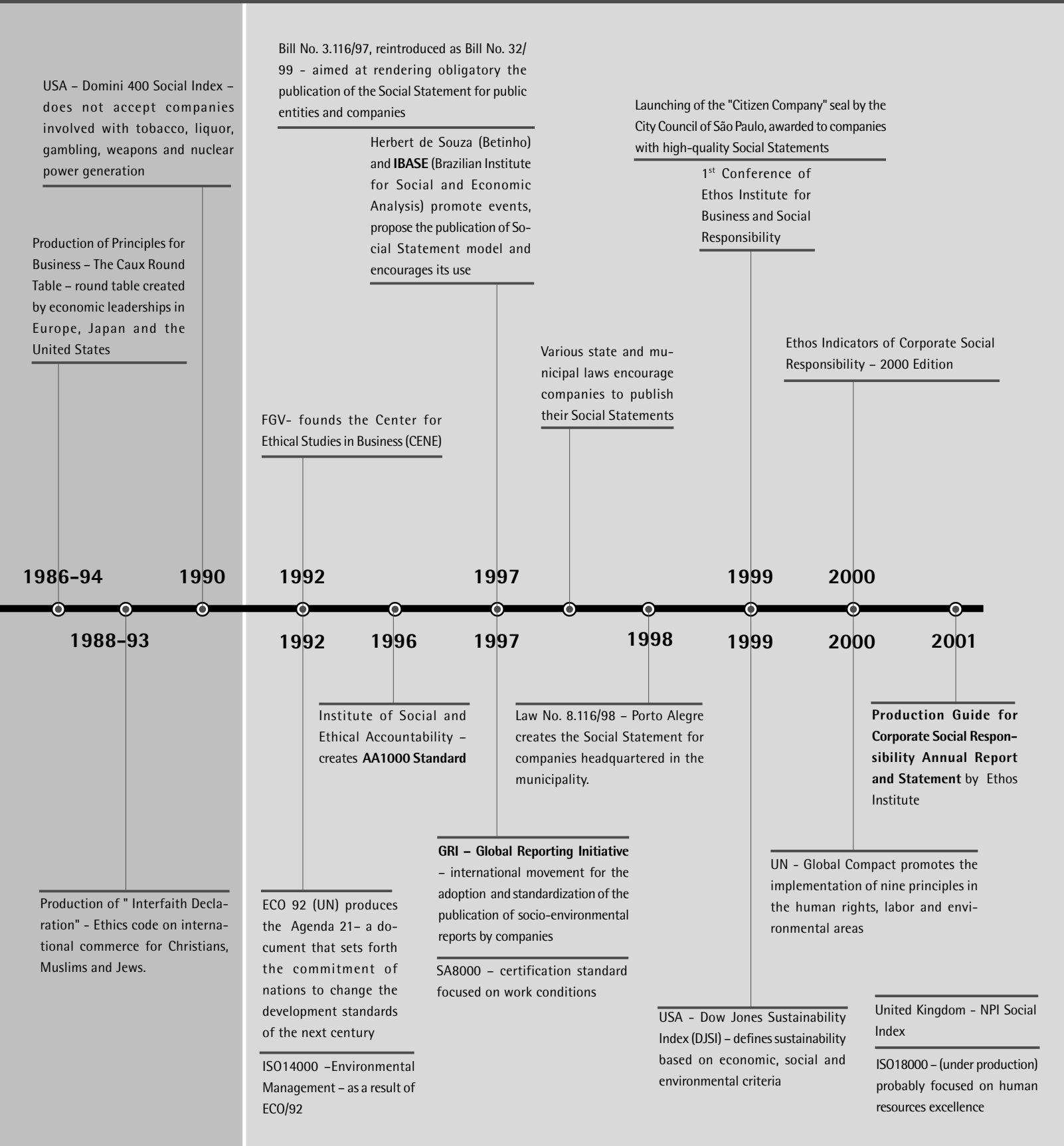
USA, Europe, Latin America – various studies suggest models of Social Statement

Portugal – Law No.141/85 – to render obligatory the publication of the social statement by companies with more than 100 employees

1985

The declarations presented above - **The Caux Round Table** and **Interfaith Declaration** – "consider the relevance of the responsibility before all stakeholders (agents or participants, who invest their "effort" or stake in the company) simultaneously with the profits for the shareholders. Both declarations present detailed sections on the obligations of the company towards all of their actors: workers, clients, suppliers, financiers, community (local and national governments), along with those obligations related to the owners" – Hans KUNG (1999, p.430).

The 90's



Various initiatives regarding social reports are already established or to be established internationally, as shown in Chart 1 below:

Chart 1- Social Statement- International Overview

Country	Social Statement - Approach
The United States	Emphasis on consumers/customers and society in general; product quality, pollution control, contribution of the companies to cultural work, public transportation and other benefits to the community; environmental approach.
The Netherlands	Focus on information about work conditions.
Sweden	Focus on communication to employees.
Germany	Focus on work conditions and on environmental aspects.
England	Focus on the concept of stakeholders, wide-ranging reports.
France	Focus on communication to employees; employment level; payment, work conditions and professional background.

Sources: DE LUCA, Márcia Martins Mendes. *Demonstração do Valor Adicionado (Demonstration of Value Added)* : From the Calculation of the Wealth Created by the Company to the GDP value. São Paulo: Atlas, 1998 and ISEA-UK.

Relevance as a tool

Dialogue with interested parties

By stating the impacts resulting from business activity, the report acts as a complement to the accounting information system, showing the openness of the company to dialogue and its efforts to meet the legitimate interests of the interested parties.

Thus, along with a better return of the investments (resulting from the sustainability movement), the companies have the opportunity to present to society what they do as regards their role in society. Therefore, the report:

- Contributes to the promotion of ethical and transparent stances in the corporate domain;
- Disseminates the contribution of the company to the development of research and technology, for the quality of life and professional development of its collaborators;
- Works as an aid in labor negotiations;
- Contributes to a more open and democratic relationship with the internal and external publics;
- Serves as an instrument for dialogue between those who influence and are influenced by the business activity (stakeholders), laying the grounds for a relationship of trust and transparency.

Corporate Self-Diagnosis

Along with the **Ethos Indicators of Social Responsibility**, this report can also be used as a very useful tool for a corporate self-diagnosis, since it:

- allows a more comprehensive understanding of the economic situation as a whole, by incorporating relevant factors that reflect on the current and future performance of the company;
- helps in managing impacts, offering a significant economy of resources through the adoption of new technologies and procedures;

- enables the assessment of consistency between the values and guidelines adopted and their implementation, through analysis of the company's performance;
- makes it possible to track the evolution of the company's social responsibility process;
- provides common parameters to compare performance with other companies, establishing new categories of benchmarks..

Integration of the indicators with other management tools

As an instrument of management and communication of social performance, the preparation of the **Corporate Social Responsibility Annual Report** incorporates, from the start, those practices and guidelines focused on sustainability that are already used by the company, such as: research on customer satisfaction, research on the relationship between company and collaborator, initiatives for environmental protection, results of workshops with suppliers, etc. Subsequently, the company can and must move towards the development of dialogue instruments and processes more focused on the identification of the legitimate interests of its various types of public and consider them in its business plans. It can also extend its focus to new material, such as the protection of human rights, the management of economic, social and environmental impacts, and the incentive of personal accountability, among others.

The social report works as a foundation and catalyst for the changes promoted by other tools, since it allows the integrated visualization of the instruments already used, adding new perspectives to previous or ongoing processes.

Proposal for standardization

Structure of the Report: references used

The need for alignment of concepts, essential contents and indicators used in the preparation of social reports is promoting standardization efforts, as shown by domestic and international studies and initiatives, as a manner to assure the relevance, scope and reliability of the information, and allow comparisons and even debate about the consistency of the parameters used. Thus, this alignment adds value to the report, both from the perspective of the company as from that of the eventual users of the report.

After analysis of the initiatives presented, we chose to adopt the structure and content of the social reports proposed by the Global Reporting Initiative (GRI), of the Institute of Social and Ethical Accountability (ISEA), as well as the association between the **Ethos Indicators of Corporate Social Responsibility -2001 Edition** and the Model Social Statement of the Brazilian Institute of Social and Economical Analyses (IBASE). Some references for these organizations are presented below, which justify the choice.

Global Reporting Initiative (GRI)

The GRI is an enterprise of international scope, which includes a wide participation of the various interested parties, and seeks to develop and disseminate guidelines for the development of social reports focusing on sustainability.

Institute of Social and Ethical Accountability (ISEA)

The ISEA is responsible for Accountability 1000 (AA1000), a basic guideline on Social Responsibility and Ethics, Auditing and Reporting, which emphasizes the dialogue between companies and the interested parties and the involvement of stakeholders.

Brazilian Institute for Social and Economic Analyses (IBASE)

Following in the footsteps of its inestimable creator - Herbert de Souza - IBASE is considered the major catalyst and promoter of the initiatives related to social reporting in Brazil.

The association of the three proposals and the **Ethos Indicators of Corporate Social Responsibility** has proved to be a coherent choice as the basis for the preparation of the proposal for this **Corporate Social Responsibility Annual Report and Statement**. As a result, we chose to structure the indicators of corporate performance on the following aspects:

Economic: value added, productivity and investments:

Social: welfare of the workforce, workers' rights and human rights, promotion of diversity, investments in the community, among others.

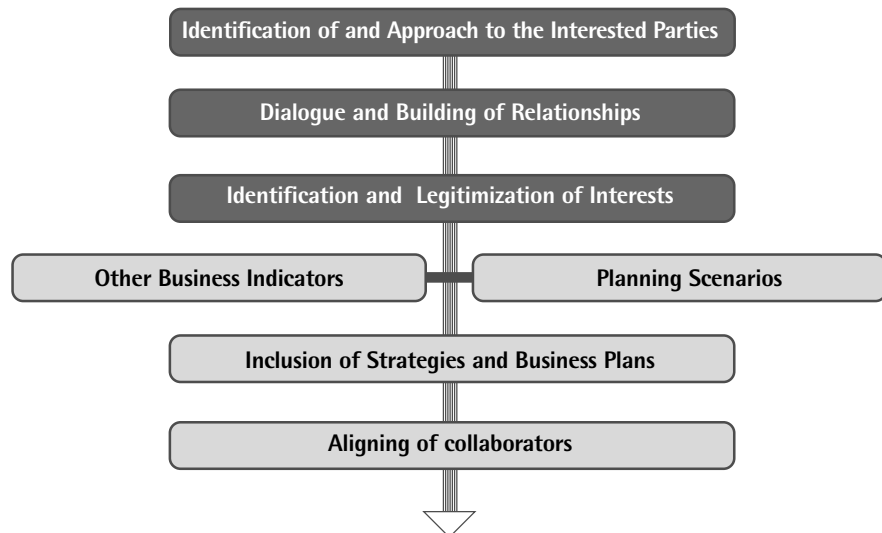
Environmental: impacts of the processes, products and services on the air, water, land, biodiversity and health;

The Commitment Process of Interested Parties

The Corporate Social Responsibility Annual Report is mainly an instrument of communication for the company. For that communication to be legitimate and reciprocal, it is necessary to establish channels for the dialogue and interaction of the company with its various types of public. The dialogue and the approach of the company to its interested parties is something that has started to be considered in the Brazilian corporate marketplace. And, as in every beginning, it is not enough to drop the seed on the ground and wait for time to complete the cycle. It is necessary to prepare the ground, adding or eliminating elements, in order to enable the fruits to be healthy and strong.

Therefore, the commitment of the interested parties deserves special care in order to be well understood and assimilated, and so that its integration into the operational plan of the company becomes established and results in good fruit. The commitment process of the interested parties involves the identification of the different types of public, the dialogue and inclusion of their legitimate interests into the operational plan, along with the business indicators and the strategic planning of the company. In figure 1, we suggest the phases to be adopted in this process, but we emphasize that each organization should do it in its own way, in a manner consistent with its culture.

Figure 1: Commitment Process of interested parties



Step 1: Identification of and Approach to the Interested Parties

In this phase, the company identifies those publics which have an interest in the business. They may be shareholders, suppliers, clients, local communities, government, media, the financial community, society, the environment, future generations and others.

It is also important that the company define with which publics it will work in the first phase, and that it gradually involve other categories, according to its capacity to learn and process.

To assist in the prioritization of the publics to be considered, the company may base itself according to certain aspects of these publics (Carrol and Buchholtz, 1999), such as:

Legitimacy	expresses how valid and appropriate the requests of a specific public are considered by the company. Thus, more legitimacy would be attributed to its shareholders, employees and customers.
Power	refers to the capacity of a specific public to affect the businesses of the company. The action of a non-governmental organization (NGO) may be considered as an example.
Urgency	refers to the time a specific public waits for a reply to a specific request, as in the case of an Union action or a consumer boycott.

In addition, the companies need to define a representative sample within the universe of each public with which they intend to work. Of course each case is different and in some situations, it may be feasible to work with the whole universe.

Step 2: Dialogue and Building of Relationships

The choice of an approach to initiation of a dialogue will depend on the public, depending on its background, interests and priorities. And, of course, it is based on the experience that the company has with them. However, the guiding principle is to identify legitimate interests and have them reflected on the action plan – this perspective shall direct the whole initiative regarding the relationship with the publics of the enterprise.

Based on the selected approach, a process is defined to permit a transparent dialogue and establish a relationship of trust between the company and the public. In those situations where there has never been a dialogue as defined above, there is some learning to be accomplished. We recommend that that learning be systematized and followed by reflection, so that the next dialogue may be better than the previous one.

The time for dialogue is the time during which the relationship is being built – or rebuilt. It is not possible to describe the process to be followed, but there is a recommendation to be made: to maintain the perspective that the dialogue is aimed, in fact, at considering the interests of those publics. If any manipulation occurs, this initiative loses its meaning and tends to become a mere ritual.

Step 3: Identification and Legitimization of Interests

The commitment process of different types of public is something relatively new in Brazil. Therefore, the proposal may give rise to resistance from the publics themselves, in view of the lack of a corporate culture open to those issues. It is then necessary that, besides being defined, the interests should be legitimized, that is, recognized as truthful by the respective publics. This is crucial so that a complex of interests be met, rather than just a few.

There are countless variables involved in every situation of commitment of interested parties. For that reason, limitations of time and resources, as well as economic and political (internal and external) scenarios, require a definition of priorities by the company, so that interests identified are progressively worked on and incorporated into the business.

Finally, the identified and prioritized interests must be compared to other business indicators and with planning scenarios, in order to be incorporated into strategies and business plans.

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General Guidance for the Preparation of the Annual Report on Corporate Social Responsibility

Structure of the Corporate Social Responsibility Annual Report

The proposed structure for the **Corporate Social Responsibility Annual Report** is presented below. To conceive this structure we tried to consider items that may be applied to any type of organization, independently of its size or field of activity. In the event that any of those items be considered as not relevant to a specific company, its non-inclusion must be justified.

It is advisable that this sequence of presentation of the items be used, in order to ensure integrity and a logical progression to the report, thus facilitating comparison and benchmarking among the companies.

Introduction

- 01 Message from the President
- 02 Profile of the Enterprise
- 03 Economy Sector

Part I – The Company

- 04 Background
- 05 Principles and Values
- 06 Organization and Operation
- 07 Corporate Management

Part II – The Business

- 08 View
- 09 Dialogue with the Interested Parties
- 10 Performance Indicators
 - 10.1 Economic Performance Indicators
 - 10.2 Social Performance Indicators
 - 10.3 Environmental Performance Indicators

Annexes

- 11 Social Statement (IBASE model)
- 12 Initiatives of Interest to Society (Social Projects)
- 13 General Notes

General Considerations

There are no doubts that the preparation and disclosure of social reports is a recent process in Brazil and in the world, which entails additional effort for the learning and sharing of the experiences lived in the organizations.

As a way of accelerating the learning and facilitating the sharing among companies, it is advisable that some qualitative criteria be followed in the preparation of the report. These criteria are primarily aimed at ensuring credibility before the diverse publics. They are:

Relevance

The information presented in the report are considered useful when it is perceived as relevant by their different users. This requires the company to enlarge its knowledge of the expectations and needs of their users.

Reliability

The information are considered reliable to the extent they exhibit neutrality and consistency in their formulation and presentation. Therefore, special attention should be given to:

- describing actions, results and problems faced, based on evidence and logical arguments;
- emphasizing the context to which specific information refers. In the case of a manufacturer, for example, energy consumption is information that becomes more relevant if the energy source is specified;
- seeking neutrality in the selection and presentation of evidence, thus ensuring that the judgment and opinions from stakeholders are not manipulated;
- expressing positive and negative aspects of the results and impacts, direct and indirect, related to the business;
- prudently presenting the economic, social and ecological results and impacts considered controversial, while considering the importance of including the discussion and the company's position on the subject.

Clarity | The variety of publics that will use the report is to be considered, and that requires clarity in its preparation to facilitate its understanding. Therefore, it is recommended to be cautious with the use of technical and scientific terms, as well as the inclusion of graphics whenever pertinent. In some cases, the presentation of a glossary may be useful.

Comparability | One of the expectations users have from the Annual Social Responsibility Report is the possibility of comparing the data presented by the company with earlier periods and with other organizations, which requires consistency in the choice, measurement and presentation of the indicators.

Regularity | To ensure that the diverse types of public may monitor the economic, social and environmental results and trends of the company, the report must be presented at regular intervals of time. Though the annual periodicity is the common practice, a more frequent updating of the data must be considered, owing to the facilities offered by the Internet.

Further, all current alternatives must be considered for circulating the report besides the printed form, such as the Internet and CD-ROMs. Depending on the public for which it is intended, the report may be published in a summarized or a complete version.

Verification | Although not being a required practice, the verification and auditing of the information included in the report contribute to their credibility. In view of the increased demand of transparency from stakeholders, companies must be prepared to be accountable for the integrity of the indicators presented. Therefore, some initiatives may be adopted, such as to:

- conduct audits of the processes whose results are mirrored in the indicators;
- express comments and assessments made by outside specialists;
- include in the Message from the President the commitment to the legitimacy of the information.

It is important to note that the indicators proposed in this guide include a basic set to be conveyed by the companies. They may always be expanded and others may be included, based on the interests of those who have been considered the priority publics of the organization. Whenever it is deemed necessary to enter into details about an indicator to meet a specific demand from a specific public, it is advisable to do so in an attached report.

Introduction

The introduction has the objective of informing, in general, the reasons and the content of the report, as well as offering an overview of the company, placing it in the context of the business sector it belongs to.

01 Message from the President

Through this message, the company positions itself before the interested parties, stating the perspective from which the whole process, which resulted in the report, was developed and providing an introduction to the principal aspects of the document.

It is recommended to include the following elements:

- Key points of the content and commitments to be achieved;
- Statement of commitment to the economic, social and ecological objectives the company intends to meet;
- Recognition of successes and failures achieved throughout the process;
- Most significant challenges for the company and for its respective sector concerning the integration of responsibility for financial performance with social, environmental and economic performance, as well as the implications of these facts in future strategies.

02 Profile of the Enterprise

Offers an overall view of the company, a type of summary that allows the view of the whole. This overall view will allow a better understanding of the parts introduced throughout the report.

The elements included in this item vary according to the company size, as shown below:

Information	Companies		
	Micro/small	Medium	Large
Name of the organization	x	x	x
Main products and services, including brands	x	x	x
Number of employees	x	x	x
Date of the immediately prior Report	x	x	x
Nature of the markets it acts/profile of the clients (e.g. wholesale/retail, governments)	x	x	x
Type of company: commercial company/civil company/public company/ limited liability quota company/stock corporation, etc.			x
Sales breakdown - revenue by country/region			x
Significant changes in size, structure, ownership, products and services that occur in current Report.			x

03 Economy Sector

This section includes a brief presentation of the economy sector in which the company operates - addressing also its challenges and perspectives and the contribution of the sector to the economy as a whole. Questions concerning corporate social responsibility specific to the sector are also presented.

Part I – The Company

This part of the report focus on the company itself, its development, principles and strategic view.

04 Background

A brief report on the foundation of the company and the phases it has undergone. This item, due to its narrative nature, constitutes an exceptional communication opportunity between the enterprise and its different publics. We recommend a "story-telling" type of text structure and the adoption of a timeline for better viewing. .

05 Principles and Values

In this part, the company sets forth the principles and the values that direct the decision-making processes.

When possible, this may be a good time to introduce the principal dilemmas related to the business and to the nature of the enterprise, and to give transparency to the position adopted in face of these dilemmas.

This is the appropriate moment in the report to introduce, if there is one, the company's ethics code and the action strategy, so that it becomes a continual subject of conversation among its different publics.

In addition, the principal institutions, codes and voluntary initiatives in which the company participates and that express consistency with its principles and values may be mentioned in this part.

06 Organization and Operation

Along with the organizational framework at the macro level, and of the main information on how the company operates, the most significant aspects of the management systems must be mentioned.

Thus, elements of the management of human resources, quality, the production chain and other processes that show how the company seeks to implement its principles and values in its economic, social and environmental plans may be included.

07 Corporate Management

In this item, the company describes its management system, especially its councilors, the selection criteria adopted for their choice, their terms of office, the mission and principal attributions of the Board, its committees and *modus operandi*.

Part II – The Business

08 View

At this point, the company introduces its view of future, and how it integrates ethical, social, environmental and economic challenges in the development of its end activities and how it incorporates the presence of those aspects into the decision-making process.

09 Dialogue with Interested Parties

This item deals with the criteria and the processes used by the company in the dialogue with the interested parties (stakeholders). Therefore, it is important to mention:

- The criteria used in choosing the interested parties;
- The instruments used for the dialogue with the interested parties, such as: public opinion research, focus groups, panels and others. The frequency of application of those instruments must be mentioned as well.
- The types of information obtained from the research, as well as their use (basis for indicators, references for benchmarking, etc.).

10 Performance Indicators

In this item, the company establishes indicators as priorities in its dialogue with its different publics, in the context of social responsibility management.

It is important to clarify that difficulties may arise in the collection of data and that the company assume a position whenever those difficulties occur.

The data may be complemented with reports that present context and explore questions of general interest. The structure of the **Corporate Social Responsibility Annual Report** presents a minimum content for its standardization as a reference tool, and the presentation to society of relevant results concerning the company's management. In addition, other indicators are suggested to complement and allow more transparency regarding the activities developed by the company.

As a whole, the indicators are broken down into:

Qualitative Aspects: description of the results and management practices that represent indicators of performance in social responsibility.

Quantitative Indicators: measurable and monitored results presented in numbers.

Other Indicators Suggested: description of both qualitative information and quantitative indicators.

Besides these, nothing prevents the company from including complementary data and explanations as indicators in order to explore more specific questions about its business; in fact, they are welcomed.

10.1 Economic Performance Indicators

This group of indicators seeks to give transparency to the company's economic impacts, which are not always addressed in a simple manner in conventional financial statements.

Along these lines, we propose this presentation of information concerning:

Qualitative Aspects

Describe the economic impacts caused by the company that directly or indirectly affect society, such as:

- Impacts on the country due to the generation and distribution of wealth by the company;
- Results deriving from the productivity reached in the period;
- Procedures, criteria and return on investments conducted in the company itself and in the community.

Quantitative Indicators

I. Wealth Generation and Distribution

Wealth Generation	1999	2000
Gross Revenue		
(-) Third-party goods and services		
(-) Depreciation		
(-) Remuneration of third-party capital		
GROSS VALUE = VALUE ADDED		
Distribution To Stakeholders	1999	2000
GOVERNMENT		
Tax reductions or subsidies (exemptions)		
WORKERS		
Salaries		
Social security charges		
Private Pension Costs		
Other Benefits		
Profit Sharing		
SHAREHOLDERS		
Dividends		
Variation in Shareholders' Net Worth		

II. Productivity

Productivity Indicators	1999	2000
Gross Margin		
Net Margin		
Asset Turnover (net margin/average assets)		
Return on Average Assets (RAA) (Operating Income/Average Assets*)		
Net Ratio (loans + financings/net worth)		
Liquidity Index		

* Operating Income = Net Revenue - Cost of Goods or Services Sold - Selling, General and Administrative Expenses

III. Investments

Investment Items	1999	2000
Research and development		
Increases in Productivity		
Increases in Productive Capacity		
Education/Training		
Programs for the Community		

Other Suggested Indicators

- Economic effects/impacts resulting from the opening, transfer or closing of the company's units;
- Amounts involved in the outsourcing of processes and services;
- Productivity levels per professional category;
- Investments aimed at improving the performance of the productive chain (suppliers, distributors, etc);
- Company's performance in fulfilling contracts with suppliers.

10.2 Social Performance Indicators

Social performance indicators seek to express the impacts of the company's activities on the internal public, suppliers, consumers/customers, community, government and society as a whole.

As shown by the market, transparency and good performance of these indicators positively affect corporate image, resulting in a competitive advantage for the stakeholders.

I. Internal Public

The socially responsible company does not limit itself to comply with workers' rights, consolidated in the labor legislation and under the World Labor Organization (WLO) standards, which is essential. It must go beyond and invest in the personal and professional development of its employees, as well as in work conditions and in strengthening its relationship with its workers.

Qualitative Aspects

Internal Public: present aspects that demonstrate the quality of the relationship company/worker, such as:

- Involvement of employees in the company's management;
- Participation of employees in Union activities;
- Processes of profit sharing or participation in other results;
- Actions taken in view of the need for personnel cost reduction;
- Actions aimed at the preparation of workers for retirement;
- Level of internal satisfaction;
- Classification of the company in external surveys as an employer.

Education and Training: express the company's commitment to the professional development and employability of its workers. Among the relevant information, the items to be considered are:

- Availability of systematic development and skill-building programs;
- Availability of educational subsidies, including award criteria.

Quantitative Indicators

I. Workers' Profile

Employees	Percentage of total number of employees	Percentage of management positions in relation to total management positions	Percentage of positions in the board of directors in relation to total positions in the board of directors
Women			
Colored women			
Colored men			
Disabled people			
People over 45 years of age			

II. Profile of Salaries (average salary)

Categories	Colored Men	White Men	Colored Women	White Women
Board of Directors positions				
Management positions				
Administrative positions				
Production positions				

III. Comparison of salaries

Salary	Percentage
Ratio of the highest in-kind remuneration to the lowest in-kind remuneration paid by the company (including profit sharing / bonus plans)	
Ratio of the lowest salary in the company to the minimum salary in force (including profit sharing and bonus plans)	

IV. Health and Safety

Accidents	1999	2000
With leave of absence		
Without leave of absence		

V. Education and Training

Investments	1999	2000
Investments in education and training as a percentage of total revenue		
Investments in education and training as a percentage of total operating expenses		
Investments in education and training as a percentage of total personnel expenses		

VI. Rates of attraction and retention of workers

Rates	1999	2000
Turnover in the period		
Ratio of total number of applicants to the number of vacancies offered in the period		

Other suggested indicators

Education and training:

—— Number of hours of professional development per employee/year.

Health and Safety:

—— Presentation of awareness campaigns;

—— Actions aimed at work/family life balance;

—— Participation of employees in the definition of goals and performance indicators concerning working, health and safety conditions;

—— Programs and benefits available to employees and respective families.

Commitment to the Future of Children:

—— In-house apprenticeship programs for youngsters between 14 and 16 years of age;

—— Participation in internal and external campaigns for the eradication of child labor;

—— Internal programs focused on education, integration and participation of employees' children.

Diversity:

—— Hiring programs that favor individuals over 45 years of age who have been unemployed for over 2 years, physically or mentally challenged individuals and former prison inmates;

—— Participation in projects that aim to improve competitiveness of workers coming from groups which commonly encounter discrimination in the labor market;

—— Guidelines and processes to combat sexual harassment.

Generation of Jobs:

—— Number of jobs at the end of the period;

—— Total number of hirings in the period;

—— Total number of dismissals in the period.

II. Suppliers

The company that has a commitment to social responsibility gets involved with its suppliers and partners, fulfilling executed contracts and working on the improvement of its partnership relationship. The company should also transmit the values stated on its ethics code to the whole supply chain and use it as a guide in the event of conflicts of interest. The company should also be aware of its role in strengthening the supply chain, working on the development of weaker links and reinforcing free competition .

Qualitative Aspects

Nature and Profile of Suppliers

- Description of the type of suppliers, such as large, medium or small companies, local community organizations, cooperatives, neighborhood associations , income generation projects, and others;
- Principal aspects of the policies for supplier selection, hiring, evaluation and development, emphasizing clauses concerning social responsibility, such as the eradication of child labor.

Other Suggested Indicators

Nature and profile of suppliers

- Programs for monitoring and verification of compliance with socio-environmental criteria established with suppliers;
- Development programs directed at local community suppliers
- Participation in programs and policies for complying with social responsibility values in the entire productive chain.

Outsourced workers and service providers

- Programs for integration of outsourced workers with regular employees, including offering the same basic benefits, as well as training and professional development;
- Number of outsourced workers as a percentage of the total workforce.

III. Consumers/Customers

Social responsibility regarding suppliers and clients requires the company to continually invest in the development of reliable products and services, to minimize the risks of damages to the users' health and the general public. Advertising of products and services must ensure its appropriate use. Detailed information must be included in the packaging and pre-and post-consumer support must be ensured.

Qualitative Aspects

Surveys of consumers/customers' satisfaction

- Company's activities, such as marketing and communication policies and launchings of new products/services, among others, are adjusted according to results from surveys of the satisfaction of consumers/customers;

Consumer/customers' Support Service

- Description of the main complaints from consumers/customers and their respective solutions.

Quantitative Indicators

I. Customer Service Center (Call Center)

Values	1999	2000
Total number of calls handled by the call center		
Number of complaints received as a percentage of total calls received by the Call Center		
Percentage of calls not answered by the Call Center		
Average waiting time on the telephone before customer speaks to a representative		
Number of innovations implemented as a result of Ombudsman/customer service center initiatives		

Other Suggested Indicators

- Joint initiatives with suppliers, distributors and technical assistance, aimed at creating a culture of respect for and appreciation of consumers;
- Initiatives aimed at turning the company's marketing policy into an open channel for communication and education of consumers/clients;
- Situations involving the Consumer Protection Code;
- Concern with information included in labels, packaging, instructions and other communication materials;
- Concern with the continual improvement of products and services, focusing on the effective use of raw materials, safety in the use and appropriate disposal of products;
- Continuous training program for customer service personnel.
- Internal systems for response to damages caused to consumers/customers.

IV. Community

The community in which the company is established provides the infrastructure and the capital stock represented by its employees and partners, and contributes decisively to the feasibility of its businesses. The investment of the company in actions that result in benefits to the community is a just compensation, besides reverting in gains for the internal constituency and in the perception of the company by its customers.

Qualitative Aspects

Describe the principal initiatives regarding:

- Management of the impacts on the community: mechanisms of registering complaints and providing solutions in response to complaints and manifestations of the community on the impacts caused by the company;
- Volunteer work: support to volunteers or structured programs for volunteer work, describing the human and financial resources involved;
- Eradication of child labor;
- Management of social programs; how partnerships and/or internal programs of the company are established, support to institutional and organizational strengthening of partners, definition of endowments/budgets and sustainability of social programs.

Quantitative Indicators

I. Social Investments

Values	1999	2000
Percentage of gross revenue allocated to social actions (not including employee benefits)		
Percentage of total donations to social efforts made in the form of donations of products and services:		
Percentage of total donations to social efforts invested in the form of donations in-kind		
Percentage of total donations to social efforts invested in the company's own projects:		

Other suggested indicators

- Use of tax incentives for activities related to culture, philanthropy, and others provided in the law, such as the allocation of 1% of the income tax owed to the Funds for Children's Rights;
- Mechanisms to encourage employees and partners to make donations;
- Participation, along with other companies, in the discussion of community problems and in providing solutions;
- Mechanisms of assessment of the social impact of the company's investments and social projects, with feedback from or participation of the beneficiaries;
- Mechanisms of inclusion of social activities in the company's strategic planning;
- Percentage of employees that carry out volunteer activities in the community and number of average hours donated monthly (freed up from regular working hours) by the company per volunteer.

V. Government and Society

The company must have an ethical and responsible relationship with the public sector, complying with the laws and maintaining a dynamic interaction with its representatives, focusing on the continual improvement of the social and political conditions of the country. Ethical behavior assumes that the relationship between company and government be transparent to society, shareholders, employees, consumers/customers, suppliers and distributors. The company must maintain a political behavior consistent with its ethical principles and that demonstrates its alignment with society's interests.

Qualitative Aspects

Describe the initiatives:

- Participation in business associations and forums in order to contribute to the preparation of proposals that support the public interest and bring social benefits;
- Preventive policies and actions taken against corruption and bribery practices.

Quantitative Indicators

Investments	1999	2000
Percentage of gross revenue spent in sponsoring or carrying out campaigns of public interest:		

Other Suggested Indicators

- Policies and processes that permeate the participation of the company in support and contributions to political campaigns, such as open debates with candidates and transparency before the workers and the community;
- Participation and support in the preparation, execution and improvement of universal public policies.

10.3 Environmental Performance Indicators

The company interacts with the environment generating impacts of various types and intensity. Whether in regard to air, water, land or the biodiversity of animals and plants, there is already a very wide range of evidences that measure the company's performance on its commitments to the environment. A socially responsible company seeks to minimize the negative impacts and maximize the positive ones. It must, therefore, act towards the maintenance and improvement of environmental conditions, minimizing its own actions that are potentially harmful to the environment, and disseminating practices and knowledge acquired in this field to other companies.

Qualitative Aspects

Environmental Policy

Policies, infrastructure and processes regarding the management of environmental impacts must be presented.

Initiatives regarding environmental management:

- Waste management;
- Compensatory actions in general (conservation of protected areas, reforestation, etc.);
- Environmental education;
- Performance regarding consumption of natural resources.

Major ecological impacts

The ecological impacts caused by the company must be described, as well as the actions aimed at minimizing them. These impacts must be described in the context of the sector in which the company operates, and significant impacts must be emphasized.

Quantitative Indicators

I. Use of resources

Indicators	1999	2000
Annual consumption of energy		
Annual consumption of water		
Annual consumption of fossil fuels		
Annual amount of solid wastes generated (garbage, sewage, debris, etc.)		

Other Suggested Indicators

Environmental Policy

- Values invested in projects and programs for the improvement of the environment and respective percentages in relation to the company's revenues;
- Awards and certifications received in recognition of the company's environmental management performance;
- Management processes that address the life cycle of the product, focused on environmental management in the entire productive chain;
- Processes and investments in technological improvement, research and development of new products and services that respect the environmental criteria.

Use of Resources

- Energy consumption per unit produced and initiatives to increase efficiency;
- Initiatives for the use of renewable energy sources;
- Water consumption per unit produced and initiatives to increase efficiency;
- Raw material consumption per unit produced and initiatives to increase efficiency;
- Initiatives to reduce consumption in general, showing an emphasis on conservation;
- Processes and results of initiatives for recycling materials and natural resources, as well as for replacing and using recycled materials.

Commitment to Future Generations

- Participation in local or regional committees/councils for the discussion of environmental issue with the government and the community;
- The Climate Change and Kyoto Protocol: processes and results achieved towards the reduction of greenhouse gases emissions, such as CO₂ and methane.
- The destruction of the ozone layer and the Montreal Protocol: processes and results achieved towards the reduction of the volume of greenhouse gases released into the atmosphere, such as CFC.

Annexes

The annexes include information or details that, if maintained in the body of the report, would make it too dense, detracting the attention from the core of the document.

11 Social Statement (IBASE model)

In this item, the company presents the Social Statement model proposed by IBASE.

1) Base Calculations	2000 Amount (Thou. R\$)			1999 Amount (Thou. R\$)		
Net Revenue (NR)						
Income from Operations(IO)						
Gross Payroll(GP)						
2) Internal Social Indicators	Amount (R\$)	%GP	%NR	Amount (R\$)	%GP	%NR
Nutrition						
Statutory social charges						
Private pensions						
Health						
Safety and workplace healthcare						
Education						
Culture						
Skill training and professional development						
Child care or child-care assistance						
Profit sharing or other participation						
Others						
Total - Internal Social Indicators						
3) External Social Indicators	Amount (R\$)	%GP	%NR	Amount (R\$)	%GP	%NR
Education						
Culture						
Health and sanitation						
Housing						
Sport						
Leisure and entertainment						
Child-care						
Nutrition						
Others						
Total Contributions to Society						
Taxes (excluding social charges)						
Total - External Social Indicators						

4) Environmental Indicators						
Related to company operations						
in: External Programs and Projects						
Total Environmental Investments						
5) Workforce Indicators						
Nº of employees at end of period						
Nº of hirings during the period						
Number of outsourced workers						
Number of employees over 45 years of age						
Number of women in the workforce						
% of women in management positions						
Number of colored people in the workforce						
% of colored people in management positions						
Number of disabled persons in the workforce						
6) Relevant Information about the Exercise of Business Citizenship						
Relation between the highest and the lowest remuneration in the company						
Total number of labor accidents						
The social and environmental projects developed by the company were defined:	() by the board of directors	() board of directors and managements	() all the employees	() by the board of directors	() board of directors and managements	() all the employees
The safety and healthy conditions patterns at work were defined:	() by the board of directors	() board of directors and managements	() all the employees	() by the board of directors	() board of directors and managements	() all the employees
The private pensions contemplate:	() board of directors	() board of directors and managements	() all the employees	() board of directors	() board of directors and managements	() all the employees
The profit sharing and other participations contemplate:	() board of directors	() board of directors and managements	() all the employees	() board of directors	() board of directors and managements	() all the employees
As to the selection of suppliers, the same ethical and social and environmental responsibility patterns were adopted by the company:	() are not considered	() are suggested	() are required	() are not considered	() are suggested	() are required
As to the participation of employees in volunteer work programs, the company:	() does not get involved	() supports	() organizes and motivates	() does not get involved	() supports	() organizes and motivates
7) Other Information						

12 Initiatives of Interest to the Public (Social Projects)

Presentation and description of the various initiatives carried out by the company in the social, environmental and cultural areas, among others. Space designed for detailing social programs/partnerships developed by the community and mentioned in the body of the report.

13 General Notes

Space destined for explanatory notes on the context and methodology of the data collection process and the production of indicators. It includes material about the internal programs and other specific aspects of interest for the company's publics.

Final Comments

As companies make use of this guide for the production of their Corporate Social Responsibility Annual Report, certainly ideas and suggestions may arise, which can contribute to its improvement. We expect that such suggestions, as well as eventual doubts, be forwarded to the Ethos Institute of Business and Social Responsibility, by e-mail : relatorio@ethos.org.br.

To facilitate the production of the report, a specific area designed for the clarification of the most frequent questions, as well as additional notes to this guide, will be available at Ethos Institute website (www.ethos.org.br).

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