JETRO Japan External Trade Organization

CORPORATE SOCIAL RESONSIBILITY

AN AFRICAN CASE STUDY
(FINDINGS AND RESEARCH MAINLY SOUTH AFRICAN BASED)

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SECTION 1:

INTRODUCTION TO CSR IN AFRICA

The history of development in Africa is as much littered with failure as it is highlighted by successes. For centuries, even millennia, communities have thrived and sustained themselves in relative harmony with the environment. Even, despite industrial exploitation, Africa remains one of the last bastions of biodiversity and possibly the least polluted continent on our planet.

Socio-economic development is the key to sustaining the political gains and benefits of democracy. Business has a critical role to play in facilitating economic transformation within communities. The challenge is to sustain the development of people and communities. Public-private partnerships are essential in achieving this goal.

Social development encompasses a broad range of initiatives that seek to assist very poor, marginalized and vulnerable members of society through interventions at family and community level.

In 1995, after the World Summit for Social Development, The United Nations declared the period between 1996 and 2006 the decade for poverty eradication. A number of high profile initiatives were also launched locally during this period, including the government supported 'War on Poverty – Better Life for All" campaign in 1997.

Companies are well placed to make a considerable difference to those living in contexts of poverty and exclusion. While a degree of support for purely welfare-orientated approaches will continue to be necessary, companies are potentially strong contributors to sustainable initiatives within the social development landscape, particularly in supporting livelihood strategies for those excluded from the formal economy.

In developing countries, conflict, lack of basic education skills, health threats and unemployment are all challenges that face African countries and the youth in particular. In the next decade, the mounting impacts of climate change can be added to this list. The majority (almost 85%) of the worlds' youth live in developing countries. This means that most young people are coming of age in societies that lack education and employment opportunities. Many are survivors of conflict and some are perpetrators of conflict.

Against the backdrop of civil wars on the African continent, political instability in the Middle East and the fall-out of the economic boom in South Asia, youth unemployment threatens to keep youth, as a global sector, in a cycle of poverty.

The social and economic development of poor and rural communities is a universal priority. It is a central theme that dominates international trade discussions, drives government priorities and ultimately influences the long term prosperity of a nation.

Poverty, social enlistment and the plight of the poor are firmly on the global agenda.

In the post-war 'development decades', a number of landmark multi-lateral conventions, declarations and guidelines aimed at improving social and environmental conditions within the context of economic growth have shaped the international development agenda – and continue to guide development practice around the world.

One initiative that has become prominent on the international agenda arose from the United Nations Millennium Summit in September 2000 in New York, where over 150 heads of state committed to a set of objectives known as the Millennium Development Goals (MDGs).

The eight goals outline an ambitious agenda to reduce poverty, improve lives and protect environmental resources by the year 2015.

The MDG framework emphasizes the need for co-operative effort between large institutions (such as the World Bank and International Monetary Fund) and all nations, be they rich or poor.

UN Millennium Development Goals

Drawn from the United Nations Millennium Declaration at the Millennium Summit, the eight Millennium Development Goals articulate the commitment made by world leaders to eradicate poverty in the 21st century.

The MDGs set out broad people-centred objectives to be achieved by 2015. With unprecedented political support, the MDGs provide a framework for co-operative action between developed and developing nations and global institutional partnerships to address the social ills that prevail globally.

The eight goals are:

Eradicate extreme poverty and hunger
Achieve universal primary education
Promote gender equality and empower women
Reduce child mortality
Improve maternal health
Combat HIV/Aids, malaria and other diseases
Ensure environmental sustainability
Develop a global partnership for development

In conclusion then, in terms of the overview of CSR affecting Africa, we point once again that while business has to keep a philanthropic view of 'doing good is good business', there are very definite business and economic requirements in doing so.

The New Partnership for African Development (Nepad), which seeks to address developmental challenges facing Africa as a whole, is viewed as a Marshal plan for the continents monumental ills. It is a strategic framework for Africa's renewal.

South Africa applied for APRM scrutiny and was subsequently reviewed in conformity with African Union guidelines. Other African countries to embrace the process include Ghana, Burkino Faso, Nigeria, Senegal, Uganda, Mali, Rwanda, Kenya and South Africa.

SECTION 2:

DESCRIPTION OF DIFFERENT TYPES OF ACTIVITIES:

Global and local trends have turned the spotlight onto social, environmental and other non-financial corporate issues. Company executives are tuning into the needs to seemingly embrace non-traditional business imperatives and responsibilities. As a relatively new arena for corporate action, it is not surprising that there is some confusion around the terminology.

A plethora of terminologies are bandied around and used interchangeable – often incorrectly – by the media, academic institutions, consultants and companies themselves. Terms such as: corporate citizenship; corporate social investment (CSI); corporate social responsibility (CSR); sustainability; triple-bottom-line; corporate governance; transformation; a companies' social and environmental obligations and so on, are often referred to without a clear understanding of the choice of term of distinction between them.

Sustainable development:
This term encapsulates the current consensus for global development and refers to the ability to meet the needs of the present generation without compromising the ability of future generations to meet their needs. Within the corporate context, economic development and the pursuit of profit should not occur to the detriment of social and environmental sustainability. Corporates are responding to this global agenda through their corporate social responsibility and CSI activities.

Corporate Citizenship and Corporate Social Responsibility (CSR):
Both terms refer to a value system which a company adopts in order to be responsible to broader society. Such values inform and guide all company operations and activities. Within the South African context, a corporate citizenship value system should underpin activities such as corporate governance; employment equity; environmental management; product stewardship; preferential procurement; human rights; and corporate social investment (CSI).

Note that CSI is just one small, but influential, element of corporate citizenship or corporate social responsibility. It is an element that can provide much-needed development expertise to a company's other transformation activities such as enterprise development and preferential procurement.

Corporate Social Investment (CSI):
CSI refers to a company's contributions (cash and non-cash) to people, organizations or communities that are external to the company and should conform to the following broad criteria:

Excludes contributions to employees but may include input or giving to families of employees or local communities from which employees are drawn or where they live.
Predominantly or entirely focused on disadvantaged individuals and communities.
Excludes commercial sponsorship but may form a developmental arm of commercial sponsorship.
Is not marketing or public relations orientated but requires a communications element.
May be constituted as a Foundation or Trust, or form a company line department.

A PARADIGMATIC VIEW OF CSI

SUSTAINABLE DEVELOPMENT

An overarching framework for development: the current global consensus about the way social and economic development is

Provides parameters and guidelines

Supports sustainability agenda

CORPORATE SOCIAL RESPONSIBILITY
(Corporate Citizenship)

The internal value system for conducting business and regulating

Company resources to agenda external environment

Supports CSR

CORPORATE SOCIAL INVESTMENT
CSI

Corporate Contribution to community development

Corporate citizenship (or CSR) values should underpin core business operations and the pursuit of profits. Corporates are being called on to be 'responsibly competitive'. Increasingly, short-cuts that are not socially or environmentally sound for the sake of short-term profit are exposed and in some cases penalized.

It is true that there are costs associated with being socially and environmentally responsible, but if the investment is undertaken properly, those costs will be recovered in the form of stable and sustainable growth.

It is important that the CSI programme doesn't operate in isolation from other corporate citizenship and transformation activities. CSI should be seen as a specialist developmental function, with an external focus, beyond the boundaries of the business. However, CSI is also an integral part of the business and as such should be aligned to, and supportive of, core business objectives. As the developmental expertise centre of the business, the CSI department can also support other elements of the transformation agenda.

OUDATED FORMS OF CSI (WHAT IS IT NOT…)

- A welfarist rather than developmental approach
- A wide range of 'worthy causes' supported
- Mostly cash donations
- Priority given to tax deductible categories of donation
- 'Discreet' giving, with low marketing profile and no co-ordination
- Projects selected based on funding applications from NGO's

CSI STYLE IN THE ERA OF ECONOMIC TRANSFORMATION (what it should be…)

- Closer alignment with core business
- Compliance with the requirements of charters and the BEE codes
- Formula based CSI budgets in line with charters and the BEE codes
- New and refined CSI strategies with defined benefits for the business
- CSI thinking integrated throughout the business
- Specialist staff to manage formalized CSI programmes
- Wide use of EVP's to mobilize employee involvement
- Long term working partnerships with NPO service providers and other partners
- Social investment, rather than grant making, with emphasis on development returns

GENERAL DEVELOPMENT SECTORS NOMINATED FOR CSI EXPENDITURE/IMPLEMENTATION:

- Education
- Health & HIV/Aids
- Job Creation
- Training
- Social Development
- Environment
- Sports Development
- Arts and Culture
- Safety and Security

- Housing

SECTION THREE:

COMMUNITIES AND GOVERNMENTS DEMANDS RELATING TO CSR

In years past, CSI was often viewed as an ad hoc, philanthropic gesture by 'companies with a conscience', spent at the whim of the chairperson or other concerned individuals in the organization.

As a result, CSI spend fluctuated from year to year and beneficiary organizations were not necessarily well considered in the context of each company's operations.

More recently, however, leading companies have realized that it makes sense to approach CSI in a more considered way; one that leverages company resources, targets the company's own communities, or helps bolster the company's economic sector.

The pressures to do so have come from within corporate structures and externally. Inside the organization, board and senior management have increasingly begun demanding accountability for CSI spending and demonstrable project outcomes.

Externally, government has placed increasing pressure on companies – in terms of license to operate conditions and other stipulations – to support particular types of causes, often more closely aligned to business operations.

And other stakeholders, including local communities, have become more vocal in their demands for corporate accountability and demonstrable commitment to contributing towards socio-economic progress in the country.

In a South African context, the rationale for proactive transformation of our economy is well understood and widely accepted by mainstream business. Government has played its part by introducing legislation and fostering an environment conducive to changes.

The earlier legislation began by addressing specific issues of transformation such as skills development and employment equity. The legislation is largely enabling rather than prescriptive, requiring companies to formalize their transformation efforts and report publicly to various stakeholders on progress against self-set targets.

A more prescriptive stance was adopted with the Broad Based Black Economic Empowerment Act (BB-BEE) signed into law in January 2004. The Act provides a legislative framework to promote black economic empowerment, issue codes of practice and publish transformation charters for industry sectors.

Business has responded to government attempts to encourage transformation. In the case of the mining and petroleum and liquid fuels industries, sector charters were developed prior to the establishment of the BB-BEE Act, in accordance with existing regulation pertinent to their sectors.

The gazetting of the BB-BEE Act led to the formulation of the Financial Sector Charter and substantial progress towards finalization of charters in a number of other economic sectors. The process of developing these charters involved multi-stakeholder groups, taking into account industry circumstances and achieving critical support of leading corporates in each sector.

However, in spite of extensive participation in the charter process, certain practical difficulties emerged. For example:

Targets are not always relevant to every company within the economic sector. Small companies for instance, cannot reasonably be expected to respond to all elements of a charter (such as small enterprise development when the business is itself a small enterprise.)

Suppliers to corporates in different sectors find it difficult to respond to differing charter requirements and fill out different scorecards in each case.

The Economic Sectors requiring Government evaluation were broken into the following categories:

- Oil and Petroleum
- Mining/quarrying
- Financial services
- Maritime industry
- Information and communications technology
- Agriculture, forestry and fishing

- Building and construction
- Media and entertainment
- Pharmaceutical and health
- Services
- Logistics
- Property and real estate
- Hospitality and tourism

The BB-BEE Act made provision for the issuing of the DTI Codes of Good Practice. This document (which consists of a series of Codes, covering nine key aspects of BEE), aimed to give companies and industry sectors guidance on best-practice relating to BEE legislation.

The DTI codes allocate a 10% weighting to the residual element within the transformation scorecard, and sets the associated target at three percent of pre-tax profit. This fund allocation is to be spent across the following three areas:
Industry specific initiatives to facilitate the inclusion of black people in the sector
Industry specific initiatives to promote black economic empowerment
Corporate social investment initiatives in health, education, poverty alleviation and community development.

According to this weighting, a company could gain the full 10% score by spending the entire 3% of pre-tax profit on CSI, or on any combination of the three areas outlined above.

It is important to note that many existing CSI activities also address the first two of the above areas.

The DTI Codes do not provide clear definitions of what falls into CSI or into the other residual areas, thus is it not always easy to categorize interventions. It is clear, however, that developmental expertise will be highly valued in facilitating all initiatives within the residual element of the Codes – expertise, which it typically found within the CSI department.

It is not only the residual element of the BB-BEE scorecard that might require developmental expertise. Specifically, enterprise development is a complex area that calls for specific knowledge of a small business environment and related developmental requirements.

Typically, the expertise for providing this type of support does not exist within the core divisions of the business, and may therefore need to be drawn from the developmental expertise centre of the business. Once again, this is usually where CSI staff members are located.

There are a number of areas where development of, or support for, small businesses might be pursued. These include:

- Preferential procurement, where new BEE suppliers are offered business support (e.g. tender procedures, administrative systems) in order that the procurement department can concentrate on the price and quality aspects of the commercial relationship

- Small enterprise development, which may or may not form part of the company value chain (e.g. agents or distributors)

The inclusion of CSI within the BEE agenda has affirmed the valuable contribution that the private sector makes to development and there is no doubt that it has elevated the overall profile of CSI.

As a result, more companies are likely to get involved in CSI, spending on CSI will be reviewed (and in most cases increased), CSI departments will be restructured, and the focus of CSI activities aligned more strongly to the corporate itself.

SECTION 4:

THE IMPACT OF INTERNATIONAL CSR STANDARDS AND DEMANDS FOR INTERNATIONAL COMPANIES

According to Fortune (October 200) approximately one in every ten dollars of assets under management in the US (an estimated 2.3 trillion out of 24 trillion) is being invested in companies that rate highly on some measure of 'doing good'.

It's an indication that socially responsible companies will outperform companies that don't engage with various stakeholders, including shareholders, customers, employees and activists, to determine how things can be done better.

Fortune, for the second year in a row, ranked the world's largest companies; according to how well they conform to socially responsible business practices.

The survey, conducted by Accountability (a London think-tank on corporate accountability) and CSRNetwork (a British for-profit consultancy) measured the top 50 companies on Fortune's Global 500 list against six criteria, ranging from stakeholder engagement to performance management. Fourteen other large companies were included so that there were at least ten companies in each of the industry sectors.

There were some surprises, with oil giants, BP and Shell at number two and number three respectively and four of the top 10 on the list operating in utilities. According to the survey, the rankings don't measure performance outcomes such as carbon dioxide emissions, they look at management practices:
Does a company have procedures for listening to critics?
Are its executives and board members accountable?
Has it hired an external verifier?

The 2006 top-ranked company is Britain's Vodafone, the world's largest mobile phone operator.

The ratings reflect whether companies address non-financial issues at the core of their business. European companies outperformed their counterparts in the US and Asia. The top 11 companies on the list are headquartered in Europe, where corporate social responsibility is the 'lingua franca' and according to Fortune, CSR reporting is required for a company to list on some stock exchanges.

It seems however, that truly integrating sustainability into day-to-day business practice is not easy. In his article, 'Separating Smart from Great', Simon Zadek questions how global corporate sustainability giants BP and Ford managed to 'mess up so badly'.

The former which is known for advancing public debate on climate change, was responsible in early 2006 for the worst oil spill on Alaska's North Slope, and the latter, an advocate of green cars and factories, has witnessed a decline in market share due to its failure to make its product relevant to customers in a 'carbon-costly world'.

'Comprehensive accountability', accountability to stakeholders representing social and environmental interests as well as economic ones, requires companies to align their vision, strategies and innovation not only with today's competitive markets but also with the social and environmental conditions that will share the markets of tomorrow.

Such recent converts to sustainability such as Wal-Mart's Lee Scott, GE's Jeff Immelt, or Richard Branson, who has pledged to plough three billion of Virgin's profits into combating climate change, have understood that their markets are undergoing a fundamental change because of social and environmental factors.

How companies approach third-party assurance also constitutes a significant differentiator. Companies that score high in this category by taking steps to have independent auditors monitor their performance tend to score higher across the board.

Tomorrow's Value, Sustainability's fourth international benchmark of corporate sustainability reporting, developed in partnership with the United Nations Environment Programme (UNEP) and Standard & Poor's, ranks 50 sustainability reporting leaders by assessing reporting by a percentage scale on four aspects: governance and strategy, management, presentation of performance and accessibility and assurance. The 2006 results placed BT first, followed by Cooperative Financial Services, BP, Rabobank and Anglo Platinum.

The leaders in sustainability reporting do not treat the exercise any differently to financial reporting. These organizations present the results to the audit committee and strive to understand the real impact of sustainability on the business. Accountability and sustainability stop at board level and it forms part of strategic planning.

In addition, those companies engaging external assurance are not merely ticking the box, they value reporting. Organizations are encouraged to start with the relevant issues include what is material, develop key performance indicators and then follow Global Reporting Initiative (GRI) guidelines.

SECTION SIX:

CASE STUDIES:

CSI Profile: AngloGold Ashanti

Budget: Global expenditure for 2006, R7, 748 million US dollars

South African expenditure for 2006< R22, 581 million

Focus Areas:

- Education, 46%
- HIV/Aids, 19%
- Welfare and Development, 13%
- Skills development and job creation, 10%
- Primary healthcare, 7%
- Local area committees , 4%
- Arts and culture, 1%

Geographic Reach:

- Areas of operation
- Labor areas
- Legacy areas

Flagship projects:

- Abalimi Phambili:
    - Linking community farmers in the Eastern Cape with commercial farmers, development agencies, the Department of Agriculture and other entities to provide them with access to larger markets and to increase their skills and employment opportunities

- TB Alliance Association project:
    - Providing support to enable primary healthcare workers to visit TB patients in their homes, thereby ensuring compliance with medication regimens and improving their chances of recovery.

In its aspiration to create value and have a positive impact on the people, cultures and communities in which it operates, AngloGold Ashanti is guided by six business principles which underpin its interaction with all stakeholders.

At the heart of its approach lies a commitment to leave communities better off as a result of its operations and it is this undertaking that most strongly informs the company's corporate social investment initiatives.

As a global player with operations in 11 countries, AngloGold Ashanti recognizes the value of a centralized approach to CSI. Accordingly, it is in the process of finalizing a global CSI strategy which will guide social investment interventions in each country. The policy outlines the company' recent move towards a more proactive approach to identifying projects in which it can be involved, allowing it to make the transition from grant maker and financial enabler to hands-on initiator of projects.

Although AngloGold Ashanti seeks to take ownership of the projects that it initiates, it recognizes that it is not an expert in all areas of social development and welcomes partnerships with NPO,s, local government and community groups. Many of the areas in which it operates have poor socio-economic indicators, limited infrastructure and are often too far flung to fall within the ordinary reach of the larger NPO's and as such, AngloGold Ashanti is actively involved in bringing these organizations on board in the projects it sets up.

Corporate to corporate partnerships are another area where the company sees great value. Such partnerships not only reduce unnecessary replication of initiatives within the same community, but also work to increase the impact and effectiveness of the projects. Although not involved in many at present, AngloGold Ashanti hopes to cultivate more corporate to corporate partnerships in the future.

Working together with its partners as well as local community leaders, municipalities, integrated development plan committees and schools, the company participates in a comprehensive community engagement policy to determine where the greatest social development needs lie.

In addition, it pays close attention to the social development imperatives identified by government. It also recognizes that the needs of communities, across so many different countries and cultures, differ significantly and that its global CSI policy needs to allow for local interpretation of the needs of specific communities.

In South Africa, for example, its focus areas are geared towards meeting this country's most pressing needs, including:
Education, HIV/Aids, skills training, health issues, welfare and development projects

In many instances, the communities in which AngloGold Ashanti operates rely solely on the company for employment and infrastructural development. If it is to deliver on its promise to leave these communities better off, it is imperative that the company build capacity in all areas within a community. This belief in whole community development means that, although its CSI focus areas may seem distinct, in practice one AnglGold Ashanti project may address many of them simultaneously.

Education is the key to capacity building that will benefit whole communities long into the future. As such, it forms the company's biggest CSI focus area, accounting for 46% pf CSI spend. Realizing that the closure of its Ergo operation east of Johannesburg would impact nearby townships, AngloGold Ashanti embarked on a three year project to improve teaching skills in mathematics and science in 14 secondary schools and literacy in 20 primary schools. This intervention was so successful in these communities that it has been replicated in other areas, including in the company's Vaal River and West Wits operations.

The company has also embarked on a project that will address the long-term sustainability of these two mining areas. By helping them achieve proclaimed townships status, AngloGold Ashanti is paving the way to hand over the control and management of these residential areas to local municipalities when its mining operations cease.

This will have multiple benefits for these communities, making various tenure and upgrading options available and including them in the social, infrastructural, health, economic and housing development planning of the local municipalities.
It will provide community members with access to municipal social services such as clinics, libraries and pension payout points, while bringing bulk water supply, sewage, storm water and solid waste management in line with the requirements of the local authority.

These and the many AngloGold Ashanti projects embarked on are characterized by a drive towards sustainability for the communities in which it operates. Only by empowering people with the skills, capacity and infrastructure to sustain themselves in the future, can the company truly claim to have left them better off then when it begins operations.

CSI Profile: Tiger Brands
Budget: Not disclosed

Focus Areas:
Eradicating hunger and improving healthcare in previously disadvantaged communities, either by donating food parcels, providing hunger or developing infrastructure.

Flagship projects:
African Children's Feeding Schemes:
Food parcels donated to feed orphaned and vulnerable children and support income generating initiatives for their mothers and grandmothers;
Hearbeat:
Food parcels donated to feed orphaned and vulnerable children in seven provinces
Unite 4 Health Operating Theatre:
Donation to build a facility at the Red Cross Children's Hospital, which will increase the number of operations by 25%
Soweto Hospice:
Donations to enable this hospice to provide better home based care for terminally patients
Heart of Soweto:
Funding provided for research into cardiovascular disease.

CSI Partnerships:
Tiger Brands partners with government, NPO's corporates, communities, celebrities, religious groups and consumers.

CSI Achievements:
They have been presented with an award by Hope International for the assistance with food parcels that benefit beneficiaries who are needy or affected by HIV/Aids in South Africa.

In a country where there is so much need, Tiger Brands is committed to adding value to the lives of all South Africans through CSI initiatives that are aligned to its core business of manufacturing food and healthcare products.

In particular, the company aims to address two of the most pressing needs facing disadvantaged people across the country, namely lack of access to proper nutrition and adequate healthcare services. In the strong belief that a nation cannot prosper if its people are hungry or ill, Tiger Brands has initiated two powerful CSI vehicles, Unite Against Hunger and Unite 4 Health, to mobilize efforts to ensure that these most basic of human requirements are met.

Finding sustainable solutions to two such formidable challenges requires the joint efforts and combined expertise of a wide group of stakeholders. They realize that it cannot meet the challenge alone and therefore partners with government, non-profit organizations, religious and community groups and consumers in both its hunger eradication and health advancement projects.

It also encourages its individual businesses to engage with their local comities and provides a platform for employees to get involved in CSI initiatives by giving of their time and expertise. This culture of collective, shared responsibility reflects the driving force behind CSI at Tiger Brands, namely to harness relationships in order to make a tangible difference to needy people.

In addition, the company emphasizes sustainability in the projects in which it is involved, taking a developmental instead of a welfare approach by working with beneficiaries to enhance their ability to become self-sustainable in the long term. This ethos is reflected in many of its flagship projects.

Hunger is perhaps the worst form of poverty, affecting the most vulnerable members of society including children, the aged and the sick. Although the solution to eradicating hunger lies in providing people long term food security so that they can eventually feed themselves. In some instances, the problem requires an immediate, if short term, solution. Through Unite Against Hunger, Tiger Brands focuses both on immediate hunger alleviation as well as on long term sustainable solutions for beneficiaries such as the African Children's Feeding Scheme (ACFS) and Heartbeat.

The ACFS core focus is to feed 18 000 orphaned, vulnerable and malnourished children every day and 1 000 families each month. The organization has also helped to establish a sewing project with 13 sewing clubs for the mothers and grandmothers of the children it feeds.

This helps to provide these women with a sustainable income stream so that they can feed their families. During the year, Tiger Brands KOO and Albany brands placed orders for aprons made by the sewing project, which has also quoted for government tenders and received orders for a number of promotional items.

Heartbeat also focuses on caring for vulnerable children, including orphans, those in child-headed households; as well as potential orphans living with terminally ill parents. The burdens carried by these children are immense and Heartbeat works to ensure that their basic needs are taken care of so that they can finish their schooling and enjoy something of childhood.

The organization has mobilized 14 communities in seven provinces to follow a community based best practice model that it has developed for the care of orphans. Close to 5 000 of these children receive a monthly food parcel through a Heartbeat Tiger Brands partnership.

Following on from the success of Unite Against Hunger, Tiger Brands healthcare company, Adcock Ingram, launched Unite 4 Health, aimed at supporting efforts to improve healthcare for disadvantaged South Africans...

As with its Unite Against Hunger initiatives, Tiger Brands aims to ensure that sustainability of Unite 4 Health projects by providing funding and supporting infrastructural development that will serve beneficiaries in the long term.

One such donation of R4 million, to the Red Cross Children's Hospital in Cape Town will be used to build a new modern theatre complex that will enable the hospital – the only specialist centre dedicated to treating children on the African continent – to operate on 25% more children annually.

The Soweto Hospice is also better equipped to offer much needed home-based care to its patients, after a Unite 4 Health donation assisted the large team of professional nurses and volunteers, who care for about 450 people at any one time by sponsoring a female ward.

CSI Profile: Peermont Hotels, Casinos and Resorts
Budget: R22 million annually

Focus areas:
Education
Skills development

Geographic reach:
Peermont focuses its CSI intervention nationally in the communities surrounding its operations.

CSI achievements:
The East Rand Youth Trust offered tertiary bursaries to more than 70 young students from the Ekurhuleni area. Peermont is proud of the 90% pass rate of its bursary recipients.

The East Rand Children's Trust has had an impact on the lives of more than 200 000 children, contributing in excess of R9.5 million in support of education projects, with almost R4 million invested during 2006 alone.

To date, over 200 young people have benefited from the Lesedi Industrial Skills project.

Peermont, whose core business is designing, managing and owning hotel, gaming and convention resorts, believes that the purpose of business is not only to produce wealth, but to do so as a socially conscious organization that responds to the social, educational and emotional needs of the surrounding community.

Recognizing that communities and businesses rely on each other for their welfare, the company is committed to uplifting disadvantaged people in all the areas in which it operates. Its corporate social investment projects span a range of interventions, with a particular focus on educating children and young adults and on projects support its local communities.

Peermont appreciates the enormous need for improved educational facilities and resources throughout the country, but particularly in impoverished communities. Many of the Tusk casinos and resorts operate in such areas and contribute to the educational upliftment of local schools.

During 2006, Tusk Umfolozi supported both the Siyakhanyisa Primary School and Thuthukani Special School for autistic children, while Tusk Venda donated eight desktop computers to local schools.

In Gauteng, the Thuthuka Gauteng Supplementary Education Initiative is one of Peermonts flagship educational projects. A whole school development programme, managed by South African Institute of Chartered Accountants and sponsored by Peermont's Emperor's Palace Hotel, Casino and Convention Resort, this programme strives to ensure that disadvantaged learners develop numerical, literacy and accounting skills required to enter tertiary education and the accounting skills required to enter tertiary education and the accounting profession.

Financial constraints are one of the biggest hurdles preventing disadvantaged school leavers from being able to access tertiary education. Those who do manage to pay for tuition are often unable to cover living expenses and the cost of textbooks and learning materials. Peermont offers a range of comprehensive bursaries to need learners who show academic potential.

Each year, Emperors Palace, the largest unit in the group, invests R5 million in bursaries managed by the East Rand Youth Trust. These bursaries cover all tuition, accommodation, personal expenses and text book costs. It also includes an intense mentorship programme, designed to empower young people with the emotional intelligence and skills necessary to succeed in the modern workplace.

Children living in poverty stricken communities are amongst the most vulnerable members of society. Peermon'ts Children's Trust aims, specifically, to provide social, educational and emotional upliftment for such children from disadvantaged communities.

It sponsors the transport and school fees for several deaf learners at the St. Vincent School. They also donated computers with special mouth adapters to learners with cerebral palsy to enable them to participate in electronic learning.

To address poor math's and science performance and low literacy levels, the Trust also installed well-stocked multi functional media centres in 35 township schools and sponsored 300 learners to attend the Star Schools programme, which offers supplementary teaching in math's and science.

Peermont's investment in business skills development empowers people to start their own income generating small enterprises. Its Business Trust provides training, support and assistance to emerging micro enterprises, while the Lesedi Industrial Skills Project presents youth training courses to help them find employment and enable them to become economically sustainable by starting their own business.

The Group also places particular emphasis on uplifting communities in close proximity to its operations. A prime example is the Thokoza Walkways project, a collaborative effort between Emperors Palace and the Ekurhuleni Metropolitan
Council that saw the development of a 25 km walkway through the township. Thokoza desperately need greenery and the project also planted trees every 50 metres along the walkway.

The Group helps local communities too; offering conferencing facilities to NPO's free of charge. They often donate linen, blankets and clothing to local NPO's.

The also support sports development in their surrounding communities. Graceland for example, hosts six monthly golf clinics for disadvantaged children and during 2006, gave several youngsters the opportunity to learn the game from Lucky Nhlapo, a master caddie and keen golfer.

It supports amateur boxing by providing a training venue for the Amateur Boxing Academy.

Soccer and Rugby are also supported.

CSI Profile: BASF (Germany)
Budget: Not disclosed

Focus areas: Nutrition

Geographic reach: Kenya

As a foundation signatory to the UN Global Compact, two employees from the nutrition division were keen to establish a project focused on alleviating micronutrient deficiency.

Often referred to as the 'hidden hunger' micronutrient deficiency is a particular form of malnutrition where individuals do not receive the essential recommended intake of vitamins and minerals. Micronutrients enable the body to produce enzymes, hormones and other substances essential for proper growth and development.

More than two billion people worldwide are affected by the deficiency and it is estimated that one million people die annually from Vitamin A deficiency alone.

The 'Copenhagen Consensus', a study undertaken by leading economists names the alleviation of malnutrition as one of the world's biggest challenges but one that could be overcome for minimal cost.

This can be most effectively achieved through the fortification of food. For instance, Vitamin A is most typically found in milk, liver, eggs, red and orange fruit and leafy green vegetables. The many people living on less than $2US a day can rarely afford these items. Therefore, it is more effective to fortify a cheaply available staple food.

This was the case put forward by two BASF employees who also highlighted the reputational benefits, impact on employee morale, enhanced relationships with stakeholders, especially those in emerging markets as wsell as the benefits of economies of scale for BASF products.

But most impressive was the social benefit achieved for the investment.

The board accepted their proposal and the Micronutrient Manutrition Initiative was born. Subsequent research was undertaken to determine which countries were most affected. The findings included Kenya, the Philippines and Morocco.

In order to deliver the project BASF partnered with the Swiss foundation, the Global Alliance for Improved Nutrition (GAIN) who brought expertise in nutrition programmes and in bringing together public and private partners.

This was incredibly important as BASF has a limited presence in many developing countries, especially throughout Africa. GAIN was able to help select local firms that needed only minimal capacity building and training to produce the enhanced product.

Furthermore, significant engagement was required with local communities and NGO's who typically distributed non-fortified foods and distributing vitamins through the ad hoc distribution of capsules.

The intention instead was to make the project a long-term, economically viable initiative to ensure it became self-sustaining.

The Kenyan project was launched in 2002 and focused on making a fortified edible oil nationally available. Kenyan employees were trained in the food fortification process as well as the importance of nutrition. A draft implementation plan was developed for discussion with local stakeholders.

A multi-stakeholder conference was held in 2003 to bring together all of the stakeholders involved in food fortification. Whilst it was well received, it was important to ensure the momentum continued.

To achieve this, a National Food Fortification Alliance was established to finalise a concrete road map and goals including a well-managed labeling scheme and three fortified edible fats and oils on the market by the end of 2006.

In addition, BASF developed and provided field testing kits to ensure quality control and to test staple foods at rural market and even household level.

In addition to the three brands using the certified logo for vitamin A, nine more were applying for certification.

It is estimated that more than one million undernourished people are currently being reached by the programme.

Whilst it is too early to demonstrate health improvement directly resulting from the project that increases in demand and consumption would indicate they will not be far behind.

Furthermore, alliances are now run successfully in a number of countries supported by GAIN and the model developed in conjunction with the BASF.

CSI Profile: SABMiller
Budget: Not disclosed

Focus areas: Sustainability

Geographic reach: Numerous in Africa

SABMiller is the world's second largest brewer, with brewing interests or distribution agreements in over 60 countries across five continents. It employs over 53 000 people worldwide and had a turnover of US$15 307 million in 2006.

For nearly a century, the company's operations were mainly limited to South Africa and other African countries. The last 10 years', however, have seen rapid international expansion. Through acquisitions, SABMiller has put down roots in Europe, Asia, North and South America, and transformed itself into a global business. It has dual listing on the Johannesburg Stock Exchange and London Stock Exchange (1999).

SABMiller is evolving from an operating company, focusing predominantly on brewing, to a brand-led company. It manufactures and markets over 150 beer brands that include Peroni Nastro Assurro, Miller Genuine Draft, Castle Lager and Pilsner Urquell, as well as major regional brands such as Milller Lite and Carling Black Label. SABMiller also owns Appletiser, the international sparkling fruit juice brand and is one of the world's largest bottlers of Coca-Cola products.

As a company with its roots firmly embedded in South Africa, its culture was traditionally based on community support – recognizing that economic performance, growth and the success of the business were and are the main priorities.

In South Africa, this could only be driven by the relative prosperity of people to buy its products and black empowerment. SAB adopted its first equity strategy in 1971, again recognizing that any growth in consumption patterns in South Africa were almost entirely dependent on black incomes.

As the company grew globally, its work on CSR tended to centre on these issues, as well as HIV/Aids from the early 1990's in Africa, philanthropy in the US and responsible drinking generally.

Whilst most major issues affecting a brewing company were being addressed in at least some, or even most, markets, there was no over-arching group-wide policy, strategy or action plan. However, in 2005, SABMiller acknowledged that it needed to take a more global and coherent approach that also allowed for local imperatives.

This was because, as a global company, it needed to address global issues across all its operations in a more consistent fashion. In addition, as part of the FTSE 100, there was also a responsibility to investors, regulators and customers to have a more considered and co-ordinated approach to what it then termed CSR.

With so many diverse operations in countries with different cultures and different levels of understanding of CSR, the task of developing a group strategy was not an easy one. A full time CSR professional was appointed at group level in 2005 and it was his responsibility to develop a framework that would be adopted by all the operations.
Key decision makers and budget holders were consulted and asked to consider themselves not only as part of an individual operation in a particular market, but also as part of a global entity in an environment where communication is instantaneous and reputations made or damaged almost as quickly.

The major issues of poverty, climate change and HIV/Aids
were debated with emphasis on how these would affect the company, particularly with its economic success dependent upon emerging markets.

Even so, there were differences of opinion: whereas HIV/Aids are a crucial priority in Africa where the impact on staff, families and communities is self-evident, this does not come top of the list compiled by the business in Europe. Here, energy and carbon management was a more obvious contender.

A sustainable development framework was developed which incorporates ten priorities. The most important priority for a brewer is to encourage responsible drinking but others cover environmental issues such as water, energy and carbon management, packaging and waste, and social priorities such as HIV/Aids and human rights.

The supply chain, community relationships and the need to be transparent also formed part of the ten sustainable development priorities.

Each priority is supported by a position paper and a 'stairway' that is designed to help operations understand where they are performance-wise on the individual priorities. The SABMiller board has decreed that each operation must at least attain the minimum level 1 on each priority and those that don't must have action plans in place to ensure that level 1 is met. The levels currently to up to level 4, which represents 'admired' status, based on current good practice.

The new sustainable development framework, established in 2006, has given SABMiller the opportunity to develop intellectually robust group-wide positions on the key priorities.

It has also helped managers within operations to understand that they are part of a global company, and as such, have a responsibility for global issues as well as local ones.

Through the self-assessment performance management system, in addition to providing measures on stairways for each priority, the operations are required to supply extensive KPI data. This enables the company to be more transparent about its performance on environmental and social issues.

CSR can be considered as a business response to the bigger issues of sustainable development. Before a company can effectively engage with the issues of SD it is important to understand its impacts and develop a response. The framework – position papers and stairways model – allows everyone in SABMiller to see how current and future engagement can improve.

SECTION 6:

SUMMARY AND CONCLUSION

It is now recognized that poverty reduction and sustainable development will not be achieved through government action alone.

Policy makers are paying increasing attention to the potential contribution of the private sector to such policy objectives.

The concept of CSR is sometimes used as shorthand for businesses' contribution to sustainable development. A number of core development issues are already central to the international CRS agenda.

They include labour standards, human rights, education, health, child labour, poverty reduction, conflict and environmental impacts.

CSR is often associated with large companies and particularly with multinational and global enterprises. The international CSR agenda is dominated by OECD-based NGO's, investors, consumers, business and business associations.

CSR has even on occasion attracted criticism for being insensitive to local priorities and the basic livelihood needs of people in developing countries, particularly where CSR codes of conduct are perceived as barriers to market access for some producers.

But the CSR agenda needs to be locally owned if it is to make a significant contribution to local development priorities – and it must be relevant to local enterprises, whether large or small.

This means creating a space to explore the relationship between business and society at a regional, national or local level and finding the appropriate language for these discussions.

As the extremely successful entrepreneur, Raymond Ackerman, founder of the multi billion Rand retailer, Pick n Pay, often cites: 'Doing good is good business'.

This comment has been based on direct knowledge of developing and implementing sound, regular social responsibility programmes within the organizational structures and within the local communities.

Brand loyalty, customer brand ambassadorship and revenue are all direct results of this philosophy and in excess of R64 million is spent annually by this group in Southern Africa alone to maintain this brand loyalty, market leadership and country and people investment.

Other CSR spend, is distributed to various initiatives throughout Africa and the Boxer chain, also owned by the Pick n Pay group.