

FEDERATION OF UGANDA EMPLOYERS

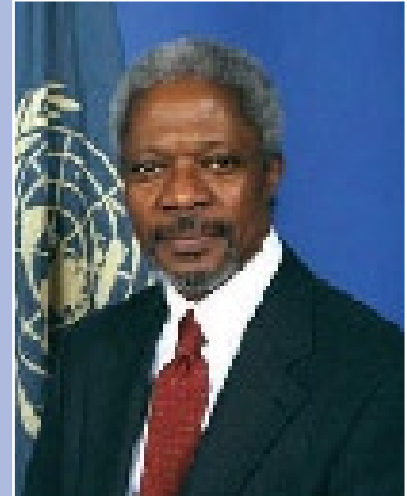
CORPORATE SOCIAL RESPONSIBILITY TOOLKIT:

THE GLOBAL COMPACT AS A TOOL FOR CORPORATE IMPROVEMENTS IN YOUR COMPANY

A Guide for Businesses in Uganda on how to adopt Good Business Practices

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"We have to choose between a market driven by calculation of short-term profit, and one which has a human face. Between a world which condemns ... and one which offers everyone at least a chance of prosperity... Between a selfish free-for-all in which we ignore the fate of the losers, and a future in which the strong and successful accept their responsibilities, showing vision and leadership."

Kofi Annan

FOREWORD

The Federation of Uganda Employers (FUE) and the Confederation of Norwegian Enterprise (NHO) have developed a unique partnership over the years. It started in the late 1980's. FUE organised workshops on labour relations development and on training of board members with the assistance of NHO experts. In the mid-nineties, the cooperation deepened. NHO had the pleasure of contributing to comprehensive programmes on FUE capacity building and on occupational health and safety for member companies. NHO has always been struck by the way the competent leadership and staff of FUE has been able to carry out challenging tasks under not always easy conditions. These qualities are the foundation of the success of our current joint programme, which aims at developing concrete business partnerships between Ugandan and Norwegian companies.



In parallel, NHO and FUE cooperate on issues like Corporate Social Responsibility (CSR). NHO has been an active and highly visible actor on CSR in Norway for almost 15 years, and has developed policies and toolkits on general CSR issues, on business and human rights, on corruption and on business in conflict zones.

Against this background, it gives me great pleasure to welcome this FUE toolkit on CSR. All over the world, companies struggle to come to grips with the challenges of CSR and to meet the increasing expectations of their stakeholders; like their employees, the non-governmental organisations, politicians and media. They do so realising that the role of business is crucial to achieve a fairer distribution of wealth and decent work for all. Business organisations and individual companies can no longer ignore this basic fact. The CSR challenges for companies may seem huge, in particular for the smaller ones. I know, however, that the consequences of non-compliance may be even more dramatic in terms of lost consumer and investor confidence, lost market shares and reduced profits.

This FUE toolkit addresses the various aspects and elements of CSR and provides guidance to Ugandan companies wishing to adopt sustainable and decent business practices. It builds on recognised international principles such as the ILO core conventions, and it highlights the ten principles of the UN Global Compact as a practical way to get started. It is my sincere hope that the FUE membership uses it actively, and that it is studied and used by relevant stakeholders and everyone wishing to understand the nature of CSR and its implications.

A handwritten signature in black ink, appearing to read 'Finn Bergesen jr.', written in a cursive style.

Finn Bergesen jr.
Director General
Confederation of Norwegian Enterprise

INTRODUCTION

Uganda is faced with many development challenges. High on the priority agenda for overcoming these challenges is the need to encourage and enhance private sector development. This is based on the fact that the private sector is the “Engine of Economic Growth”. This role for business now acknowledged by governments and stakeholders all over the world, means that companies, with their influence on the economy and basic livelihoods, also have clear responsibilities.



The concept of CSR: Corporate Social Responsibility, demonstrates these responsibilities very clearly. The CSR concept appears in a number of political and legal documents and is gaining ever-greater importance at the international level. The lexicon of Corporate Social Responsibility has arisen from the need to address the issues of business' on behaviour with regard to its operations and its interaction with others. This responsibility is expressed towards employees and more generally towards all the stakeholders affected by business and which in turn can influence its success.

Corporate Social Responsibility is an issue that is relevant to the long-term sustainability of companies, and in a broader context, to development. In pushing forward this agenda it is important to point out that there is no contradiction between what is good for business and what is good for development. The two are inextricably linked. When economic and development indicators deteriorate, people get poorer and businesses suffer, their ability to contribute to development is weakened. Fewer jobs are created, less tax paid to governments, and investment in local communities is reduced.

The Federation of Uganda Employers has decided to promote and support CSR activities throughout our membership. This toolkit is an all-encompassing guide with a clear objective of enlisting our membership in the adoption of responsible corporate behaviour. It is an easy-to-follow guide that emphasizes a step-by-step approach that may or may not be sequential. Being a first step guide, it is meant to stimulate dialogue and open up space for exchange of best-practice. It may thus be updated in future to incorporate new knowledge and thinking in the line of Corporate Social Responsibility. May be it will even serve to stimulate public and political debate on CSR and the role of companies

We wish you good reading...

Eng. Martin Serebe Kasekende
Chairman Federation Of Uganda Employers

WHAT IS CORPORATE SOCIAL RESPONSIBILITY?

Should corporations worry about their social impact? Or should they just go for profits and trust that everything else will fall into place? If companies make products that consumers value and price them affordably, making money in the process, what is the need for corporate social responsibility (CSR)?"

Corporate Social Responsibility can be defined using a two staged concept

- **"The business of business is business" (Milton Friedman)**
- **Your company contributes to the development of your local community and that of your country by running a profitable business; large or small**
- **Your company creates employment, pay taxes and generate wealth**
- **Your employees become taxpayers and consumers**

CSR IS ABOUT CREATING ECONOMIC ACTIVITY AND MAKING PROFITS

However...

- **Company profits should be made in an accountable and sustainable way**
- **The company should base its operations on generally accepted business ethics:**
 - **support and respect basic human rights**
 - **adhere to acceptable labour standards**
 - **promote greater environmental responsibility**
 - **work against all forms of corruption**

CSR IS ALSO ABOUT HOW YOU MAKE PROFITS

Corporate Social Responsibility is an issue that is relevant to the long-term sustainability of business organisations. Take note that what is good for business is also good for development. When economic and development indicators deteriorate, people get poorer and businesses suffer, their ability to contribute to development is weakened. Fewer jobs are created, less tax paid to governments, and investment in local communities is reduced.

CORPORATE SOCIAL RESPONSIBILITY IS ABOUT DECENT BUSINESS BEHAVIOUR

CSR IS NOT ABOUT PHILANTHROPY

A widely misunderstood notion in Uganda is that Corporate Social Responsibility is about giving hand-outs in search of an elevated level of public trust and status as special moral duty-bearers in the service of social welfare and development. In most cases they seek to address failures in the enforcement of public sector legal, regulatory and administrative frameworks. Although company philanthropic initiatives are in themselves not bad, they do not form core CSR activities. It is worth noting that philanthropic initiatives may not be sustained over the long term as they depend on the company's, cyclical, financial performance. **So, by far the greatest contribution business can make to sustainable development of their countries is to run successful, profitable companies that operate in a responsible and accountable manner.**

WHY SHOULD YOU AND YOUR COMPANY ADOPT CSR?

Much interest and debate on Corporate Social Responsibility (CSR) in recent years has focused mainly on large companies and multinationals. Suffice to note however that responsible behaviour is not related to business size. The concept of CSR applies equally to Small and medium enterprises (SMEs). More importantly SMEs are the engine for the spread of market relations, for economic growth and for the filtering-down of income to the larger segments of society. Also they act as a powerful factor in the integration of modernizing economies into the global markets through their increased links with international supply and production chains.

WHY SHOULD YOUR COMPANY ADOPT CSR?

The drivers of CSR engagement are varied;

Externally they originate from the activities and pressures exerted by:

- **Investors , Consumers, Public Authorities, Non Government Organisations, Trade Unions and Public Authorities**

Internally these drivers can be grouped generically around six main realities:

- **Reputation, Brand, Profitability, efficiency, recruitment, competitiveness and risk management.**

Therefore implementing responsible business principles will always benefit your company. It will earn your company money and recognition, both in the short as well as in the long term. Make CSR an issue at your next Board meeting, if you run a joint stock company - or reflect on the concept and its implications for your management practices if you yourself on and run the company.

There are many ways to start your CSR exercise!

We have said earlier on that basically, the CSR concept evolves around for issues:

- Support and respect basic human rights
- Adhere to acceptable labour standards
- Promote greater environmental responsibility
- Work against all forms of corruption

There are simple as well as more sophisticated ways to start working on these issues, depending on your company's size and resources. If you run a small or medium sized business, you may find it appropriate to start just with one or two of the above items. The important thing is that you feel committed to make a change, however small - in the way you run your company - not that you take everything on board at the same time. What about working conditions and the health and safety of your workforce for a start? Or your company's use of energy, or your waste management? You really don't have to make your initial CSR efforts more complicated. You may even find them challenging enough...

If you run a larger company, you may wish to start off with higher ambitions. Or maybe your SE has completed the initial stages and you wish to develop your CSR policies further. Then you may wish to take a look at the UN Global Compact!

The Global Compact is a global network of companies having committed themselves to work on ten principles for decent business behaviour. It provides companies with a tool for improvements that thousands of businesses all over the world have found useful.

The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruptions:

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses

Labour Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: The elimination of all forms of forced and compulsory labour;
- Principle 5: The effective abolition of child labour; and
- Principles 6: The elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: Undertake initiatives to promote greater environmental responsibility;
- Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

There is no problem in your working with one, some or all of these principles without formally joining the Global Compact. They will give you some food for thought anyway.

Take a look and then consider whether your company wishes to take its CSR efforts a step or two further and to join the Global Compact. If you do, then read on.

The following section outlines areas, as propagated by the UN Global Compact, that should form part of your CSR Policy development

HUMAN RIGHTS

Principle 1:	Businesses should support and respect the protection of internationally proclaimed human rights
Principle 2:	Businesses should make sure that they are not complicit in human rights abuses

WHAT ARE HUMAN RIGHTS?

The core value of international human rights law is the notion that all human beings are born free and equal in dignity and rights. As a first step it is up to you to make sure that people are treated respectfully in your company.

WHAT ARE THE PRINCIPLES SAYING?

"... business enterprises shall have the responsibility to use due diligence in ensuring that their activities do not **contribute** directly or indirectly to human abuses, and that they do not directly or indirectly **benefit** from abuses of which they were aware or ought to have been **aware...**"

SOME POINTERS ON COMPLICITY'

- i) Companies may provide money, resources, infrastructure, products or services that facilitate human rights violations in the context of armed conflict.
- ii) Companies may use forced labour directly or through their suppliers especially with increased outsourcing and migrant labour. Inhumane conditions of work too by companies or their suppliers make them complicit.
- iii) Many companies themselves or their suppliers may employ children sometimes with inherently exploitative, dangerous and unacceptable forms.
- iv) a company may discourage or outlaw unionisation and collective bargaining among its employees.
- v) A company may practice or aid discriminatory methods and laws in their employment practice (including retirement, promotion and dismissal); in their choice of suppliers and partners; in meeting quotas under affirmative action programs; and in a whole range of other policies, including laws that specifically discriminate against women and minorities.

LABOUR STANDARDS

Principle 3

Business should uphold the freedom of Association and the effective recognition of the right to collective bargaining.

WHAT IS FREEDOM OF ASSOCIATION?

Freedom of Association implies a respect for the right of employers and workers to join associations of their own choice. It does not mean that workforces must be organised or that companies must invite unions in. However employers should not interfere in an employee's decision to associate, or discriminate against the employee or a representative of the employee.

What is Collective Bargaining? Collective bargaining is a voluntary process used to determine terms and conditions of work and the regulation of relations between employers, workers and their organisations. This principle implies that the employers, workers and their organisations work together and make every effort to reach an agreement through genuine and constructive negotiations.

WHY IS THIS PRINCIPLE IMPORTANT?

- Establishing genuine dialogue enables both workers and employers to understand each other's problems better and find ways to resolve them.
- Security of representation is a foundation for building trust on both sides.
- Freedom of association and the exercise of collective bargaining provide opportunities for constructive rather than confrontational dialogue, and this harnesses energy to focus on solutions that result in benefits to the enterprise, its stakeholders, and society at large.
- The dynamism that results from freedom of association

Uganda Flower Exporters Association

Uganda Flower exporters Association was established in 1995 and consists of 20 flower farms. Most of the farms are in Wakiso district on the shores of Lake Victoria. There are a few farms in Mukono, Mpigi and Ntungamo districts. UFEA is governed by a board consisting of growers with guidance from an executive director.

Presently, Uganda's flower sector sits on just over 100 hectares shared between the 20 growers. The Ugandan flower industry currently employs over 6,000 employees directly and thousands more benefit from it indirectly. Uganda's flower export earnings have for the last five years fluctuated between \$14 million and slightly over \$34 million for the over 10 year old industry. The industry is presently growing at 9% per year. The fifth exporter of flowers in Africa, Uganda exported flowers worth US\$34.8 million in 2005 and its export earnings dropped to U.S \$32 million in 2006.

Having had bad press on the situation of working conditions on flower farms in Uganda, UFEA embraced the recognition of workers' rights especially that of collective bargaining in 2006. While there was no expression of the need by farm workers themselves, a study by Uganda Workers Education Association showed that flower farms in Uganda save for two had not recognised workers' right to collective bargaining.

can set in motion a “decent work cycle that increases productivity, incomes and profits for all concerned.

- The guarantee of representation through a voice at work facilitates local responses to a globalised economy, and serves as a basis for sustainable growth and secure investment returns.

UFEA then embarked on meeting with two unions which seek to represent flower-farm workers i.e. National Union of Plantation and Agriculture Workers (NUPAW) and Uganda Horticultural Allied Workers union (UHAWU). Having had a series of meetings with these unions, UFEA guided its members on allowing them access to workers for eventual representation.

Although only 2 farms out of the 20 are currently unionised, there are agreed procedures including; i) formal requests of access to workers from unions, ii) appointments and meetings between unions and farm workers, iii) farm workers choose leadership iv) farms and unions sign recognition and procedures agreement.

Being a new development, most farms have not yet signed recognition and procedures agreements with the unions because workers are yet to complete joining either of the

two unions. Flower farms are themselves new to the practice of dealing with unionised workers and thus have to learn. Moreover, the unions themselves are still in infancy.

In embracing collective bargaining, UFEA and individual farms have become familiar with unionisation and its benefits. Despite having had work-related procedures for dealing with labour issues, many farms are experiencing positive trends. They are reporting a declining trend of animosity between management and workers, employers are progressively learning how to deal with unionised workers, employers have familiarised the labour laws and business is growing especially having had recognition from international human rights NGOs. UFEA as a business membership organisation is itself supporting members to deal with emerging challenges regarding worker rights.

WHAT IS FORCED/COMPULSORY LABOUR?

What is Forced/Compulsory Labour; Forced or compulsory labour is any work or service that is extracted from any person under the menace of any penalty, and for which that person has not offered himself or herself voluntarily. Providing wages or other compensation to a worker does not necessarily indicate that the labour is not forced or compulsory. Forced and compulsory labour can take a number of forms:

- slavery.
- bonded labour or debt bondage in which both adults and children are obliged to work in slave-like conditions to repay debts of their own or their parents or relatives,
- child labour in particularly abusive conditions where the child has no choice about whether to work,
- the work or service of prisoners if they are hired to or placed at the disposal of private individuals, companies or associations involuntarily and without supervision of public authorities,
- work required in order to punish opinion or expression of views ideologically opposed to the established political, social or economic system, and
- exploitative practices such as forced overtime
- The lodging of deposits (financial or personal documents) for employment.

WHY IS THIS PRINCIPLE IMPORTANT?

- Forced labour deprives societies of the opportunity to develop human resources for the modern labour market, and to develop skills and educate children for the labour markets of tomorrow.
- The debilitating consequences of forced labour are felt by the individual, in particular by children, as well as by the economy itself since the degradation of human capital and social stability results in insecure investments.
- By retarding the proper development of human resources, forced labour lowers the level of productivity and economic growth for society generally.
- The loss of income due to disruption of regular jobs or income-generating activities reduces the lifetime earnings of whole families and with it, the loss of food, shelter, and health care.

Principle 5

Businesses should uphold the effective abolition of child labour.

This does not mean that children should not be allowed to work, rather that there are standards that distinguish what constitutes acceptable or unacceptable work for children at different ages and stages of their development. The complexity of the issue of child labour means that companies need to address the issue sensitively, and not take action which may force working children into more exploitative forms of work. Nevertheless the goal of all companies should be the abolition of child labour within their sphere of influence.

Priority is given to eliminating, for all persons under the age of 18, the worst forms of child labour, including hazardous types of work or employment. The worst forms of child labour are defined as -

- all forms of slavery - this includes the trafficking of children, debt bondage, forced and compulsory labour, and the use of children in armed conflict;
- the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic purposes;
- the use, procuring or offering of a child for illicit activities, in particular the production and trafficking of drugs; and
- work which is likely to harm the health, safety or morals of the child as a consequence of its nature or the circumstances under which it is carried out.

In any case Employers should not use child labour in ways that are socially unacceptable and that lead to a child losing his or her educational opportunities.

WHY IS THE PRINCIPLE IMPORTANT?

- Child labour deprives children of their childhood and their dignity.
- Child labour results in scores of under-skilled, unqualified workers and jeopardises future improvements of skills in the workforce.
- Child labour usually involves long hours of work for low or no wages, often under conditions harmful to children's health, physical and mental development.
- Although children enjoy the same human rights as adults, their lack of knowledge, experience and power means that they also have distinct rights by virtue of their age. These rights include protection from economic exploitation and work that may be dangerous to their health or morals and that may hinder their development.

Principle 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

DEFINITION

The definition of discrimination in employment and occupation is “any distinction, exclusion or preference which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation”, and is made on the basis of “race, colour, sex, religion, political opinion, national extraction or social origin”. Discrimination may also occur on the basis of physical or mental disability. **Obviously, distinctions based strictly on the inherent requirements of the job are not discrimination.**

HOW MAY DISCRIMINATION ARISE?

Discrimination can arise in a variety of work-related activities.

- Access to employment and to particular occupations
- Access to the training and vocational/career guidance
- Terms and conditions of employment (remuneration, hours of work, paid holidays, maternity leave etc)
- HIV status
- Age

FORMS OF DISCRIMINATION

It may be direct, such as when laws, rules or practices explicitly cite a reason such as sex or race to deny equal opportunity. Most commonly, discrimination is indirect and arises where rules or practices have the appearance of neutrality but in fact lead to exclusions. This indirect discrimination often exists informally in attitudes and practices, which if unchallenged can perpetuate in organisations. Discrimination may also have cultural roots that demand more specific individual approaches.

WHY IS THIS PRINCIPLE IMPORTANT?

- Employees who experience discrimination at work are denied opportunities and have their basic human rights infringed. This affects the individual concerned and negatively influences the greater contribution that they might make to society.
- Discriminatory practices in employment and occupation restrict the available pool of workers and skills, and slow economic growth for society as a whole.
- The lack of a climate of tolerance results in missed opportunities for development of skills
- discrimination isolates an employer from the wider community and can damage a company's reputation

ENVIRONMENT

Principle 7	Businesses should support a precautionary approach to environmental challenges
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility;
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.

WHAT ARE ENVIRONMENTAL CHALLENGES?

Businesses need to acquaint themselves with issues surrounding global environmental challenges. Among these include; record loss of biodiversity and long-term damage to ecosystems; pollution of the atmosphere and the consequences of climate change; waste production & disposal; natural resource depletion; impacts of chemicals use and toxic substance disposal; damaged aquatic ecosystems and; land degradation.

WHY SHOULD BUSINESSES CARE ABOUT THE ENVIRONMENT?

- Consumers are increasingly responsive to environmental issues.
- Cost Savings and productivity increases can be uncovered by engaging in sound integrated quality management process that includes environmental
- Business Schools are legitimizing environmental sustainability strategies.

The environmental principles of the Global Compact provide an entry point for business to address the key environmental challenges. In particular, the principles direct activity to areas such as research, innovation, co-operation, education, and self-regulation that can positively address the significant environmental degradation, and damage to the planet's life support systems, brought by human activity.

KEY ENVIRONMENTAL CHALLENGES

- loss of biodiversity and long-term damage to ecosystems
- pollution of the atmosphere and the consequences of climate change
- damage to aquatic ecosystems
- land degradation
- the impacts of chemicals use and disposal
- waste production
- depletion of non-renewable resources

Case 3: Nile Breweries Limited

Nile Breweries Limited (NBL) is a subsidiary of SABMiller (Africa) BV owning 96% of the Company's shares. The ultimate parent of the Company is SABMiller plc, incorporated in the United Kingdom. SABMiller plc is one of the world's largest brewers. It has a brewing presence in over 60 countries across five continents and a portfolio of strong brands and leading market shares in many of the countries in which it has brewing operations. The main brands produced by NBL are Chairman's ESB, Club, Nile Special, Castle and Eagle Extra (which has at least 75% local raw material content).

NBL recognises that a company's ability to grow profitably is intimately connected with the quality of the natural environment and the health and prosperity of the societies in which it operates. That is why they embarked on an extensive sustainable development programme. SABMiller plc as an example availed a facility of USD 2.5Million on 01st June 2006 to support the investment climate in Africa.

There are trends of Sustainable development which Nile Breweries Limited through its parent (SABMiller and other subsidiaries) has adopted. Those focusing on the environment include:

- the need to brew more beer but using less water.
- the need to reduce energy and carbon footprint.
- the need for a vibrant recycling and reuse economy.
- the need to work towards zero waste operations.
- the need to have supply chains that reflect our own values and commitment to Sustainable Development.
- the need to be transparent in our response to these environmental, economic and social trends.

The Actions

- Water conservation initiatives
- Water usage minimisation project
- Self-reliant on our CO₂ needs (all the CO₂ used in preserving the beer is recovered from the fermentation process)
- Encourage and support agriculture in supply chain which helps in absorbing and reducing the green house gases
- Efficient energy usage 178MJ/hl (Projects to improve further include Installation of boiler optimisation system and Reduction of boiling time)
- Waste reduction and disposal (Installed a new incinerator for hazardous waste, Recycling of packaging waste (Cullet to our Bottle Manufacturer) and Recycle plastic crates)

The Benefits

- NBL received the ISO 14000: 2004 EMS certification in July 2006

ANTI-CORRUPTION

ANTI-CORRUPTION

Principle 10

Businesses should work against all forms of corruption, including extortion and bribery.

HOW TO DEFINE CORRUPTION?

Corruption can take many forms that vary in degree from the minor use of influence to institutionalized bribery. Transparency International's definition of corruption is "**the abuse of entrusted power for private gain**". This can mean not only financial gain but also non-financial advantages.

WHAT IS MEANT BY EXTORTION?

The OECD Guidelines for Multinational Enterprises define extortion in the following way: "**The solicitation of bribes is the act of asking or enticing another to commit bribery. It becomes extortion when this demand is accompanied by threats that endanger the personal integrity or the life of the private actors involved.**"

BRIBERY DEFINITION

Transparency International's Business Principles for Countering Bribery define "bribery" as "**An offer or receipt of any gift, loan, fee, reward or other advantage to or from any person as an inducement to do something which is dishonest, illegal or a breach of trust, in the conduct of the enterprise's business.**"

WHY IS THIS PRINCIPLE IMPORTANT?

- **The ethical case;** Corruption is inherently wrong. It is a misuse of power and position and undermines the integrity of all involved and damages the fabric of the organizations to which they belong. The reality that laws making corrupt practices criminal may not always be enforced is no justification for accepting corrupt practices. To fight corruption in all its forms is simply the right thing to do.
- **Legal risks;** Regardless of what form a corrupt transaction may take, there are obvious legal risks involved. Not only are most forms of corruption illegal where it occurs, but also it is increasingly becoming illegal in a company's home country to engage in corrupt practices in another country.
- **Reputation risks;** Based on the experience of recent years, companies whose policies and practices fail to meet high ethical standards, or that take a relaxed attitude to compliance with laws, are exposed to serious reputation risks.
- **Financial costs;** There is now clear evidence that in many countries corruption adds upwards of 10 per cent to the cost of doing business and as much as 25 per cent to the cost of public procurement. This undermines business performance and diverts public resources from legitimate sustainable development.
- **'Known as clean' and repeat demands;** There is growing evidence that a company is less likely to be under pressure to pay bribes if it has not done so in the past. Once a bribe is paid, repeat demands are possible and the amounts

demanded are likely to rise. Conversely a company which takes a firm and principled stand against all forms of corruption will become known for this and the risk of its employees being exposed to demands will lessen.

- **'The one who cheats will be cheated against'**; if a company engages in or tolerates corrupt practice, it will soon be widely known, both internally and externally. Unethical behaviour erodes staff loyalty to the company and it can be difficult for staff to see why high standards should be applied within a company when it does not apply in the company's external relations. Internal trust and confidence is then eroded.
- **Corruption distorts competition and creates gross inefficiencies** in both the public and private sectors. In most cases when corruption occurs, the services or products being purchased are inferior to what had been expected or contracted for. The long-term sustainability of business depends on free and fair competition.

Tilda Uganda

Tilda Uganda limited was established in 1997, through the government's privatisations programme. Tilda Uganda is associated with Tilda Rice Ltd, a United Kingdom based global rice business and United Riceland of India, one of the largest processors and exporters of premium quality rice out of India. Tilda is one of the largest rice brands in the world selling in over 45 countries. In Uganda it is the largest and most modern processor of rice. Tilda Uganda has achieved impressive transformation from scrub and bush to the most advanced farming and processing technology in the country.

Having taken over a dormant parastatal - Kibimba Rice Scheme, Tilda Uganda was faced with dealing dilapidated infrastructure, reluctant and sometimes violent land encroachers, dysfunctional social services (school and health unit), an overwhelmed law enforcement force and a local government unfamiliar with strong private sector players. These circumstances provided abundant ground for corruption involving bribery, exploitation and extortion. These pressures notwithstanding, the company has remained firm to persuade staff, communities, police and local government agencies over a period of 5 years to appreciate its anti-corruption policy. Indeed it had to professionally deal with compensation claims from land encroachers by sticking to privatisation and claims procedures from the Privatisation Unit and patiently consulting despite pressures to pay out bribes and some blatant extortion from law enforcers.

To this day, Tilda Uganda still has to deal with sticking areas of corruption including law enforcement, encroachers, local government officials, social service providers and some of its staff.

Tilda Uganda has set for itself business practice standards that emphasise a zero tolerance for corruption. Anti-corruption is actually a company value that is communicated to its staff, throughout the supply chain, government agencies and local communities. The company has worked on popularising its practice standards by making ...

The following steps are taken to counter any occurrence of corruption within the supply chain and in its operations.

1. *All staff are inducted on the company values at recruitment and are constantly reminded of their role in fighting corruption*
2. *There are standard procedures for all staff on how to deal with outsiders who include suppliers, surrounding communities, local governments, tax collectors, transporters, distributors, police, utility companies, policy makers and philanthropic partners.*
3. *All company operations are open to scrutiny by management and tax collectors*
4. *There are in-built process controls to minimise corruptive tendencies*
5. *The company's supply chain and government agencies are clearly told not to expect bribes from representatives of TILDA*
6. *Tilda has a patient but persistent and firm stance of persuading government representatives within its sphere of influence to refrain from corruptive practices*

HOW TO GET STARTED

HOW TO GET STARTED

CREATE AN UNDERSTANDING OF CSR

1. Undertake a self-diagnosis with your employees using this checklist;

What is your or your employees' understanding of the concept of CSR and ethics in business? This may be helped by a self-assessment on:

- What you do well as a business,
- What is important to you as a business and citizens,
- Which areas of your business need urgent attention with possibilities for innovation,

2. Develop a Stakeholder Analysis Matrix like the one below:

Stakeholder	Stakeholder Interest(s) in the Business	Assessment of Impact	Potential Strategies for Obtaining Support or Reducing Obstacles

- a) Organize group brainstorming among staff. Identify all the people, groups, and institutions that are affected or will be affected by your work and list them in the column under "Stakeholder."
- b) Once you have a list of all potential stakeholders, review the list and identify the specific interests these stakeholders have in your project. Consider issues like: the business' benefit(s) to the stakeholder; the changes that the business might require the stakeholder to make; and the business activities that might cause damage or conflict for the stakeholders. Record these under the column "Stakeholder Interest(s) in the Business."
- c) Now review each stakeholder listed in column one. Ask the question: how important are the stakeholders interests to the success of the business? Consider:
 - o The role the key stakeholder must play for the business to be successful, and the likelihood that the stakeholder will play this role
 - o The likelihood and impact of a stakeholder's negative response to the business

Assign A for extremely important, B for fairly important, and C for not very important. Record these letters in the column entitled "Assessment of Impact."

- d) The final step is to consider the kinds of things that you could do to get stakeholder support and reduce opposition. Consider how you might approach each of the stakeholders. What kind of information will they need? How important

is it to involve the stakeholder in the planning process? Are there other groups or individuals that might influence the stakeholder to support your business? Record your strategies for obtaining support or reducing obstacles to your business in the last column in the matrix.

ROADMAP TO IMPLEMENTATION

You will be surprised how easily you can implement responsible business principles: Switching off lights when no one is using them is a good practice that can easily be implemented. Saving or reducing your use of water and raw materials might be your next step. This Guide briefly tells you what can be done in all four areas (human rights, labour, environment, anti-corruption).

A. HUMAN RIGHTS ISSUES

1. Organize training for your staff to make everyone understand what Human Rights principles are and that they are indeed universal.
2. Strictly reject jokes or behaviour that target employees because of their colour, gender, religion, disability, sexual orientation, or political or other viewpoint.
3. Make sure there is a secure mechanism for employees reporting instances of harassment and abuse.
4. When possible, hire people who are disabled or excluded for any other reason.
5. Pay comparable salaries for comparable work.
6. Be aware of how your business activities may affect human rights in neighbouring communities.
7. Choose suppliers and buyers that adhere to human rights standards.

B. LABOUR ISSUES

Strategies for implementation of Principle 3: Business should uphold the freedom of Association and the effective recognition of the right to collective bargaining.

- Ensure that all workers are free to form and join a trade union of their choice without fear of intimidation or reprisal.
- Ensure union-neutral policies and procedures in such areas as applications for employment and record-keeping; and decisions on advancement, dismissal or transfer.
- Provide facilities to help worker representatives carry out their functions within the company's needs, size and capabilities. These facilities include the ability to collect union dues on company premises, posting of trade union notices, and distribution of union documents related to normal trade union activities in the enterprise, and time-off with pay for union activities.
- Recognise representative organizations for the purpose of collective bargaining.

- Use collective bargaining as a constructive forum for addressing working conditions and terms of employment and relations between employers and workers, or their respective organizations.
- Address any problem-solving or preventive need within the imagination and interests of workers and management, including restructuring and training needs, redundancy procedures, safety and health issues, grievance and dispute settlement procedures, disciplinary rules, and family and community welfare.

Strategies for implementation of Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.

Organisations need to determine whether forced labour is a problem within their business sector. Understanding the causes of forced labour is the first step towards taking action against forced labour, which requires a comprehensive set of interventions to address not only the needs of individual forced labourers but also the needs of their families. In general, a combination of workplace and community actions is needed to help ensure the eradication of forced labour practices.

In the workplace

- make available to all employees, employment contracts stating the terms and conditions of service, the voluntary nature of employment, the freedom to leave (including the appropriate procedures) and any penalties that may be associated with a departure or cessation of work
- in planning and conducting business operations, ensure that workers in debt bondage or in other forms of forced labour are not engaged and, where found, provide for the removal of such workers from the workplace with adequate services and provision of viable alternatives in the community of operation
- institute policies and procedures to prohibit the requirement that workers lodge financial deposits with the company
- if hiring prisoners for work in or outside prisons, ensure that their terms and conditions of work are similar to those of a free employment relationship in the sector involved, and that they have given their consent to working for a private employer
- ensure that large scale development operations in which an employer participates do not rely on forced labour in any phase

In the community of operation

- support and help design education, vocational training, and counselling programmes for children removed from situations of forced labour
- help develop skills training and income-generating alternatives, including micro-credit financing programmes, for adults removed from situations of forced labour
- encourage supplementary health and nutrition programmes for workers removed from dangerous forced labour,

and provide medical care to assist those affected by occupational diseases and malnutrition as a result of their involuntary work

Strategies for Implementation of Principle 5: Businesses should uphold the effective abolition of child labour.

Developing an awareness and understanding of the causes and consequences of child labour is the first step that a company can take toward action against child labour. This means identifying the issues and determining whether or not child labour is a problem.

If an occurrence of child labour is identified, the children need to be removed from the workplace and provided with viable alternatives. Companies need to be aware that, without support, children may be forced into worse circumstances such as prostitution, and that, in some instances where children are the sole providers of income, their immediate removal from work may exacerbate rather than relieve the hardship.

- adhere to minimum age provisions of national labour laws and regulations and, where national law is insufficient, take account of international standards
- use adequate and verifiable mechanisms for age verification in recruitment procedures
- when children below the legal working age are found in the workplace, take measures that provide for their removal along with adequate services and viable alternatives both for the children and their families
- exercise influence on subcontractors, suppliers and other business affiliates to combat child labour
- Ensure adult workers are given secure employment and decent wages and working conditions so that they do not need to send their children to work .
- support and help design educational, vocational training, and counselling programmes for working children, and skills training for parents of working children
- encourage and assist in launching supplementary health and nutrition programmes for children removed from dangerous work, and provide medical care to cure children of occupational diseases and malnutrition

Strategies for Implementation of principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

- institute company policies and procedures which make qualifications, skill and experience the basis for the recruitment, placement, training and advancement of staff at all levels;
- assign responsibility for equal employment issues at a high management level
- establish programs to promote access to skills development training and to particular occupations;
- work on a case by case basis to evaluate whether a distinction is an inherent requirement of a job, and avoid

systematic applications of job requirements in a way that would systematically disadvantage certain groups;

- keep up-to-date records on recruitment, training and promotion that provide a transparent view of opportunities for employees and their progression within the organisation;
- where discrimination is identified, develop grievance procedures to address complaints, handle appeals and provide recourse for employees;
- Managers and supervisory staff, in particular, should seek to develop an understanding of the different types of discrimination and how it can affect the workforce. They should be aware of formal structures and informal cultural issues that can prevent employees from raising concerns and grievances;
- Provide staff training on disability awareness and reasonably adjust the physical environment to ensure health and safety for employees, customers and other visitors with disabilities.
- Outside the workplace companies also have a role to play in eliminating discrimination, for example by encouraging and supporting efforts in the community to build a climate of tolerance and equal access to opportunities for occupational development. Two examples could be through adult education programs and the support of health and childcare services.

C. ENVIRONMENTAL ISSUES

- Save energy, emissions, and water by regularly reviewing your production process for potential savings.
- Save raw materials by using or producing recycled and recyclable materials.
- If possible, choose local suppliers or goods produced locally in order to keep transport use to a minimum.
- Considering hazards and risks in your operations, especially if you are in heavy industry sectors and using chemicals, make sure you have efficient safer production and emergency preparedness measures in place.
- Regularly train staff in order to raise environmental awareness.
- Raise awareness among your suppliers by asking them for environmental data on their products.
- Offset carbon emissions with equivalent carbon-fixing initiatives, such as tree planting.
- Give preference to electronic communication such as telephone, fax, email or video conferencing with (potential) suppliers or customers rather than physical travelling.
- Establish an environmental management system with objectives and procedures for evaluating progress, minimizing negative impacts and transferring good practices.²

D. ANTI-CORRUPTION MEASURES

i) Provide leadership

As with most management challenges a company faces, clear leadership is essential if a company is to ensure that it and

its agents are not engaging in corrupt practices. It is important that the top management does not send mixed signals; on the one hand urge company managers and representatives to apply stringent codes and high standards, while at the same time make it clear that these codes are open for interpretation, often with reference to the importance of adapting business practices to the local environment

ii) Adopt a company ethics code

In addition to the legal framework that any company operates within, many companies choose to adopt their own business principles and ethics codes. These are often aimed at capturing the values that underpin an organisation. By setting and reinforcing high standards of behaviour as the norm incidents of non-compliance are reduced and made easier to identify.

iii) Implement, integrate and train

Principles and codes are rarely sufficient in themselves, but have to be accompanied by training and follow-up, ensuring that an ethical culture is developed within a company. Continuous efforts need to be made to ensure that principles and codes are integrated into other management systems. Training of staff is required on an on-going basis.

iv) Adopt internal reporting procedures

What the management can do is to ensure that appropriate systems, internal reporting mechanisms, are in place that assures that they are the first to know. If no such reporting procedures exist, it is more likely that malpractices will continue.

v) Be accountable and transparent

There is no better way for the management of a company to ensure that the risks for corrupt involvements are minimised, than by being accountable and transparent in all company transactions. By fostering a culture of transparency, the management sends a strong signal that it is an open organisation that has nothing to hide.

WHERE TO FIND GUIDANCE



1. Federation of Uganda Employers

Your number one address for receiving help or guidance will be FUE. The federation has a focal person who is familiar with the specific implications of the Ten Principles in the context of your company. The federation will provide you with the responsible business philosophy and mission, help you select the principles that are relevant to your company, connect you with facilitators to help you implement the principles, provide you with background information, resources and tools for this implementation invite you to learning activities, peer review exercises, dialogues with other stakeholders concerning the principles and inform you of social projects that may be of interest.

2. The United Nations Global Compact

The Global Compact is a worldwide network of companies and other stakeholders wishing to promote sustainable development. It was established by the former UN Secretary General Kofi Annan in 2000. Companies' primary objective is to do profitable business – a goal shared by business managers everywhere. There is a difference, though: The GC companies care about how they make those profits! They wish to make them in a decent and sustainable way. They want their companies to contribute positively to the societies in which they operate. This is why they build their operations on ten basic principles of business behavior. Today, thousands of companies have joined, small and large, in all sectors and in almost all countries.

<http://www.globalcompact.org>

<http://www.globalcompact.org/AboutTheGC/index.html>.

