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emissions agreements

Aviation trade war fears recede as UN looks to broker emissions deal

UN-backed meetings are being held to produce a global agreement on curbing airline emissions.

They follow a US decision to reject Brussels' ruling to apply its emissions trading scheme (ETS) to foreign airlines both when using EU countries' airports and while flying in non-EU airspace. The ruling led to murmurings that this could cause a trade war.

Alternative emissions policies are being worked on by a 15-nation panel of the UN's International Civil Aviation Organisation (ICAO), which is gathering for a third time before early April.

Under the ETS, airlines would trade credits for pollution from flights under a system similar to the cap-and-trade proposals urged by US environmentalists. The EU added that airlines should cut emissions by 5% by 2020.

President Barak Obama responded with a law excluding US airlines from the scheme.

The US government said it was "firmly committed to reducing harmful carbon pollution from civil aviation both domestically and internationally", but believed applying the ETS to non-EU carriers was the wrong method.

Commercial carriers were among the loudest voices arguing that the ETS was unfair in charging airlines for emissions on entire transatlantic flights, not just through European airspace.

They predicted that the ETS would cost the airline industry $3.1bn (£1.95bn, €2.33bn) by 2020.

Nicholas Calio, president of Airlines for America, said: "Working within the framework of the ICAO, the US will continue to lead the effort to secure a policy that will meet the twin goals of allowing for industry growth and continuing improvements in fuel efficiency and reduced emissions."

Senator Claire McCaskill, a Democratic sponsor of the US legislation shunning the ETS, said: "It never made a bit of sense for European governments to tax our citizens for flying over our own airspace."

The WWF's international climate policy director, Keya Chatterjee, though unhappy with the US

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Fuel for thought: Discussions start in earnest on emissions deal for aviation

reparation

Deepwater rig owners to pay $1.4bn over role in disaster

Transocean, which owned the Deepwater Horizon oil rig that exploded three years ago causing 11 deaths and pollution of the Gulf of Mexico and the US coast, has agreed to pay $400m (£253m, €299m) in criminal penalties and a $1bn civil fine.

The Swiss-based company, which admitted violating the Clean Water Act, is to pay the fines over the next five years. As part of the settlement with the US Department of Justice, Transocean will make improvements to the safety and emergency responses on its rigs. The agreement must be approved by a federal judge.

Transocean and BP, which leased the rig, had disagreed about where responsibility lay for interpreting a negative pressure test that could have warned of the dangers.

However, Transocean has now admitted some of its crew "were negligent in failing to fully investigate clear indications that the Macondo well was not secure".

The US government intends to spend the $1.4bn on environmental projects and research and training to prevent more spills. When the penalties were announced, Transocean's shares rose by 6.4% in New York and BP's by 1.7%.

In November, BP agreed to pay $4.5bn to the US government, including a $1.26bn criminal fine (*EP*, December 2012, p1). Since the spill, BP has spent another $14bn on cleaning up the pollution and compensating victims.

BP now goes to court in New Orleans on February 25 accused of gross negligence, which it denies. If found guilty, it could have to pay civil damages of $21bn.

US Attorney General Eric Holder said of the Transocean settlement: "The resolution of criminal allegations and civil claims ... brings us one significant step closer to justice for the human, environmental and economic devastation wrought by the Deepwater Horizon disaster."

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editor's comment

Could Coca-Cola be letting the genie out of the can?

Peter Batt

Selling your product can be a difficult enough process without drawing attention to its failings in your own marketing. Whether questions of usefulness or quality, or allusions to any unfortunate consequences of using/consuming said product are made explicit or implied, there is a risk inherent in giving customers the opportunity to use your own sales messages to reach unflattering conclusions.

Customers aren't stupid – okay, some are, but then that's just the rich tapestry of life playing out before us – and will make judgements about quality or otherwise while considering their decision to buy. I'm sure many lovers of fine jewellery would not have been too enamoured with a gift from Ratner's in the late Eighties, but even the company's fans turned their backs on the chain after Gerald Ratner described his product as "total crap" in 1991 – wiping £500m ($788m, €582m) off the value of his company in the process.

How many of us would still covet those trendy jeans if, mixed in with the positive sales patter, the brand also indicated how the phthalates contained therein could affect our intimate parts? Not to mention the potential effect of phthalates in those luminescent rabbits that have revolutionised sex lives around the world ... that one hardly bears thinking about!

> *The biggest single source contributor to child and adult obesity in the US is sugar-sweetened beverages*

So it's an interesting move for Coca-Cola to refer in its latest US ad campaign to the fact that the original Coke is full of sugar; and that regular visitors to the Coke fountain should get active so as to burn off the '140 happy calories' contained in each can. "All calories count," we are told in the ad, "no matter where they come from, including Coca-Cola, and everything else with calories. And if you eat and drink more calories than you burn off, you'll gain weight."

"The Coca-Cola Company still remains one of the major causes of obesity in the USA and globally," Barry Popkin, a nutrition professor at the University of North Carolina-Chapel Hill and one of the nation's top experts on beverage consumption, told Nanci Hellmich at *USA Today*. "Yes, other foods matter, but the biggest single source contributor to child and adult obesity in the USA is sugar-sweetened beverages."

We all know Coke is not a health drink, so Coca-Cola must have calculated that the ad would be criticised by some as an empty public relations gesture, while reinforcing its contribution to the obesity epidemic in the US.

On many fronts, Coca-Cola appears committed to being a responsible company. On the face of it, dipping into the unfamiliar territory of healthy living could embroil it in a transformative dialogue with customers and others, particularly given the threat of taxes on sugary drinks. But perhaps it also shows that a large corporation can see the shortcomings of traditional marketing, and that a little more honesty might, over time, add value to the brand.

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company law

Shell's Niger Delta acquittals fail to deter campaigners

A Dutch court has acquitted oil giant Shell of four of the five charges it faced in connection with pollution in the Niger Delta.

On the fifth charge, Shell has been ordered to pay compensation, as yet unspecified, and some observers believe the one success could embolden others seeking claims.

The plaintiffs in the four unsuccessful actions intend to appeal against the acquittals which, Amnesty International (AI) says, illustrate the obstacles faced by communities in developing nations when trying to obtain "something approaching justice" against multinational companies.

Oil pollution of the Niger Delta has been the cause of a long-running and bitter dispute between Shell, local people and environment groups (*EP*, September 2011, p1).

The case – heard in the Dutch court because the company is headquartered in the Netherlands as well as in the UK – was brought by four Nigerian farmers with support from Friends of the Earth, and relates to spills in Goi, Ogoniland, Bayelsa and Akwa Ibom .

While Shell argued that the spills were the result of sabotage by "oil thieves and illegal refiners", the plaintiffs claimed faulty equipment, neglect and a lack of adequate safety measures were to blame.

Though the court judged that in only one of the charges – brought by plaintiffs in Akwa Ibom – was Shell negligent in failing to prevent theft from their pipelines, campaigners claimed this one success would spur them on to appealing the other four.

"Clearly it's good news that one of the plaintiffs managed to clamber over all the obstacles to something approaching justice," said AI's Africa programme director Audrey Gaughran.

"The court found Shell had a duty of care when it comes to preventing tampering with its pipelines. However, the fact that the other claims were dismissed underscores the very serious obstacles people from the Niger Delta face in accessing justice when their lives have been destroyed by oil pollution.

"Governments need to look at the formidable obstacles claimants face, especially when taking massive oil companies to court."

Shell's subsidiary, the Shell Petroleum Development Company of Nigeria (SPDC), welcomed the court's ruling on the dismissed claims, and described the economic and environmental damage caused by oil pollution as a "real tragedy".

The company said it has worked hard to eradicate spills from its own operations and will continue its efforts to find lasting solutions.

emissions agreements

UN seeks to broker global aviation emissions deal

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action, said: "There is a silver lining here. The administration has appointed high-level representatives to pursue a global solution for aviation and climate.

"The White House now must endorse a global, market-based measure to rein in carbon pollution from aviation. If they do, we are optimistic that the US can work with ICAO to develop a package of policies that will reduce our share of global emissions."

The EU, which intended to implement the scheme this year, has frozen it until next year. It warns the measures will be imposed automatically in 2014 if the panel's discussions fail.

The panel consists of representatives from Australia, Brazil, Canada, China, France, India, Japan, Mexico, Nigeria, Russia, Saudi Arabia, Uganda, the United Arab Emirates, the UK and the US.

An additional issue it is exploring is the use of revenues generated, including helping nations to counter the impact of climate change.

corruption

Governments urged to target lobbying and political funding to increase transparency

Corruption remains a serious threat facing humanity, Transparency International (TI) declares in a new report.

In its 2012 Corruption Perceptions Index, TI speaks of poor families being extorted for bribes to see doctors or access clean water, essential infrastructure building being obstructed and national leaders skimming off funds.

And, claiming many societies need to give the fight against corruption a higher priority, TI voiced disappointment over the period covered by the index: "After a year with a global focus on corruption, we expected more governments to take a tougher stance against the abuse of power."

TI calls for governments to integrate anti-corruption actions into all aspects of decision-making. Political leaders, it says, can do this by prioritising better lobbying and political financing rules, increasing the transparency of public spending and contracting, and making public bodies more accountable.

The index scores 176 countries on a zero to 100 scale, on which 100 is 'very clean'. TI regrets that two-thirds of countries score below 50, 'indicating a serious corruption problem'.

Denmark, Finland and New Zealand top the table with 90 points apiece. The UK lies joint 17th with Japan, while the US comes 19th.

The bottom three, with eight points each, are Afghanistan, North Korea and Somalia.

Meanwhile, the Institute of Business Ethics (IBE) has issued a briefing on responsible conduct and human rights in business. It examines the pressures and drivers for respecting human rights and how business is responding.

The IBE says human rights policies are not yet the norm but gives the example of one group of multinationals, including Adidas, Gap and Nike, which have pledged support to the new Guatemalan government if it respects human rights and requests help in providing fair and safe working environments.

For further details: ethicalp.com/eth

Corporates Against Corruption, p8

supply chain management

Levi Strauss pledges to cut all use of toxic chemicals

Jeans maker Levi Strauss has committed itself to removing all hazardous chemicals from its entire clothing manufacturing processes by 2020, in a growing list of successes for environment campaign group Greenpeace.

And the company said it will attempt to spread best practice by investing 'in moving industry, government, science and technology to deliver on systemic change' across the sector.

The move came just weeks after Greenpeace published two reports in December – *Toxic Threads: The Big Fashion Stitch-Up* and *Toxic Threads: Under Wraps* – which claimed that clothes from major brands like Levi Strauss and Calvin Klein contained high levels of nonylphenol ethoxylates (NPEs) and phthalates. Both chemicals are 'endocrine disrupters' and are hazardous to human and, particularly, aquatic life.

NPEs are used mainly as cleaning agents and detergents, and are often added to plastics and rubbers, as well as pesticides, pharmaceuticals, cosmetics, paints and coatings, and chemicals used in paper making. Phthalates have been linked with liver cancer, testicular atrophy, reduced sperm count and structural abnormalities in the reproductive systems.

The Greenpeace research sought to discover whether a range of fashion products – among them jeans, slacks, t-shirts, dresses and underwear – were harmful to human health. It tested 141 items from 20 global fashion brands across 29 countries, all made via international supply chains from artificial and natural materials.

The researchers found high levels of phthalates in four garments, while nonylphenol ethoxylates (NPEs) were found in 89 garments.

Levi's said it supports the elimination of hazardous chemicals released into the environment, as reflected in the Joint Roadmap Toward Zero Discharge of Hazardous Chemicals. As such, it is not the first clothing brand to make such a pledge – fashion retailer Zara has also committed to go toxic-free – but with net revenues of $4.7bn (£3.0bn, €3.5bn) in 2011, it is by the largest to make such a commitment.

In statement, Levi's said: "The scale and complexity of this endeavour make this a very challenging task, but we will continue to work with other brands committed to the Joint Roadmap, material suppliers, the broader chemical industry, NGOs and other stakeholders to achieve this goal.

"If we are to deliver lasting solutions, our actions need to be guided by collaboration, transparency, fact-based decision-making" on applying "value-chain as well as life-cycle thinking and innovation toward the development of integrated chemicals management".

"To achieve zero discharge of hazardous chemicals by 2020, mechanisms for disclosure and transparency are important and ... we will drive toward innovative solutions for transparency in chemical management disclosure."

in brief

● **Business in the Community** and CSR Europe are leading a 29-strong consortium that is launching pan-European CSR excellence awards. The European CSR Award Scheme for Partnership, Innovation & Impact will recognise CSR excellence in multi-stakeholder projects and will be held across participating countries this summer. Sponsored by the EU, the initiative forms part of a bid to make CSR a driving force of economic regeneration across the continent. The awards are now open to entries.

For further details: ethicalp.com/eur

● **EuroCharity** has partnered with Valuation & Research Specialists (VRS) to launch an ESG Metrics Report service for its corporate members. The service will offer stakeholder briefings on companies stock market price, financial value, profits, environmental investments, social product and human capital in a three year comparative base.

For further details: ethicalp.com/eurocharity

● **Apple, Dell** and HP perform well on disclosing environmental and social supply chain issues compared with some of their Asia-headquartered competitors, according to *Sustainable Supply Chain Benchmark: Consumer Electronics*, a report by Verdantix. It finds that companies such as Canon, Hitachi and Samsung are not only comparably tardy on disclosure, but are also less inclined to audit or engage suppliers on supply chain standards than their leading US counterparts. This at a time when, according to a Underwriters Laboratories report, *The Product Mindset*, consumers are becoming more concerned with supply chain issues, and particularly the origins of components and raw materials.

For further details: ethicalp.com/verd and ethicalp.com/ul

● **As part of** Ben & Jerry's drive to make its entire range of ice creams, frozen yogurts and sorbets Fairtrade certified by the end of this year, the chain anounced last month that it is partnering with Fairtrade International to extend its certification to the US.

guest column

Diversity advice: sold like snake oil in the Wild West

Melanie Allison

To propose the 'business case' for diversity is misleading. To me, a business case is meant to introduce something, yet to happen to an organisation, balancing reasons for and against a response. So treating diversity as if it has not yet happened is illogical.

Diversity is a non-negotiable fact of life for every business globally. Businesses, however, can choose to respond or not. The rationale to respond is very strong but, because it has traditionally been framed as an optional 'business case', it seems okay to opt out.

Most businesses take informed decisions based on costs and benefits. But with diversity, accessible, business-friendly information on which to base a decision is rare. Research points to the unhelpful 'business case' rationale as insufficiently compelling or businesslike.

In the current climate, businesses failing to respond risk missing an important opportunity, yet nobody evaluates the cost other than in terms of anti-discrimination lawsuits or payoffs. A more comprehensive analytical evidence base would provide a useful business resource.

Helpfully, policymakers at the Department for Business, Innovation & Skills (BIS) have published an initial 'evidence' round-up, through Economics 'Occasional Paper' (No 4), so someone takes it seriously. Although still mistitled 'business case', the analysis strays interestingly into the 'moral case', linked to equality law. But it also talks confusingly about a context where 'culture/leadership can be thought of as an envelope'.

> *Diversity advisers are not sales people, but often have to act like them*

Diversity advisers are not sales people, but often have to act like them. It is unfortunate that a diversity adviser's job vacancy usually seeks 'powerful influencing skills', ability to 'make compelling presentations', and 'gravitas and conviction' to 'persuade and engage' the board.

An alternative outlook could source those with more relevant skills to communicate a strategic vision and plan an effective whole-organisational response, working with executives to reinforce the value proposition and embed necessary change. This could attract differently skilled diversity advisers in business strategy, change and/or development, and systems thinking. Not HR, 'objection handling', sales, risk and compliance or other suggested prerequisites.

Advising on UK diversity is sometimes akin to selling snake oil in the Wild West. Nobody can prove it really works and it seems to cost a disproportionate amount of money. Laudably, international efforts are being made to align diversity specialists with that of other professionals, like legal or tax advisers. But it's unlikely to enhance their professional credibility, or perceived value to society, until the circularity of the current approach is resolved.

Businesses should be able to access relevant hard evidence to make informed decisions, guided by their specialist advisers, about what response to diversity is appropriate. Until then, buyer beware!

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labelling

Dutch supermarket faces boycott call

The Netherlands' largest supermarket chain Albert Heijn (AH) was the target of a consumer boycott call when a TV documentary revealed the 'medieval conditions' that migrants working on its suppliers' mushroom farms were forced to endure.

Not only was it claimed that the eastern European workers were exploited through below minimum-wage rates of pay but, said KRO's *Inspection of Value* show, they also had to sleep ten to a room.

Dutch minister of social affairs Lodewijk Asscher responded to the programme by calling on consumers to shun AH stores until the company started using the country's new Fair Produce certificate, established last year. The label currently certifies only mushrooms but is set to be extended to other produce soon.

Asscher described AH's lack of co-operation with Fair Produce as "incomprehensible".

But the Ahold-owned supermarket hit back, insisting that it only buys mushrooms from Fair Produce-certified suppliers. However, it explained that it does not include the label on its packaging so as to avoid confusion over whether its other products are sourced according to the same standard.

An AH spokesman told the *Financial Times*: "The question our customers will have is, if the certificate is on the mushrooms, what's with the cucumbers and the tomatoes?"

Meanwhile, Asscher later denied calling for a boycott, but wanted AH to use the Fair Produce logo to lend it credibility. Doing this, he said, would help build consumer pressure on Dutch mushroom producers.

The row does have implications beyond the Netherlands' borders as the country is Europe's largest exporter of agricultural products and the second largest in the world, after the US, with trade worth €73bn (£62bn, $98bn) in 2011.

reparations

Canadian courts throw out Congo massacre class action

A class action against a copper mining company over allegedly assisting the 2004 Kilwa massacre in the Democratic Republic of the Congo (DRC) has failed.

Acting for Congolese survivors and victims' relatives, the Canadian Association Against Impunity (CAAI) had applied to Canada's Supreme Court in an attempt to get the case heard. But this was dismissed, ending all judicial options.

Anvil Mining, an Australian company, was accused of providing logistical support to the Congolese military, which raped, murdered and brutalised the town of Kilwa as it put down a rebel uprising. The UN put the civilian death toll at 100.

The CAAI filed the action against Anvil, which was listed on the Toronto stock exchange and had a Montreal base, in November 2010. The company admitted the army used its trucks, food, lodging and other support but claims these were requisitioned by the DRC authorities and denies any wrongdoing.

In April 2011, the Quebec Superior Court ruled the case could proceed to the class certification stage, but the court of appeal, despite expressing sympathy for those seeking justice, overturned its decision on jurisdiction.

It was then that the CAAI applied unsuccessfully to the Supreme Court to accept jurisdiction.

CAAI president Patricia Feeney said: "This is an extremely disappointing outcome. This case highlights the difficulty victims of gross human rights violations face when trying to receive justice."

consumer attitudes

Management must become more inclusive to resolve 'crisis of trust', claims Edelman

The legacy of scandals involving big corporations and public figures is a continuing crisis of public trust in leadership, according to the 2013 Edelman Trust Barometer.

Fewer than one fifth of study respondents believe senior business or government figures will tell the truth when confronted with a difficult issue.

"We're clearly experiencing a crisis in leadership," said Edelman president and CEO Richard Edelman. "Business and government leaders must change their management approach and become more inclusive by seeking the input of employees, consumers, activists and experts, such as academics, and adapting to their feedback.

"They must also pass the test of radical transparency."

The general public's trust in leaders is far below that of institutions in all 26 markets. Globally, trust in business to do what is right is at 50%, while trust in business leaders to tell the truth is 18%, a 32-point 'trust gap'. The gap between government and government official is 28 points.

This year's Barometer also reveals that academics, technical experts and professionals are nearly twice as trusted as a CEO or government official.

Trust across all institutions increased, including a small improvement for business and government. Three of four institutions (NGOs, 63%; media, 57%; business, 58%) surpassed their all-time-highs.

However, trust in media in the UK fell 14 points, after the Leveson Inquiry reported its findings on the role of the press and the phone-hacking scandal – making it the least trusted institution.

Driven by poor performance and the perception of unethical behaviour, banks and financial services remain the least trusted sectors, particularly in Germany (2%), UK (22%), Spain (19%) and Ireland (11%). With trust in two-thirds of the markets below 50%, trust in banks, globally, is now 11 points lower than it was in 2008.

For further details: ethicalp.com/edelman

responsible investment

ESG 'increasingly decisive' in private equity purchases

Many businesses have halted mergers and acquisitions because of their target companies' poor ESG performance, a new report reveals.

And the study, commissioned by the UN-backed Principles for Responsible Investment Initiative (PRI), showed that even if a deal goes through, buyers increasingly use poor ESG performance to leverage a lower purchase price.

The study was conducted by consultancy PwC to assess attitudes among trade buyers of private equity companies to ESG opportunities and risks in mergers and acquisitions.

Two-thirds of buying companies said substandard ESG performance had ended or dampened their interest in reaching a deal, while good ESG practice boosted their enthusiasm to buy, with a third believing such a purchase would enhance their reputation and brand.

Part of the disincentive to buy poor ESG performers is the perceived high cost of standardising management controls, policies, procedures and operating systems.

PwC focused on ESG integration into due diligence processes, including price, sale and purchase agreements, and post-acquisition activities. The interviewers surveyed 16 corporate buyers in various sectors, most of which operate globally and are headquartered in Europe, the US or Canada.

Most of the companies, which include Alliance Boots, Centrica, EDF and Xstrata, have made up to three acquisitions in the past two years, with many of the target companies located in the US, Brazil, China, India and Russia.

Most of those interviewed told PwC that ESG performance has become an increasingly important factor in mergers and acquisitions, a trend they expect to continue for at least the next three years.

Most buyer companies said they considered their general sustainability approach to be 'quite advanced', but a significant number realised their ESG due diligence performance was 'less well developed'. However, there is a general trend towards greater standardisation and formalisation of the process, led by more centralisation and co-ordination by trade buyers. The extent of ESG incorporation into due diligence varies according to business sector and the size and location of a deal.

PRI executive director James Gifford concluded: "This report shows why ESG considerations should be a fundamental part of any private equity deal-making process. The PRI has seen growing interest from private equity companies in ESG issues and now counts over 150 general partners and more than 130 limited partners as signatories.

"The recent decision by private equity group Cerberus Capital Management to sell its investment in gun manufacturer Freedom Group, following the tragic Sandy Hook School shootings in the US, underscores the increasing influence of limited partners and the growing materiality of ESG issues on investment risk, return and reputation."

in brief

● **Sustainable investing** has become a significant force in Asia, with 130 of the region's fund managers using sustainable approaches to build investments, worth \$74bn (£47bn, €54bn) in 2012. So said the Association for Sustainable & Responsible Investment in Asia's (ASrIA) latest baseline study, which also said international investors are committing a greater proportion of their portfolios to the region. Asian exchanges are also building momentum by increasingly issuing ESG guidelines. ASrIA chairman Alexandra Boakes Tracy said: "It is increasingly clear that Asia will play a key role in the future development of the sustainable investment industry."

For further details: ethicalp.com/asria

● **The Institute of** Recruiters (IOR) has joined forces with the Institute of Business Ethics (IBE) to encourage all recruiters and HR professionals to become 'ethics champions' and pioneers of business ethics and ethical values in the workplace. The joint IBE/IOR initiative takes the form of an online ethics training and awareness course that incorporates four interactive modules that guide staffing professionals on recognising and dealing with day-to-day ethical challenges at work. Those who complete the training will be awarded an 'Ethics Champion' certificate endorsed by both the IOR and IBE.

Further details: ethicalp.com/champs

● **The global** carbon market lost a third of its value in 2012, to €61bn (£53bn, \$83bn), the lowest level in its five-year history. Thanks largely to an over-allocation in the EU, the permits' worldwide average value fell from €11.20 a tonne to €5.70, according to *Bloomberg New Energy Finance*, adding to fears that permit schemes designed to reduce CO_2 emissions are proving ineffective. Donald MacDonald, who chairs the Institutional Investors Group on climate change, said: "The carbon price looks much too low. We need intergovernmental action to increase it." In the UK, new legislation will put a 'carbon price floor' on emissions, initially £16 a tonne, rising to £70 by 2030.

in brief

● **The hospitality and** tourism industries have backed the launch next month of Whole World Water, a social enterprise designed to help businesses in these sectors collectively protect access to safe and clean water. In this UN-proclaimed Year of International Water Co-operation, the companies supporting the campaign include Soneva, Six Senses, Virgin Hotels, Banyan Tree, Auberge du Soleil, Tao Restaurant Group, the Ritz-Carlton Charlotte, The Ritz-Carlton Lake Tahoe, Oberoi Hotels & Resorts, Dusit Hotels and Resorts, JetWing Hotels, and The Ranch at Live Oak Malibu. Whole World Water co-founder Karena Albers said: "We estimate that, with scale, the hospitality and tourism industry can contribute $1bn per year to help eradicate this global issue." Whole World Water launches on 22 March – which is World Water Day.

For further details: ethicalp.com/www

● **More than 1,900** people from 140 countries gathered in Brasilia for the 15th International Anti-Corruption Conference to call for the end of impunity. The resulting Brasilia Declaration urges ordinary citizens to co-ordinate action to more effectively challenge and hold to account governments, corporations, financial institutions, sports bodies and international organisations. The declaration stated: "If impunity is not stopped, we risk the dissolution of the very fabric of society and the rule of law, our trust in politics and hope for social justice. We call on the anti-corruption movement to support and protect the activists, whistleblowers and journalists who speak out against corruption, often at great risk."

For further details: ethicalp.com/brasilia

● **UK bus and** rail operator Go-Ahead Group has been awarded the Carbon Trust Standard for the third time for its action on carbon emissions. The company scored 83% in its assessment, reflecting action taken through governance, carbon accounting and carbon management. The certification also recognises Go-Ahead's 14% cut in emissions per passenger journey compared with a baseline of 2007-8.

environment

Stranded rig lands Shell in hot water over Arctic drills

Oil multinational Shell came under fresh criticism for its Arctic drilling programme off the north coast of Alaska last month after one of its rigs ran aground while being towed to port for maintenance.

The Kulluk rig was parted from its ship during a storm and became stranded near the rocky shoreline of Sitkalidak island, off southern Alaska. Kulluk is carrying 143,000 gallons of diesel and 12,000 gallons of lubricating oil and hydraulic fluid.

Any leak would pollute the waters and threaten coastal wildlife, including endangered sea lion and otter species, and more than 250 bird species. A 600-strong team, led by US government workers, is trying to make the Kulluk safe.

Greenpeace has been closely watching developments in the Arctic and, as if to illustrate the sensitivity of Shell's operation there, high-end UK supermarket chain Waitrose has dropped links with the company.

The Kulluk is the second rig to cause concern in Shell's Arctic programme. The Noble Discoverer drifted off in July – and Shell's drilling contractor Noble Corporation revealed that the US Coast Guard had previously warned about 'deficiencies and maintenance issues' on the rig.

The latest setback is the third to hit the project. Shell was refused permits during the summer to drill into oil-bearing rocks because its containment system, its 'fourth line of defence' in a spill, failed to win approval from US regulator, the Bureau of Safety & Environment Enforcement.

A valve developed an electrical fault during testing and the dome was accidentally dropped into the water. The bureau said part of it was 'crushed like a beer can'. So far, the $4.5bn (£2.8bn, €3.36bn) Arctic project has produced no oil wells.

Greenpeace campaigner Ben Ayliffe said of the Kulluk incident: "This is yet another example of how utterly incapable this company is of operating safely in one of the planet's most remote and extreme environments."

US Congressman Ed Markey, the leading Democrat on the natural resources committee, observed: "Oil companies keep saying they can conquer the Arctic, but the Arctic keeps disagreeing. Drilling expansion could prove disastrous for this sensitive environment."

Shell tried to allay fears over the Kulluk by emphasising that it had a hull of reinforced 3in-thick steel, and that it had been improved to the cost of $292m. The company also said it had 'tweaked' the equipment that developed an electrical fault and had performed structural work on the dome to prevent further problems.

In the Noble Discoverer case, the drilling company said it had resolved some of the problems on the rig and was working on others.

Despite the setbacks, Shell hopes to start drilling in July.

supply chain management

Beefburger supplier Silvercrest loses Tesco business over horse DNA contamination

Leading UK supermarket chain Tesco has dropped a supplier of frozen beefburgers after tests showed last month that the product contained horse DNA.

Tesco has, 'with regret', dropped Irish company Silvercrest after its own investigation showed meat had been used from a Polish company. Tesco had specified Silvercrest use an approved list of UK and Irish suppliers only.

And, as a result of the controversy, Tesco is to introduce a comprehensive system of DNA testing for all its meat products.

The story broke on 15 January after the Food Safety Authority of Ireland revealed the results of tests on beefburgers sold by Tesco.

Silvercrest recommended to its customers that they withdraw relevant products, and parent company ABP Food Group launched an investigation into the source of the horse DNA.

ABP CEO Paul Finnerty said: "This has been a very difficult experience for all involved and has led to a significant interruption in business for Silvercrest and its customers.

"The company has never knowingly bought or processed horsemeat and all of our purchases are from approved and licensed EU plants."

Production at Silvercrest was suspended and a new management team has been installed. The company is also to introduce audits for all third party suppliers, as well as a new DNA testing regime.

While the FSAI said beefburgers sold at other stores, including Lidl, Aldi and Iceland, also contained horse DNA, it was Tesco that attracted the majority of public comment, particularly on social networking sites.

In a statement, Tesco group technical director Tim Smith said that simply dropping Silvercrest as a supplier was not enough: "We took that decision with regret but the breach of trust is simply too great.

"These checks will set a new standard. It will be a significant investment for Tesco, borne by Tesco. We want to leave customers in no doubt that we will do whatever it takes to ensure the quality of their food and that the food they buy is exactly what the label says it is."

business ethics

Swiss bank Wegelin set to close after admitting to tax evasion charges

Wegelin, Switzerland's oldest bank, has been ordered to pay almost $70m (£43m, €52m) in fines and penalties for helping wealthy Americans to evade taxes.

It admitted in a New York court that it allowed more than 100 US citizens to hide around $1.2bn from the Internal Revenue Service and file false tax returns for nearly ten years.

Wegelin, the first foreign bank to admit tax evasion charges in the US, will now close permanently.

Several Swiss banks have, in recent years, stopped offering offshore accounts to US citizens. Preet Bharara, the US attorney for New York's southern district, told the court: "The bank wilfully and aggressively jumped in to fill a void that was left when other Swiss banks abandoned the practice due to pressure from US law enforcement."

Otto Bruderer, a managing partner at Wegelin, said the bank realised its conduct had been "wrong", and that tax evasion was common practice in Switzerland.

More than two years ago, three Wegelin executives were accused by US prosecutors of involvement in the tax law breaches. Then, in January 2011, Wegelin sold its core Swiss and other non-US businesses to Raiffeisen Bank. It ceased trading as a Swiss bank around a year ago, retaining only its US clients, including those under investigation by the US authorities. Shutdown will follow when the fines and penalties have been paid.

Jeffrey Neiman, a former US federal prosecutor, said: "It is unclear whether the bank was required to turn over American client names who held secret Swiss bank accounts. What is clear is that the Justice Department is aggressively pursuing foreign banks who have helped Americans commit overseas tax evasion."

The US authorities are still to decide whether to prosecute the original three Wegelin executives – Michael Berlinka, Urs Frei and Roger Keller – in light of uncertainty over whether extradition arrangements with Switzerland extend to Swiss nationals accused of tax crimes.

The Obama administration sees Wegelin's guilty plea and conviction as a victory in its vigorous pursuit of US citizens using offshore banks to evade taxes.

Four years ago, Swiss bank UBS agreed to pay the US authorities fines of $780m for tax evasion under a 'deferred prosecution agreement', avoiding criminal charges and a court appearance. It also volunteered to reveal the details of US account holders.

reparation

US banks' $20bn bill for subprime mortgage fiasco

Ten US banks are to pay more than $20bn (£12.6bn, €15bn) to the government mortgage agency Fannie Mae and mortgage holders who suffered when the subprime market collapsed.

Fannie Mae's case was that the lenders, including Bank of America, JPMorgan Chase, Citigroup and Wells Fargo, abused the foreclosure system that allowed banks to seize homes from defaulting borrowers.

The lenders had sold on their loan investments, which then dived in value when the holders could not repay, causing the financial crisis of 2008. Fannie Mae argued that the debts were toxic and the banks were responsible for the losses.

Bank of America is paying $10.3bn to cover loans-related claims and $1.3bn compensation to Fannie Mae. The claims consists of a $3.55bn cash payment and $6.75bn for repurchasing around 30,000 loans. The ten banks are together paying another $3.3bn directly to homeowners, some of whom the regulators said should not have lost their properties, and $5.2bn for loan assistance and write-offs.

Bill Brown, a law professor and financial services expert at Duke University, North Carolina, said the Fannie Mae settlement drew a line under the subprime mortgage-backed securities dispute. "About a year or two ago, there were many people worried that this line would not even start to be drawn. Right now, we're 90% of the way to finishing the line."

The agreement concerns loans worth $1.4tn, and outstanding balances are $300bn.

Fannie Mae and Freddie Mac, a second government mortgage agency involved, together lost more than $30bn, partly because of their subprime loan investments, and were bailed out by the government. US taxpayers have since spent more than $140bn to keep them afloat. Bank of America settled with Freddie Mac in 2011.

There are, nevertheless, unresolved actions. In October, the government sued Bank of America for mortgage fraud by selling toxic home loans to Fannie Mae and Freddie Mac through its subsidiary Countrywide Financial.

The government took similar action against JPMorgan Chase and Wells Fargo, accusing the former of defrauding investors who lost more than $20bn on mortgage-backed securities sold by Bear Stearns.

JPMorgan Chase replies that the allegations relate to Bear Stearns' activities before it bought the lender in March 2008.

in brief

● **The Association** for Responsible Investment Services (Arise) is relaunching Arista 3.0, the world's first voluntary quality standard for responsible investment (RI) research. Arista has broadened its scope, allowing more RI products to be certified and now includes negative screening, country rating, engagement and voting services. Arista is an open standard available to all RI research groups from around the world that meet the certification criteria. Thus far, ten leading RI research firms from more than 15 countries have been certified.

For further details: ethicalp.com/arista

● **The Responsible** Jewellery Council (RJC) has in the last two months certified nine of its members as meeting the highest ethical, human rights, social and environmental standards. These include De Beers Group, HK Designs, Hasenfeld Stein Inc, Niru (NY) Ltd, Progold SpA, Dimexon Diamonds, Trollbeads, Simoni Gems and Carelle Ltd. Meanwhile, the RJC is calling for stakeholder feedback on proposed revisions to its codes of practice, which it is currently in the process of reviewing. It is against this standard that all RJC members, from mine to retail, must achieve certification within two years of joining.

For further details: ethicalp.com/rjc

● **Pharmaceutical** industry-led R&D on developing new and improved vaccines to tackle neglected diseases have increased in number by 40%, according to the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) status report for 2012. Last year's 132 live projects focus on a range of diseases prioritised by the World Health Organization's Special Programme for Research & Training in Tropical Diseases (TDR) and include tuberculosis, malaria, human African trypanosomiasis (sleeping sickness), leishmaniasis, dengue, onchocerciasis (River blindness), American trypanosomiasis (Chagas disease) and leprosy. Their target is to help build capacity and address diseases that disproportionately affect people in low- and middle-income countries.

For further details: ethicalp.com/neg

Corporates aga[inst] corruption

*Bribery and corruption used to be seen as part of the reality of doing business in certain parts of the world. But, writes **Leo Martin**, business is leading the international charge for change*

According to Transparency International's Corruption Perceptions Index, two thirds of the 176 countries and territories it ranked have scores that suggest a serious corruption problem in their public sector. This presents a real problem for global businesses, with many often forced to work with governments whose contracting, public tendering and financing are far from transparent or accountable.

Against this background, it is not surprising that stories of corruption still dominate the business pages or feature in the history of many corporations. It has long been argued that in certain parts of the world, this is how business is done. And from the cases we read about, it appears that many companies went along with this, or turned a blind eye, at least until they got caught.

Corrupt activity is usually carried out indirectly through third parties, intermediaries or agents. But though this may secure a contract, it also makes doing business more costly. The UN estimates that corruption costs the global economy $1tn a year and adds up to 25% to the cost of procurement.

What concerned Transparency International, in particular, was that given the recent focus on tackling bribery, very few countries have done much to reduce corruption – in direct contrast to the business community. But this is changing.

In the UK, for example, since the Bribery Bill first appeared in the Queen's Speech in 2009, corruption has risen up the corporate agenda. Where the UK was once criticised for lagging behind the world on anti-corruption legislation, its Bribery Act is now seen as among the most rigorous. There are parallel processes going on elsewhere. As a consequence, many companies listed in the UK and on the major North American and European exchanges are at the forefront of tackling corrupt behaviour.

So what are the best businesses doing? Crucially and, perhaps, most importantly, businesses are beginning to take this seriously. Anti-corruption compliance is fast becoming the latest 'must-have' function, and not just in those sectors subject to industry-specific legislation, such as pharmaceuticals or financial services. These newly-formed compliance teams are putting systems in place to ensure their organisations comply with anti-bribery legislation and are spending money to check they actually work.

In the best cases, compliance and ethics teams are working to set the right spirit and tone, developing systems and processes that govern behaviour and go beyond box-ticking exercises that simply aim to meet regulatory requirements. Tick-box compliance was prevalent in the financial services sector, resulting in damaging behaviour and heavy fines. Such an approach should be avoided at all costs in a rigorous anti-corruption programme.

In many companies, developing robust anti-corruption measures begins with a high-level review, comprising a risk assessment for senior management. This includes a careful appraisal of the geographical areas where the company operates and the likely exposure to corruption; a review of all suppliers, agents, joint-venture partners and other third parties; an assessment of staff, customers and business areas most at risk from bribery or internal fraud; and an examination of relationships with public officials and due diligence of major capital projects or new ventures.

Such an exercise should provide companies with an anti-corruption roadmap showing gaps in protection and identifying any procedures that would be deemed inadequate. It also informs policy-making and the development of effective and targeted training programmes.

Successful anti-bribery and corruption (ABC) programmes are based on the six key principles outlined in the Guidelines on Adequate Procedures, published by the Ministry of Justice, enabling companies to demonstrate:

- top-level commitment to ABC policies and a zero tolerance of bribery and corruption;
- effective communication of and training in the company's ABC programme;
- regular risk assessments of the business, markets, countries and sectors where the company operates;
- due diligence on all high risk areas, individuals and organisations. A focus on the highest risk transactions and intermediaries is key, including sales agents and anyone helping the company enter a market or obtain permits and licences of any sort;
- rigorous ABC controls in operation in all key business functions and ongoing monitoring, internal and external, to check ABC compliance.

Some companies have made significant steps towards these goals but, for many, the business landscape, particularly in certain parts of the world, is still challenging.

> *'Anti-corruption has never been higher on the corporate agenda, and there are signs that business can effect change. But corporates should not be left to fight this battle alone'*

Assessing risk and monitoring conduct in the supply chain is the most difficult area, yet is possibly the area most vulnerable to corruption. In 2011, every US Foreign Corrupt Practices Act/Department of Justice prosecution involved corrupt activities in the supply chain. This clearly shows the need, not just for due diligence checks, but for monitoring and establishment of a zero tolerance policy on corrupt practices across the organisation.

Some companies are attempting to perform due diligence on tens of thousands of suppliers; others are unsure where to begin and have no system in place. Having some type of 'decision tree' to judge where due diligence is needed is essential.

Decision trees enable businesses to conduct the appropriate checks on the right suppliers. In the majority of cases, service suppliers have more opportunity to bribe on an organisation's behalf than suppliers of goods. Companies are, therefore, having to categorise suppliers according to risk by examining the service they provide and the opportunity for corruption.

Once categorised, appropriate due diligence is conducted in the

inst

form of questionnaires, audits, training, signed agreements and investigative research, as appropriate.

This should be carried out on new and existing suppliers, and always before a contract is awarded. This can be most challenging when it comes to existing suppliers and, although risk assessments should still be carried out, penalties for terminating contracts must be considered alongside possible risk and reputational damage.

Third parties, intermediaries, agents and joint venture partners are increasingly being checked in the same way. Often, when managing these relationships, differences in business conduct and culture are most acutely felt, but companies can and should put systems in place to reduce risk and ensure adequate procedures have been set up.

Where suppliers are identified by the decision tree as 'high risk', the company should:

- ask to see its anti-corruption policy or statement
- introduce anti-corruption terms and conditions into the contract
- ask the organisation to sign an anti-corruption commitment
- check its past record on corruption
- check its relationships with government officials
- carry out anti-corruption training if necessary
- establish ownership of the intermediary and look out for conflicts of interest
- check its policy on gifts and hospitality and, where none exists, ask for them to commit to yours
- check for statements on facilitation payments and communicate the company's own policy on such payments.

In addition to due diligence, conflicts of interest, gifts, hospitality and facilitation payments are also emerging as challenging issues.

Facilitation payments are a major challenge for many organisations working in emerging markets and in sectors that require permits and licences to operate. Best practice and, nowadays, laws demand a zero tolerance approach. Some do successfully enforce this, despite working in challenging countries. But to succeed, companies must unequivocally back all staff who resist requests for payment.

It is important that facilitation payments are addressed explicitly in the company's code of conduct, ideally supported by an anti-corruption statement of principle from high-risk third parties, suppliers, agents, intermediaries and joint venture partners. Many companies are tightening controls in this area but feel they are working in isolation, potentially penalised for failure without government or embassy-level support in urging countries to act themselves.

Gifts, entertainment and conflicts of interest require a more sensitive approach. With respect to gifts and entertainment, many companies are treading a path between what complies with company policy and the culturally-defined expectations in certain parts of the world.

Many companies are wary of corporate imperialism but, to comply with adequate procedures, they should communicate a clear gifts and hospitality policy, and undertake regular monitoring to ensure they are not being put at risk. The UK case between Sainsburys' and Greenvale shows that gifts are unlikely to be the target of a corruption investigation in and of themselves, but can be very compelling evidence in showing that a relationship has been corrupted.

Rigorous monitoring of potential conflicts of interest is also essential and, again, the best companies have systems in place. However, conflicts must be fully explained to staff. All too often, employees are scared to declare a conflict because they are unsure about how it might be treated. Staff should be encouraged to be transparent and it should be made clear that the conflict itself is not the problem, but rather the actions taken to manage it (or not).

Many companies are also getting themselves into ridiculous knots over political connections. The key thing is to focus on connections that are material, that might actually influence a public decision affecting the company, and to ignore the rest. Again, even this type of conflict is usually easy to manage, as long as it is declared.

From the work GoodCorporation does in this area – conducting reviews, audits and training for leading international companies – we know that ABC compliance is becoming increasingly widespread and far reaching. Supply chain and procurement risks are also being monitored more meticulously. Some companies are taking extreme action to protect their businesses, severing relationships with third parties, agents and suppliers suspected of corruption – and even pulling out of countries where they fear they cannot operate without engaging in corrupt practices.

Anti-corruption has never been higher on the corporate agenda and there are signs that business can effect change. Corporates should not be left to fight this battle alone – more inter-governmental action would be in everyone's interest. In the meantime, the business world is leading the charge.

Leo Martin is director and co-founder of GoodCorporation

people

- **Simon Henderson** has been appointed Black Sun's corporate communications division managing director. He joins the company from Centrica, where he was director of CR and digital media.

- **Bacardi** has appointed Eric Kraus to the newly-created role of senior vice president, chief communications and corporate affairs. Eric will lead all facets of Bacardi's corporate responsibility programs in sustainability, social responsibility and philanthropy.

- **Christophe Hans** has been appointed Ethos Foundation communication manager, where he will head the development of its communication policy. Christophe joins from the Swiss Federal Department of Economic Affairs, where he was head of public affairs.

- **Wilco van Heteren** has been appointed director of Sustainalytics research products team. He will work alongside Esther Hougee, Heather Lang and Hendrik Garz to manage more than 70 analysts globally.

- **Kabira Hatland** has been named director of client service for OgilvyEarth. Hatland is a senior communications professional with a background in corporate social responsibility, media relations, crisis communications and social media strategy.

- **The Sustainability** Consortium's membership has elected four new corporate members to its board of directors: Charlene Wall-Warren, of BASF; Karen Hamilton, of Unilever; Kim Marotta, of Miller Coors; and Kevin Rabinovitch, of Mars. Andrea Thomas, senior vice president of Sustainability at Wal-Mart, was re-elected for another term.

- **The California** Public Employees' Retirement System board of administration has re-elected Rob Feckner as board president and George Diehr as vice president. Feckner will be serving his ninth term as president, and Diehr will be in his sixth vice presidential term.

carbon footprint

CDP S&P 500 Report 2012

This month's Inside Investment presents the key findings of the 2012 edition of the Carbon Disclosure Project's annual S&P 500 report, which analyses climate change strategies of the largest US corporations by market capitalisation. The list left shows the carbon disclosure leadership index of the report, while the graphs right show the more general trends emerging from the survey.

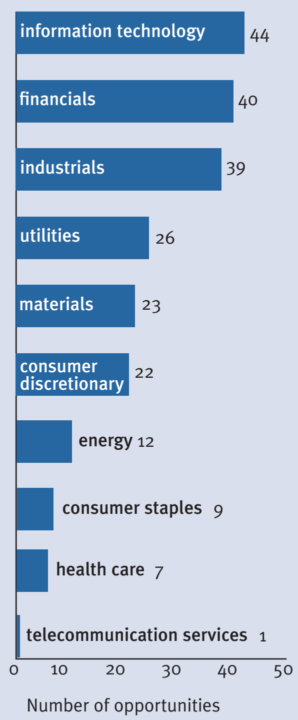
S&P 500 Carbon Disclosure Leadership Index

Includes the top-scoring 10% of S&P 500 companies. To qualify for this leadership index, a company must respond to CDP prior to the deadline and make its response available for public use.

sector	*company*	*CDP2012 score*	*CDP2011 score*
Consumer Discretionary	TJX Companies	97	82
	Best Buy	96	70
	Home Depot	95	82
	News Corporation *	95	93
	Abercrombie & Fitch	93	80
	Johnson Controls *	92	83
Consumer Staples	Coca-Cola	96	78
	PepsiCo	94	90
	Brown-Forman *	93	84
	ConAgra Foods	93	67
	Coca-Cola Enterprises	92	77
	SUPERVALU	92	69
Energy	Hess *	97	91
	Spectra Energy *	95	96
	Schlumberger	92	80
Financials	Goldman Sachs	95	83
	NYSE Euronext *	96	89
	Wells Fargo	95	81
	Ace	94	82
	Bank of America *	93	97
	Allstate	92	89
	Hartford Financial Services *	92	88
	Morgan Stanley *	92	87
	Simon Property Group	92	96
Information Technology	Microsoft	99	81
	Cisco Systems *	96	98
	Google	95	89
	salesforce.com	94	91
	Accenture **	93	93
	Adobe Systems	93	73
	Autodesk	93	82
	Hewlett-Packard	92	84
Health Care	Gilead Sciences * 96	95	
	Johnson & Johnson	93	78
Industrials	UPS	99	99
	CSX *	95	85
	Eaton	94	87
	Lockheed Martin	93	90
Materials	Air Products & Chemicals *	95	92
	Praxair *	95	93
	Sigma-Aldrich	95	72
	EI du Pont de Nemours	94	80
	Ecolab *	93	91
	MeadWestvaco	93	77
	Newmont Mining *	92	88
Telecom Services	Sprint Nextel	97	81
	AT&T	95	72
Utilities	Pepco Holdings *	97	84
	Sempra Energy	97	87
	Entergy	94	85
	Exelon	94	79
	PG&E *	93	92
	Xcel Energy *	93	89
	Consolidated Edison *	92	96

* Companies that have been carbon disclosure leaders for at least three consecutive years.
** Accenture was not part of the S&P 500 index in 2011; however, they were part of the Global 500 index. Therefore, the prior year score was obtained from the Global 500 report.

Operational effectiveness: opportunities identified by respondents



Other findings

percentage of respondents instituting:

interview

How entrepreneurs can lead business charge in battle on environment

'Climate change is one of the greatest wealth generating opportunities of our generation,' said Carbon War Room co-founder Richard Branson. Maria Figueres tells Mike Scott *about the strength of their ammunition*

There is any number of organisations that have been set up to tackle climate change, but surprisingly few of them focus on entrepreneurs. The Carbon War Room (CWR) is one such organisation, set up in 2009 to 'harness the power of entrepreneurs to unlock gigaton-scale, market-driven solutions to climate change'.

Its founders include Richard Branson and its president is Jose Maria Figueres, a former president of Costa Rica and brother of Christina, the UN's climate chief. While many environmental organisations focus on the problems associated with climate change, CWR starts from the premise that "climate change is one of the greatest wealth generating opportunities of our generation," Branson says.

However, many of these opportunities are hampered by the market barriers that prevent many simple sustainable solutions with compelling returns from being implemented. A prime example of this is the shipping sector, according to CWR board member and its former chief executive Jigar Shah, who founded solar company SunEdison before joining CWR. "For several years, fuel-saving solutions have been available in shipping that have a payback of less than two years but they have not really been implemented," he says.

This means that $70bn (£44bn, €52bn) of fuel has been wasted and it happens because there is a mismatch between shipping and cargo owners. Ship owners have little incentive to become more efficient because cargo owners pay for the bulk of the fuel that the ships use.

Until recently, there was no information on the most efficient and inefficient ships, but CWR has published data on 95% of cargo shipping, giving around 60,000 vessels an energy rating similar to those applied to domestic appliances.

As a result, billions of dollars are now flowing to making ships more efficient and ports have greater confidence in regulating the emissions of ships.

Other areas CWR is tackling include the roll-out of renewable jet fuel, a field where Branson's Virgin Atlantic is one of the leading players, having established a partnership with New Zealand company Lanzatech that creates aviation fuel from the exhaust gases of industrial facilities.

CWR has created a database, renewablejetfuels.org, which explains the renewable jet fuels marketplace and provides previously unavailable information to the aviation industry.

Biochar, charcoal created using a process called pyrolysis, is another simple technology CWR is championing. The process produces a soil nutrient that captures carbon from the atmosphere and helps to retain water in the soil, along with a liquid bio-oil that can be used as a fuel. But there is little research proving the benefits of the process, so CWR is working to get a pilot project off the ground.

It is also looking at how to cut emissions in industries ranging from livestock to buildings, from trucking and transport logistics to cement. In trucking, it says that seven technologies – including improved aerodynamics, anti-idle devices, advanced cruise control and GPS-assisted route optimisation – could reduce CO_2 emissions from the sector in the US by 624 million tons by 2021, cutting its carbon footprint by 10% and paying back the investment involved in just 18 months.

"What we are all about," says Figueres, "is helping create good, viable business opportunities out of carbon emissions mitigation. That works well for the economy, it works well for job creation and it works well for the environment."

fundwatch

Fundwatch data supplied by Morningstar and FTSE as at 31 December 2012. Fund Stars calculated using a fund's monthly performance relative to its sector average for each of the 36 months over the three years to date. (*no longer available)

UK ETHICAL & ECOLOGICAL UNIT TRUSTS/OEICS

bid-bid, Basic Rate Tax, init £100 lump sum	3yr change	rating	investment sector
FTSE AllSh TR GBP	24.15		
Standard Life UK Ethical R	42.74	★★★	UK All Companies
Ecclesiastical Amity UK A	36.91	★★★★	UK All Companies
Rathbone Ethical Bond R Acc	35.14	★★★	Corporate Bond
Sovereign Ethical Inc	30.35	★★	UK All Companies
Royal London Ethical Bond A	35.18	★★★★	Corporate Bond
First State Glbl Emg Mkts Sustbltу A	48.43	★★★★★	Global Emerging Markets
Jupiter Responsible Income Acc	33.08	★★★★★	UK Equity Income
Kames Eth Cautious Managed A Inc	32.96	★★★★	Mixed Investment
Kames Ethical Equity A	34.69	★★★★	UK All Companies
F&C Stewardship Income 1 Inc	36.52	★★★	UK Equity Income

UK ETHICAL & ECOLOGICAL PENSION FUNDS

bid-bid, Basic Rate Tax, init £100 lump sum	3yr change	rating	investment sector
FTSE AllSh TR GBP	24.15		
Stan Life Ethical UK 2	47.20	★★★★	UK All Companies
FL Stewardship Income NGP Inet Pen	37.43	★★★★	UK Equity Income
Sanlam/Kames Ethical Equity 8 Pen	41.76	★★★★★	UK All Companies
Sanlam/Kames Ethical Cautious Mgd	35.46	★★★★★	Mixed Investment
FL/F&C Stewardship Income XP	36.93	★★★★★	UK Equity Income
L&G/Pen Kames Ethical Equity	36.70	★★★★	UK All Companies
L&G/Pen F&C Stewardship Income	35.94	★★★★	UK All Companies
Scot Eq Ethical Pen	36.27	★★★★★	UK All Companies
Aviva/F&C Stewardship Inc inet Pen	36.82	★★★★★	UK Equity Income

UK ETHICAL & ECOLOGICAL INSURANCE FUNDS

bid-bid, Basic Rate Tax, init £100 lump sum	3yr change	rating	investment sector
FTSE AllSh TR GBP	24.15		
AXA Wealth/F&C Stdship Inc Life	35.37	★★★★	UK Equity Income
Sanlam/Kames Ethical Equity 8	41.09	★★★★★	UK All Companies
Scot Eq Ethical Life	35.97	★★★★★	UK All Companies
Canlife/F&C Stewardship Income 4	36.42	★★★	UK Equity Income
Sterling/Kames Ethical Equity Life	32.97	★★★	UK All Companies

US ETHICAL & ECOLOGICAL MUTUALS

nav-nav, gross income, inti $100 lump sum	3yr change	rating	investment sector
S&P 500 TR	36.30		
Ave Maria Growth	45.82	★★★★★	Mid-Cap Growth
Fidelity New Millennium	41.02	★★★★	Large Growth
Steward Large Cap Enh Index Inst	38.28	★★★★	Large Blend
Ave Maria Rising Dividend	40.49	★★★★★	Large Blend
Timothy Plan Aggressive Growth A	47.93	★★	Mid-Cap Growth

EUROPEAN ETHICAL & ECOLOGICAL MUTUALS

nav-nav, gross income, inti $100 lump sum	3 yr change	rating	investment sector
S&P Global 1200 TR	35.09		
SEB Ethical Sweden D	39.51	★★★	Sweden Large-Cap Equity
Aviva Sust Future UK Growth Int	39.04		UK Flex-Cap Equity
Pictet-Water-P†EUR	34.91	★★★★	Sector Equity Water
Swisscanto (LU) Eq Water Invest B	36.95	★★★	Sector Equity Water
iShares S&P Global Water (IE)	39.43	★★★★★	Sector Equity Water

Training courses

MSc in Sustainability and Responsibility

A two-year part-time MSc programme Ashridge, UK

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An innovative and exciting two-year, part-time programme for people who seek to address more deeply the question of how they or their organisation can operate in a genuinely sustainable and responsible way. This practical programme provides a range of perspectives on business and organisations, all of which challenge traditional ideas about where 'responsibility' begins and ends. You will understand the realities of the challenges facing us in the coming decades and learn about the practices and management approaches to address sustainability, organisational and corporate responsibility. It will help you to address these challenges in your own context and encourage you to play an active part in helping organisations, individuals and communities understand more about the issues. Using an action research approach, participants are encouraged to reflect and explore ideas via practical, action-based experiments.

Institute of Business Ethics Training 2013

Courses through 2013

IBE, Greencoat Place, Westminster, London SW1, UK

www.ibe.org.uk

info@ibe.org.uk

IBE Courses explore business ethics and good practice for corporate ethics programmes. We also offer an e-learning option. Participants are encouraged to share their views and learn from each other's experiences in a friendly atmosphere facilitated by senior IBE staff or experienced external experts.

Core Ethics Courses

Our core courses have been designed to progressively build participants' understanding of business ethics and how ethical values can effectively be embedded into business practice. We recommend attending each in turn.

Course 1: Understanding Business Ethics – Wednesday 6 March 2013

What business ethics means, why an ethical culture is important and how ethical commitments are made to work in companies and other organisations. Useful to ethics practitioners and others wanting to update their knowledge as well as those new to the role.

Course 2: Developing an Effective Ethics Programme – 2 May 2013

Builds on Course 1 by examining what makes an effective ethics code and programme.

Course 3: How To Know Your Ethics Programme is Working – 6 June 2013

Monitoring, assurance and reporting of ethical performance. For more experienced ethics practitioners, or those who have attended Course 2.

Costs

Cost of each one-day course (including a light lunch) is £200 (non-subscriber)/£175 (subscriber) or if two or more courses are booked at the same time the cost will be £175 (non-subscriber)/ £150 (subscriber) per course.

Understanding Business Ethics e-learning tool

A short introductory training course, designed to raise awareness of what business ethics is about and why ethical standards in the workplace matter. It also helps staff understand and resolve their own ethical dilemmas.

continued over


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PRME Principles for Responsible Management Education

Four interactive modules lasting a total of approximately one hour will guide employees in recognising and dealing confidently with day to day ethical challenges at work. The training course will support employees at all levels, in organisations of any size, in any sector, to "do the right thing".

Become a Certified CSR Professional
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The course emphasises practical case studies and, being at an international hub, Geneva, it draws upon an array of leading experts from within the private, public and non-profit sector. Our program addresses the needs of professionals who are currently involved or would like to be involved in CSR and/or who wish to make the concept of CSR applicable in their institution. In a recent survey of our alumni, 96% said they would recommend our course to other interested people.
The Certificate has nine modules from January 2013 to June 2013. It represents 30 ECTS credits. To obtain the Diploma, 2 additional modules in August and September must be completed. It represents 36 ECTS credits and can also be followed as a second year specialization of the University of Geneva's Executive MBA.

MSc in Sustainability & Responsibility
Ashridge course
11 November 2013
two-year part time MSc programme
Ashridge, UK
www.ashridge.org.uk
A unique, innovative and exciting two-year, part-time programme for people who seek to address more deeply the question of how they or their organisation can operate in a genuinely sustainable and responsible way.
This highly practical programme provides a range of perspectives on business and organisations, all of which challenge traditional ideas about where 'responsibility' begins and ends. You will understand the realities of the challenges facing us in the coming decades and learn about the practices and management approaches to address sustainability, organisational and corporate responsibility. It will help you to address these challenges in your own context and will encourage you to play an active part in helping organisations, individuals and communities understand more about the issues concerned. This course draws on a highly participative approach to learning. Using an action research approach, participants are encouraged to reflect and explore ideas via practical, action-based experiments.

Events

Social Responsibility & Current Challenges 2013
7-9 March 2013
Maribor, Slovenia
www.irdo.si
The Institute for the Development of Social Responsibility (IRDO) is inviting you to join the 8th international IRDO conference on Social Responsibility & Current Challenges 2013. This year's conference will be on the topic of Education & Communication For More Social Responsibility.
The aim of the conference is to map out different factors influencing and contributing to innovation in education and communication as well as to developing a more socially responsible culture and society. Communication and education are both lifelong learning processes and it is important to consider the content of future education programs for youth in order to educate a more socially responsible generation. There is a special need for theorists and practitioners to meet and learn from one another, to deepen the impact of their respective work. You are kindly invited to share your professional knowledge and practical experience by either participating in the conference as audience and/or by contributing your research (more information: www.irdo.si).
Suggested contribution topics: Education models, programmes and projects concerning social responsibility, Communication of SR, Development of individual, organisational and societal SR policies, Youth and creativity, SR strategies, projects.

Deadlines:
- 30 Nov 2012: abstracts in English (and Slovene, if possible);
- 10 Dec 2012: information about acceptance;
- 10 Jan 2013: final papers in English;
- 1 Feb 2013: information about the conference program;
- 4 Mar 2013: submission of power-point presentations and posters;
- 7-9 Mar 2013: Conference in Maribor, Slovenia

Since 2006 the IRDO conferences on Social Responsibility & Current Challenges have provided insight, overview and forecast of SR in Slovenia and abroad. The development of SR is of wide social importance, and the links between its many activists must be strengthened. The conferences study each year a pressing SR topic with respect to government policy, business and the economy, the environment, ethics, education, the media, academic research and activists' work implementation. IRDO Institute is one of CSR Europe's National Partner Organizations and supports CSR Europe's Enterprise 2020 Initiative with its scientific and expert work.

Sustainable Purchasing & Supply Summit
17 April 2013
QEII Conference Centre, London
www.spssummit.com
The first UK conference to present an holistic view of sustainable procurement and the role of the supply chain in more responsible business and government. This unique one-day forum is organised with The Chartered Institute of Purchasing & Supply (CIPS), providing senior executives with a strategic view of the impact of their procurement and supply chain operations on the environment and society as a whole. By attending the summit you will benefit from:
- Cutting-edge content with insights from a diverse range of speakers
- Expert advice on new developments, and the key challenges ahead
- Showcase of specialist suppliers of sustainable products & services
- Numerous examples of best practice from industry practitioners Excellent opportunities for networking and discussion

2013 Sustainability Conference
12-13 April 2013
St Louis, USA
blogs.webster.edu/sustainability2013/
Webster University is proud to host its second annual Sustainability Conference in 2013. The theme Sustainability: Our Common Future was developed by Webster faculty and embraces a wide range of topics and issues related to sustainability that the St Louis community is facing as well as around the world. This conference sets a goal of serving as an academic hub for rigorous exchange of ideas and knowledge on sustainability among academia, businesses, community leaders, and organizations. The objectives of this conference fall in line with the overall goal of Webster University to be more sustainable in its practices, education, and outreach.

Smarter Sustainability Reporting
15 May 2013
London, UK
www.fhevents.net
Smarter Sustainability Reporting is a must attend event for anyone looking to improve upon the quality and communication of their sustainability report. Key insights to be gained include:
- How reporting standards and frameworks are evolving and what this means to your reporting process
- First hand advice on how to better engage your stakeholders
- Case studies of how your peers report on carbon, water, packaging and ecological impacts, enabling you to improve your own strategy moving forward
- How to improve upon the quality and accuracy of your data collation, including your indirect impacts
- What the future of reporting will look like and how you can turn your reporting strategy into a competitive advantage

Confirmed speakers include:
- Sabine Mosner, Defra
- Lois Guthrie, International Integrated Reporting Council (IIRC)
- Andrew Raingold, Aldersgate Group
- Susanne Stormer, Novo Nordisk
- Joe Franses, Coca-Cola Enterprises
- Duncan Young, Royal Bank of Scotland
- Yogesh Chauhan, BBC
- Faith Taylor, Wyndham Worldwide
- Annette Hansen, DuPont Nutrition and Health
- Chaired by: Elaine Cohen, Chief Executive Officer, Beyond Business

Responsible Business Summit
7-8 May 2013
London, UK
www.ethicalcorp.com/rbs
00 44 207 375 7226
steven.wilding@ethicalcorp.com

Corporate responsibility in 2013: Why it's essential and how to make it pay The 12th annual Responsible Business Summit, 500+ top attendees, 50+ speakers and 5+ CEOs, sharing best practice and discussing the latest sustainability challenges faced in 2013.

Why attend the Responsible Business Summit 2013?
- Build Key Relationships: From the CEO of BSkyB to the Executive Director of Greenpeace to the Executive Editor of *The Economist*. No other summit brings together so many high-level attendees. Build career and knowledge-enhancing relationships with leading figures in the corporate, NGO and media world.
- Key CSR Topics for 2013: From macro keynotes to in-depth practical breakout sessions, get the solutions your job requires. Several months of research with key stakeholders means we'll deliver the most crucial topics such as supply chain performance, human rights management, and NGO engagement.
- Active Participation: Live Twitter feeds, use of live polling, scenario-based discussion, 'Question Time'-style debates and issue-based roundtables will ensure that you - not just the speakers - are at the heart of the discussion.
- Guaranteed corporate networking and insight: This year's Summit will deliver a strong corporate focus. They'll be limited passes available to solution providers and vendors – ensuring you the best chance to network with predominately corporates and NGOs.
- Emerging Markets Perspectives: This year's speakers include heads of CSR from leading companies based in the UAE, Jordan, Hong Kong, Turkey, India and more. Get a truly global perspective and learn from those at the vanguard of CSR in a rapidly changing landscape.

marketing

Coca-Cola acknowledges unhealthy drink facts with '140 happy calories' advert

Coca-Cola has entered the obesity debate in the US with TV commercials that are seen as an admission that too much of its iconic drink is bad for you.

One prime-time ad features activities that can burn off the '140 happy calories' in a can of Coke, such as walking the dog, sharing a laugh with friends and doing a victory dance after bowling a strike.

Another ad features Coca-Cola's record of providing drinks with fewer calories and points out that weight gain results from consuming too many calories from any food.

But Center for Science in the Public Interest executive director Michael Jacobson was sceptical Coca-Cola would stop fighting soda taxes if it was serious about obesity.

A hopeful sign in the anti-obesity campaign is that, in North America all the growth in Coca-Cola's soda sales has been in its low-calorie and no-calorie drinks. Diet sodas now make up nearly a third of Coca-Cola's North American sales.

Meanwhile, in Britain, Coca-Cola took the silver position in the Food & Drink Foundation Community Partnership Awards for its StreetGames initiative, which encourages sport among teenagers in deprived areas. The project followed Coca-Cola's commitment as a Worldwide Olympic Partner.

In the same contest, Coca-Cola Enterprises won gold in the environmental leadership category for its efforts to 'reduce the carbon footprint of the drink in your hand' by a third by 2020, and was commended for its sustainable packaging, carbon reduction, leadership in achieving change throughout the value chain, and support for recycling.

business ethics

Barclays CEO breaks with bank's scandal-hit past

Barclays chief executive Antony Jenkins has told the bank's staff that they must adopt five new core values – respect, integrity, service, excellence and stewardship – or leave the business.

And in an uncompromising message contained in an email sent to every one of Barclays 140,000 employees worldwide, he also pledged to transform it into a trusted 'go-to' bank committed to behaving ethically.

Challenging those not prepared to sign up to the bank's new culture, he wrote: "There might be some who don't feel they can fully buy into an approach which so squarely links performance to the upholding of our values. My message to those people is simple: Barclays is not the place for you. The rules have changed. You won't feel comfortable at Barclays and, to be frank, we won't feel comfortable with you as colleagues."

Jenkins took the Barclays top job in August last year, succeeding Bob Diamond, who resigned after the bank was embroiled in the Libor rate-fixing scandal for which it was fined a total of £290m ($462, €346) by UK and US regulators. In addition, Barclays has set aside £2bn to cover the cost of mis-selling payment protection insurance and is contesting a £291m fine for alleged manipulation of the California energy trading market.

Jenkins' move follows an extensive review of the entire business, which was led by the bank's senior leadership group. It forms part of a repositioning that includes the introduction of the new Purpose & Values. Jenkins sees these as integral to a broad strategy that will guide the bank for the next ten years. There is speculation that this might involve scaling down the scandal-hit investment banking operation, with commodities trading cut altogether.

He said: "Over a period of almost 20 years, banking became too aggressive, too focused on the short-term, too disconnected from the needs of our customers and clients, and wider society. We were not immune at Barclays from these mistakes.

"Let me be quite clear. The notion that there must always be a choice between profits and a values-driven business is false. Barclays will only be a valuable business if it is a values-driven business. Unless we operate to the highest standards and our stakeholders trust us to behave with integrity, no business can continue to be successful. Nor do they deserve to be.

"There is no choice between integrity and profit in this business, and to pose them as opposites fundamentally misunderstands the problems the banking sector faces. This is the difference between generating short-term profits and long-term shareholder value."

Given the response of staff to the review, Jenkins believes Barclays employees will largely welcome the changes, which he stressed represent a fundamental break with the past.

He said: "Having a firm commitment throughout the business to strong values is not something I want to do for public relations or political benefit. It is not window dressing. It is simply how I will run Barclays and make it a more valuable and sustainable institution."

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