

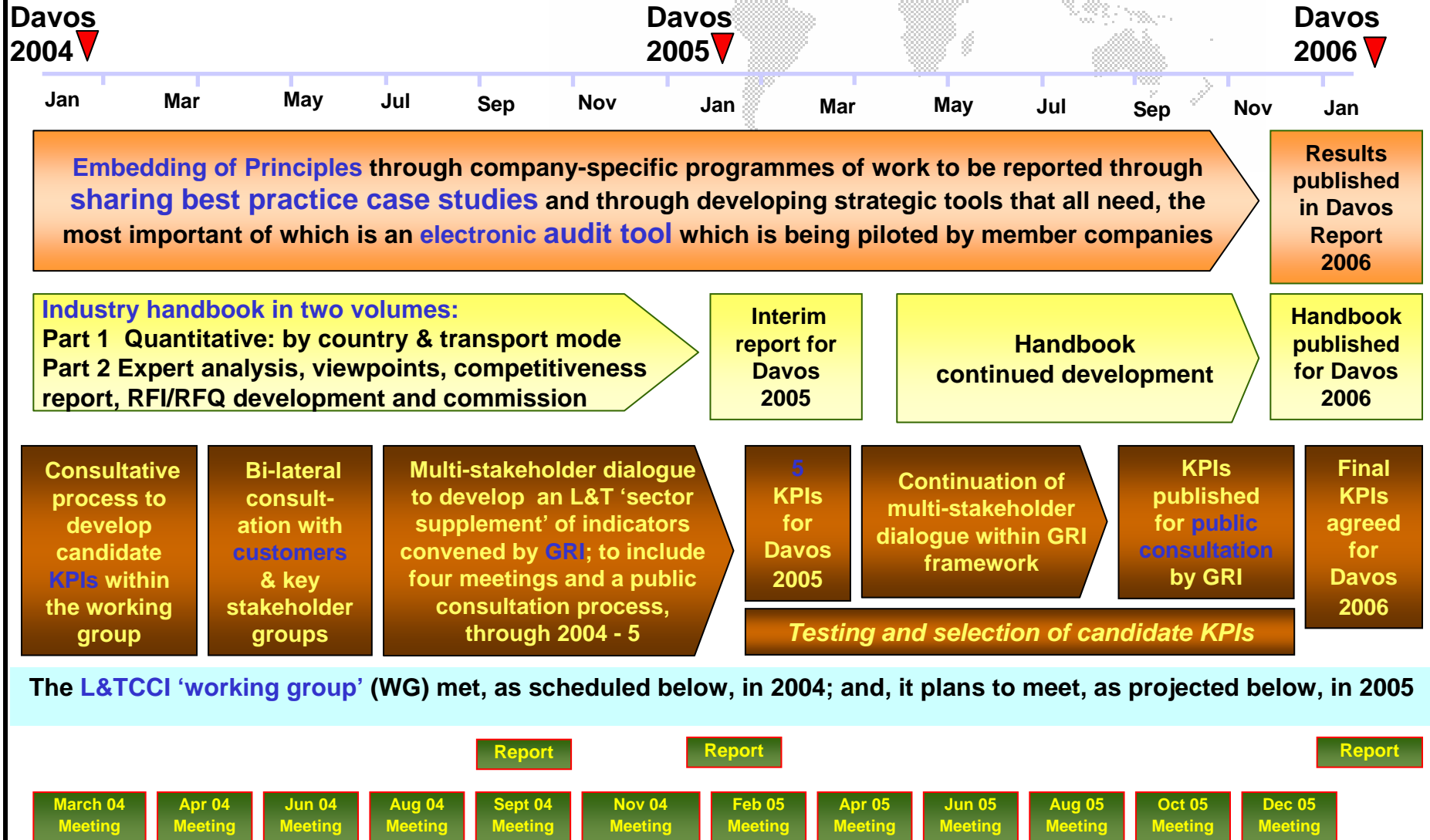
Initial multi-stakeholder consultation

An overview of findings from the initial
L&TCCI multi-stakeholder consultation survey

Introduction

- This **presentation reviews the findings** of the initial multi-stakeholder consultation exercise completed on behalf of the L&TCCI.
- It is one part of the Logistics and Transportation Corporate Citizenship Initiative (see next slide) that includes three key work streams, as follows:
 1. ***Embed*** the L&TCCI principles, share best practices (within and outside the L & T industry) and develop an audit programme to assess performance against the Principles and best practice
 2. ***Engage*** other stakeholders and forge strategic partnerships to advance issues of relevance to the sector and its broader contributions in society – a handbook in the first instance
 3. ***Develop*** key performance indicators (KPIs) for L & T issues through bi-lateral consultation and through a GRI-convened multi-stakeholder dialogue process

L&T Corporate Citizenship Initiative



Purpose

- The purpose of this consultation was to gain a **preliminary understanding** of corporate citizenship issues considered most significant to a broad range of societal stakeholders.
- The results of this process are to be used:
 - To form part of our **ongoing review** of the L&TCCI Principles of Corporate Citizenship.
 - To assist in the identification of priority areas of concern and to feed into our ongoing work to develop a relevant and meaningful sector supplement to the Global Reporting Initiative (GRI).

Methodology

- Stakeholder input was obtained mainly through telephone interviews, with some email correspondence.
- Not wishing to pre-empt, influence or delimit responses in any way, the inquiry was limited to one question designed to elicit a response that would cover the most comprehensive range of stakeholder concerns.
- The specific question asked was:

‘In your opinion, as a stakeholder, what five key areas of performance should logistics and transportation companies be accountable for, in terms of reporting their impacts on society (negative or positive) and their commitment to managing those impacts responsibly?’

- Of the **182 organisations that were contacted, 108 responded**. This represents a 59.4% response rate.

Respondents

- Responses were collected from **seven stakeholder groups**:
 - academic and research institutes (13.9%)
 - financial and investment services organisations (9.3%)
 - government agencies (5.6%)
 - industry associations (14.8%)
 - international organisations (11.1%)
 - non-governmental organisations (39.8%)
 - trade unions (5.6%)
- For the purposes of this study, **industry organisations** included those organisations primarily serving the interests of a particular transportation mode, and/or sector. **International organisations** included multilateral governmental organisations with a range of agendas and degrees of involvement in multi-sectoral partnerships.

Stakeholders consulted - Group 1: Academic/ Research Institutes (15)

Cranfield University, Centre for Logistics and Supply Chain Management (CLSCM); George Mason University; Georgia Institute of Technology, The Logistics Institute (TLI); Institute of Logistical Management (ILM); Insurance Institute for Highway Safety (IIHS); Iowa State University, Center for Transportation Research and Education (CTRE); Leeds University, Institute for Transport Studies (ITS); Massachusetts Institute of Technology (MIT) Center for Transportation and Logistics; Middlesex University, Transport Management Research Centre (TMRC); Napier University, Transport Research Institute (TRI); Policy Studies Institute (PSI); University of Bath, School of Management; University of California Berkeley, California Center for Innovative Transportation (CCIT); University of South Africa, Department of Transport Economics and Logistics (Tourism); World Maritime University (WMU).

Stakeholders consulted - Group 2: Financial Institutions/ Investment Services (10)

Co-operative Bank (and Co-operative Insurance); Development Bank of Southern Africa (DBSA); Ethical Investment Research Service (EIRIS); Halifax Bank of Scotland (HBOS - Insight Investment); Henderson Global Investors; International Finance Corporation (IFC); ISIS Fund Management Ltd; Morley Fund Management; Standard Life; Swiss Re.

Stakeholders consulted - Group 3: Government Agencies (6)

Council of the European Union; European Commission, Directorate-General for Environment (Environment DG); European Environment Agency (EEA), Transport and Environment Programme; UK Department for International Development (DFID); UK Department for Transport (DfT); US Department of Transport (DoT), Department of Highways, International Office.

Stakeholders consulted - Group 4: Industry Associations (16)

Airports Council International (ACI); American Trucking Associations (ATA); Council of Logistics Management (CLM); European Intermodal Association (EIA); Freight on Rail; Freight Transport Association (FTA); International Association of Dry Cargo Shipowners (INTERCARGO); International Association of Independent Tanker Owners (INTERTANKO); International Chamber of Commerce (ICC) Logistics and Transport Commission; International Chamber of Shipping (ICS); International Federation of Freight Forwarders (FIATA); International Federation of Shipmasters' Associations (IFSMA); International Multimodal Transport Association (IMMTA); International Road Transport Union (IRU); International Tanker Owners Pollution Federation Limited (ITOPF); International Union of Railways (UIC).

Stakeholders consulted - Group 5: International Organisations (12)

International Labour Organisation (ILO); International Maritime Organisation (IMO); United Nations Children's Fund (UNICEF); United Nations Commission for Trade and Development (UNCTAD); United Nations Economic Commission for Europe (UNECE); Transport Division; United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP); United Nations Economic and Social Commission for Western Asia (ESCWA); United Nations Environment Programme (UNEP); World Bank, Trade Facilitation and Transport; World Conservation Union (IUCN); World Customs Organisation (WCO) Compliance and Facilitation Directorate; World Health Organisation (WHO)

Stakeholders consulted - Group 6: NGOs (43)

Academy for Educational Development (AED); AccountAbility; Africa Rural Education Network (AREN); Aga Khan Foundation; Air Serv International; AirportWatch; Aviation Environment Federation (AEF); Business and Human Rights Resource Centre; Business in the Community (BITC); CARE UK; Catholic Agency for Overseas Development (CAFOD); Center for Clean Air Policy (CCAP); Centre for Sustainable Transportation (CST); Christian Aid; Citizens Aviation Watch Association (US-CAW); Earth Policy Institute (EPI); Environmental Defense; Environmental Transport Association (ETA); European Federation for Transport and Environment (T&E); European Transport Initiative (ITE); Friends of the Earth (FOE); Global Partners for Development; Global Vision; Global Witness; Greenpeace; Human Rights Watch (HRW); Institute for Transportation and Development Policy (ITDP); International Centre for Trade and Sustainable Development (ICTSD); International Federation of Red Cross and Red Crescent Societies (IFRC); International Forum for Rural Transport and Development (IFRTD); International Institute of Sustainable Development (IISD); New Economics Foundation (NEF); Oxfam; Panos Institute; Sierra Club; Sustainability Northwest (SNW); Sustrans; Transaid; Transport 2000; World Business Council for Sustainable Development (WBCSD); World Council for Corporate Governance (WCCG); World Resources Institute (WRI); WWF.

Stakeholders consulted - Group 7: Trade Unions (6)

Associated Society of Locomotive Engineers and Firemen (ASLEF); European Transport Workers Federation (ETF); International Transport Workers Federation (ITF); Trades Union Congress (TUC), International Division; Transport and General Workers Union (T&G); Transport Salaried Staffs' Association (TSSA).

Note:

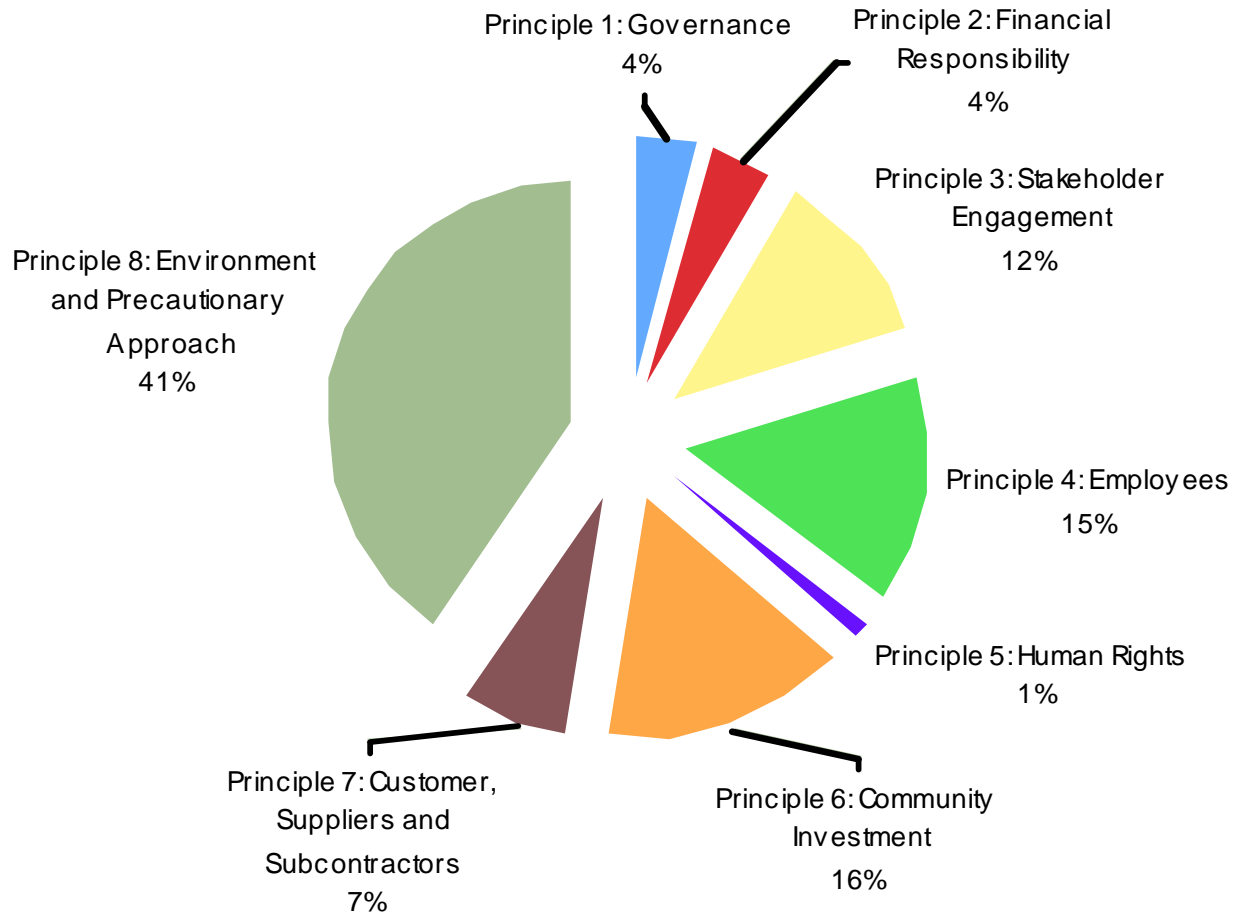
- Categorising stakeholder concerns was challenging due to their **crosscutting nature**, and possible lack of clarity in their articulation.

Example: a concern pertaining to high levels of natural resource consumption and waste. Whilst initially raised in the context of negative environmental impacts (Principle 8), this concern also has social implications in terms of its potential health impacts on local communities (Principle 6).

- Such crosscutting concerns were ultimately categorised according to the priorities set by the context and content of the telephone interview in which opinions were obtained.
- Not all respondent organisations identified exactly 5 areas of concern. Yet in all instances our analysis of the concerns relied on the direct summation of responses obtained. No weighting was applied to the number of concerns raised to ensure that each stakeholder received equal representation. This has led to **some stakeholders accounting for a greater percentage of the final results than others.**

Discussion of findings by Principle

Principles most frequently referenced by stakeholders

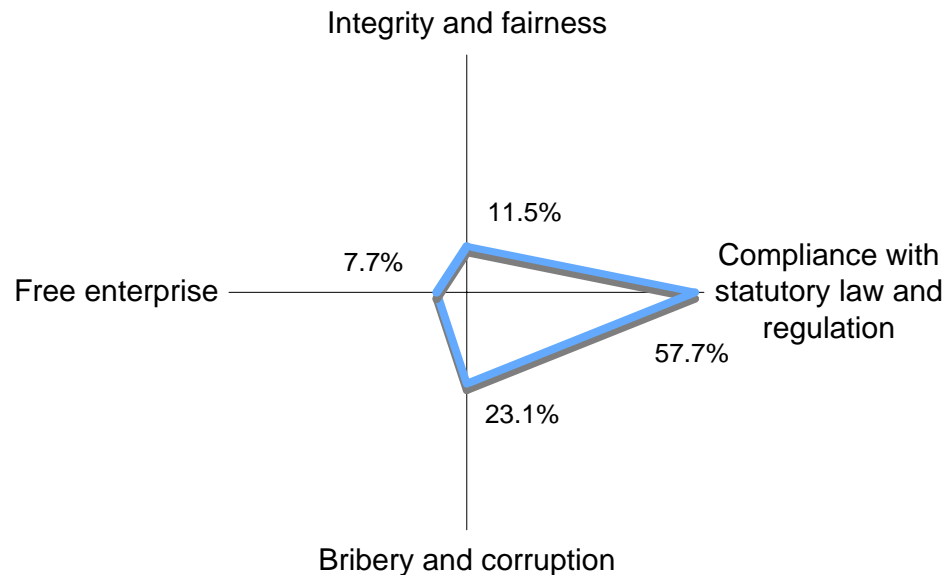


- **Principle 8: Environment and precautionary approach (41%)** – with particular concern being raised about carbon dioxide (CO₂) and other greenhouse gas (GHG) emissions, and other waste products associated with the L&T process.
- **Principle 6: Community investment (16%)** – with particular concern being raised about the need to increase local access to transport infrastructure, and mitigate the negative health and safety impacts of pollution, HIV/AIDS and road accidents.
- **Principle 4: Employees (15%)** – with particular concern being raised about health and safety, the need to ensure equal opportunities, and professional development.
- **Principle 3: Stakeholder engagement (12%)** – with particular concern being raised about public–private sector partnerships for transport infrastructure planning and maintenance, and the need to integrate stakeholder perspectives into the decision-making process.

- **Principle 7: Customers, suppliers and sub-contractors (7%)** – with particular concern being raised about the maintenance of high quality and standards of service, the need for good management of partnerships with suppliers, and technology transfer.
- **Principle 1: Corporate governance (4%)** – with particular concern being raised about incidences of bribery and corruption in winning contracts, and the need for strong leadership in order to drive more corporate citizenship and social responsibility.
- **Principle 2: Financial responsibility (4%)** – with particular concern being raised about the need for accounting that includes environmental impacts and targets for reductions, and compliance with voluntary codes of conduct.
- **Principle 5: Human rights (1%)** – with particular concern being raised about not being complicit with human rights violations, especially in conflict zones, and the use of child labour in transport infrastructure construction.

Principle 1: Governance

- Accounted for **4%** of all issues raised by stakeholders.

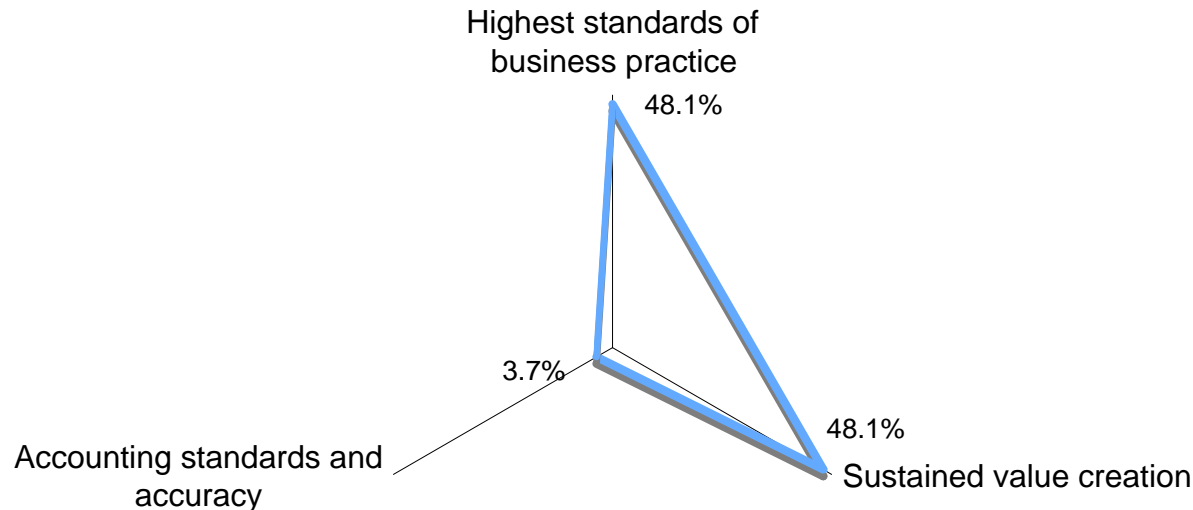


- Responses by stakeholder group: academic and research institutes (**7.7%**), financial and investment services organisations (**23.1%**), government agencies (**0%**), industry associations (**26.9%**), international organisations (**15.4%**), non-governmental organisations – NGOs (**19.2%**), and trade unions (**7.7%**).

- A total of 9 different types of concerns were raised by these stakeholders:
 - **regulations and compliance (38.7%)**
 - **bribery and corruption (16.1%)**
 - **market forces and free enterprise (12.9%)**
 - **integrity and responsibility (9.7%)**
 - **impounded vessels (6.5%)**
 - **leadership (6.5%)**
 - **prosecutions – cases brought (3.2%)**
 - **trade and technology barriers (3.2%)**
 - **codes of conduct (3.2%)**

Principle 2: Financial responsibility

- Accounted for **4%** of all issues raised by stakeholders.

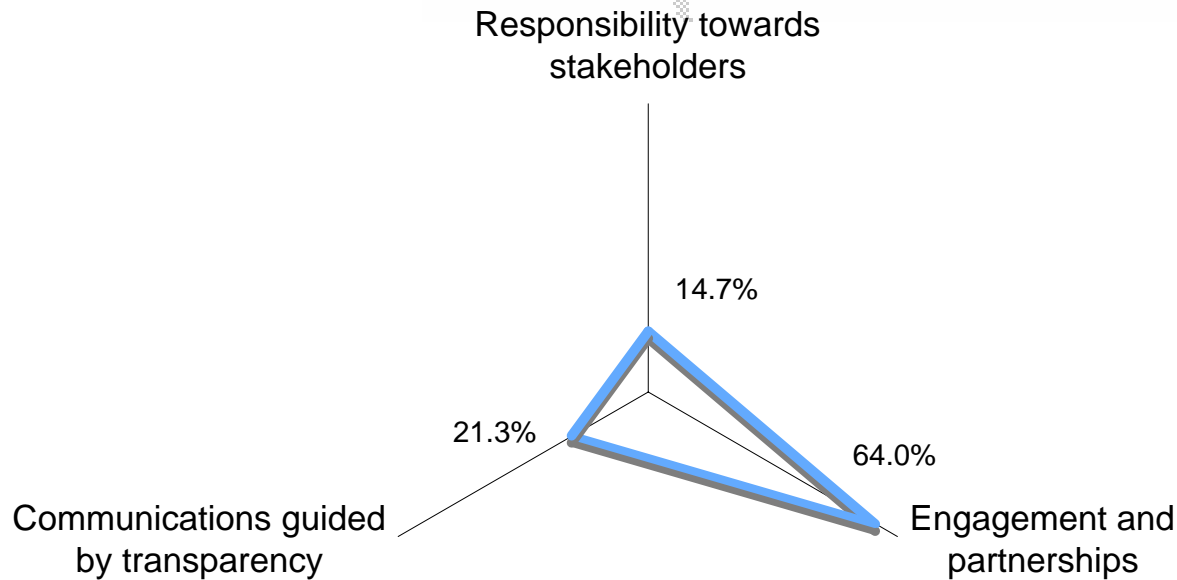


- Responses by stakeholder group: academic and research institutes (**14.8%**), financial and investment services organisations (**11.1%**), government agencies (**11.1%**), industry associations (**29.6%**), international organisations (**7.4%**), non-governmental organisations – NGOs (**18.5%**), and trade unions (**7.4%**).

- A total of 8 different types of concerns were raised by these stakeholders:
 - **economic value and contribution of the sector** (35.3%)
 - **operational efficiency** and management (17.6%)
 - **diversification into 'value added' activities** such as logistics consultation (11.8%)
 - **regulations** (8.8%)
 - **beyond compliance** (8.8%)
 - **codes of conduct** (5.9%)
 - **environmental and social accounting** (5.9%)
 - **responsible financing** (5.8%)

Principle 3: Stakeholder engagement

- Accounted for **11.9%** of all issues raised by stakeholders.

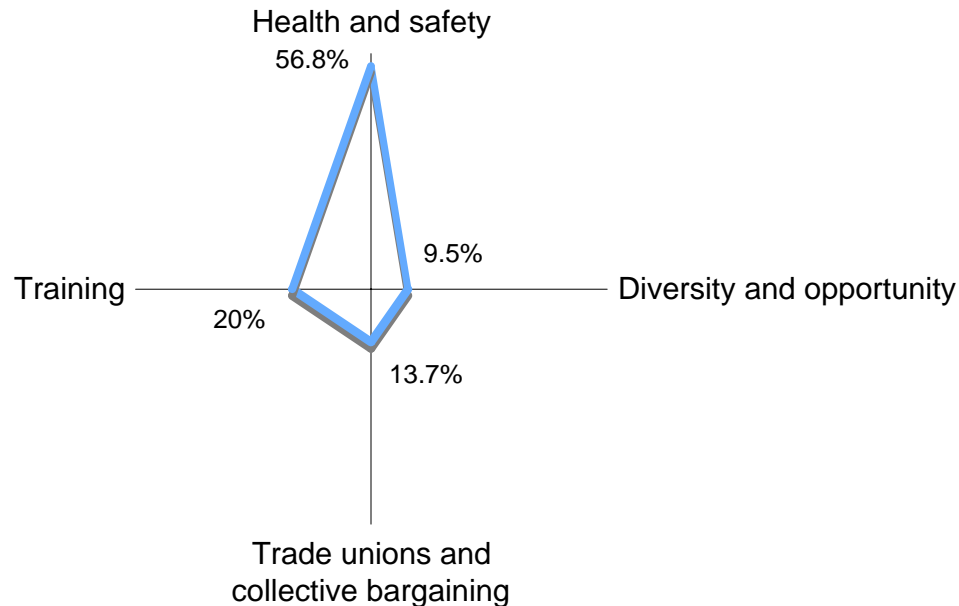


- Responses by stakeholder group: academic and research institutes (**5.3%**), financial and investment services organisations (**8%**), government agencies (**6.7%**), industry associations (**20%**), international organisations (**10.7%**), non-governmental organisations – NGOs (**44%**), and trade unions (**5.3%**).

- A total of 10 different types of concerns were raised by these stakeholders, the most significant being:
 - **partnerships (36%)**
 - **stakeholder identification (3.4%)**
 - **engagement over issues (24.7%)**
 - **transparent communications and information sharing (14.6%)**
 - **owner and political accountability (14.6%)**
 - **reporting and response to comments (3.3%)**
 - **education and awareness (3.3%)**

Principle 4: Employees

- Accounted for **15%** of all issues raised by stakeholders.

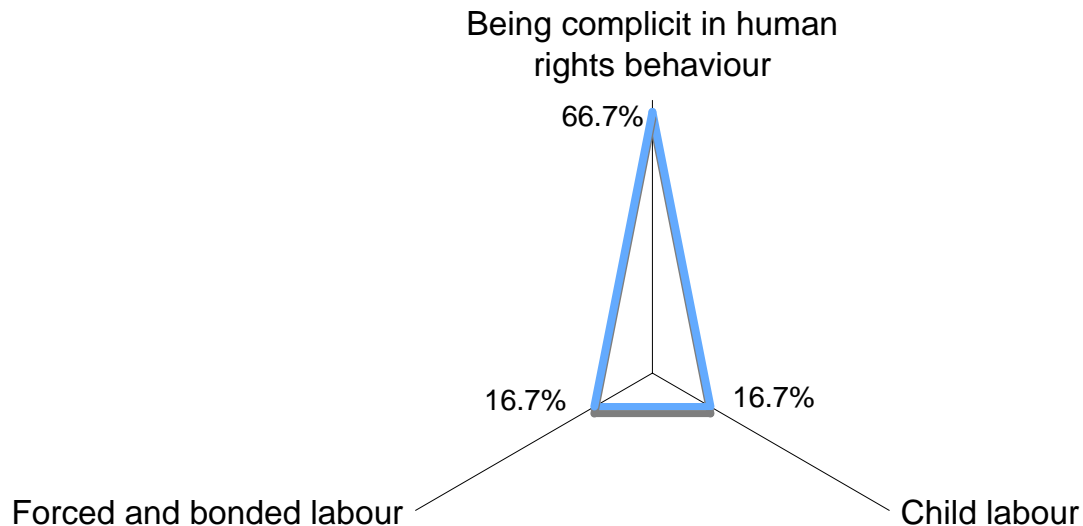


- Responses by stakeholder group: academic and research institutes (**12.8%**), financial and investment services organisations (**12.8%**), government agencies (**8.5%**), industry associations (**8.5%**), international organisations (**10.6%**), non-governmental organisations – NGOs (**31.9%**), and trade unions (**14.9%**).

- A total of 20 different types of concerns were raised by these stakeholders, the most significant being:
 - **safety – including driving and hazardous goods (24.6%)**
 - **professional development (15.2%)**
 - **health (9.1%)**
 - **industrial relations – including collective bargaining (8.3%)**
 - **accidents (6.8%)**
 - **HIV/AIDS (4.5%)**
 - **worker exploitation (3.8%)**
 - **professional conduct (3.8%)**

Principle 5: Human rights

- Accounted for **1%** of all issues raised by stakeholders.

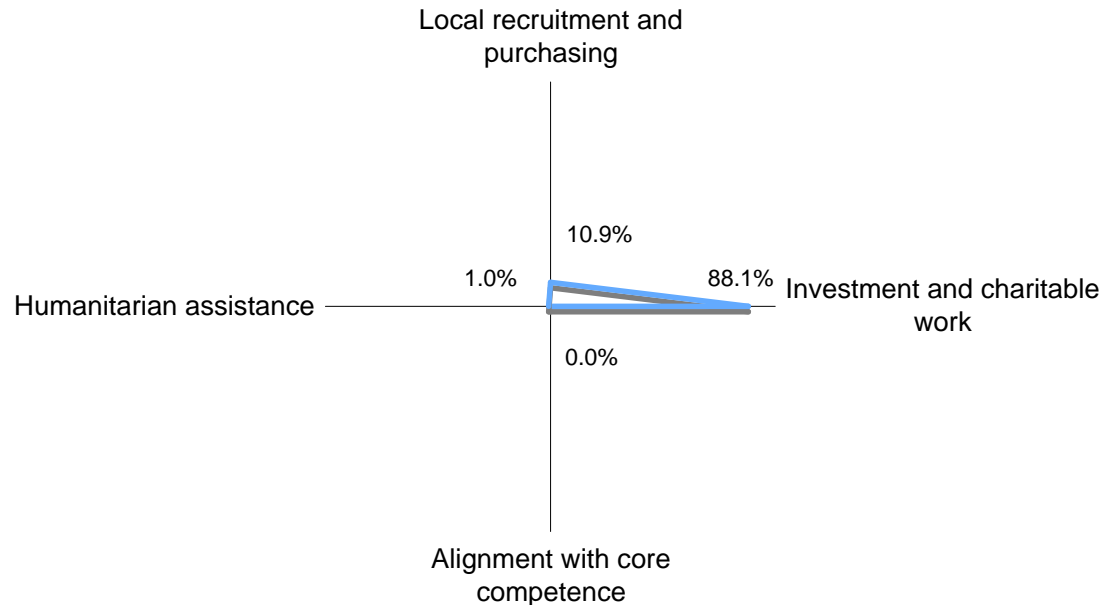


- Responses by stakeholder group: academic and research institutes (**0%**), financial and investment services organisations (**33.3%**), government agencies (**0%**), industry associations (**0%**), international organisations (**16.7%**), non-governmental organisations – NGOs (**50%**), and trade unions (**0%**).

- A total of 3 different types of concerns were raised by these stakeholders:
 - **non-complicity with human rights violations (67%)**
 - **child labour (17%)**
 - **ethical labour sources (17%)**

Principle 6: Community investment

- Accounted for **16%** of all issues raised by stakeholders.

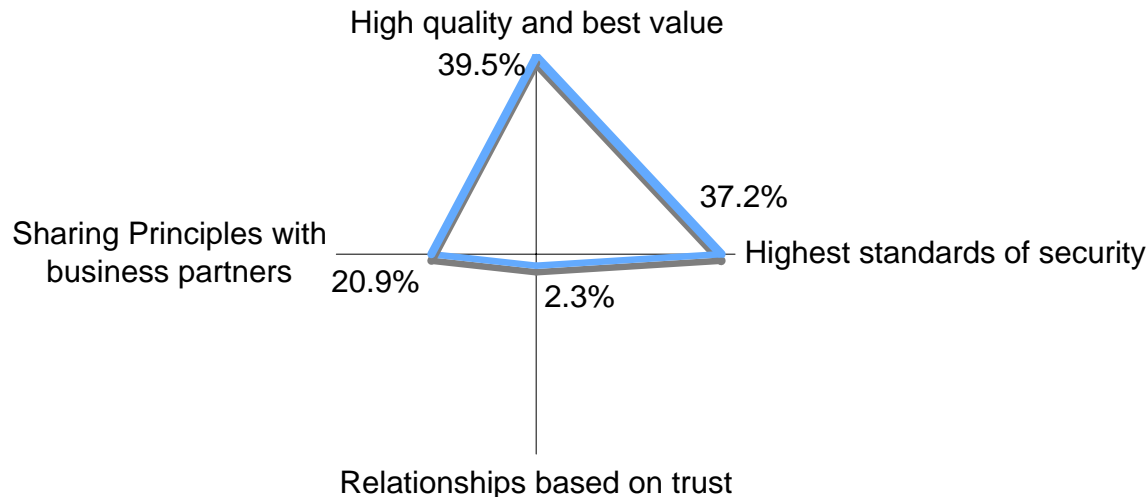


- Responses by stakeholder group: academic and research institutes (**8.9%**), financial and investment services organisations (**6.9%**), government agencies (**5%**), industry associations (**5.9%**), international organisations (**10.9%**), non-governmental organisations – NGOs (**61.4%**), and trade unions (**1%**).

- A total of 14 different types of concerns were raised these stakeholders – the most significant being:
 - **community health and safety** – including HIV/AIDS (25.8%)
 - **community infrastructure development** (22.7%)
 - **community impacts, monitoring and compensation** – including noise and landscape (19.6%)
 - **social equity** (14.8%)
 - local **procurement and employment** (10.9%)

Principle 7: Customers, suppliers and subcontractors

- Accounted for **7%** of all issues raised by stakeholders.

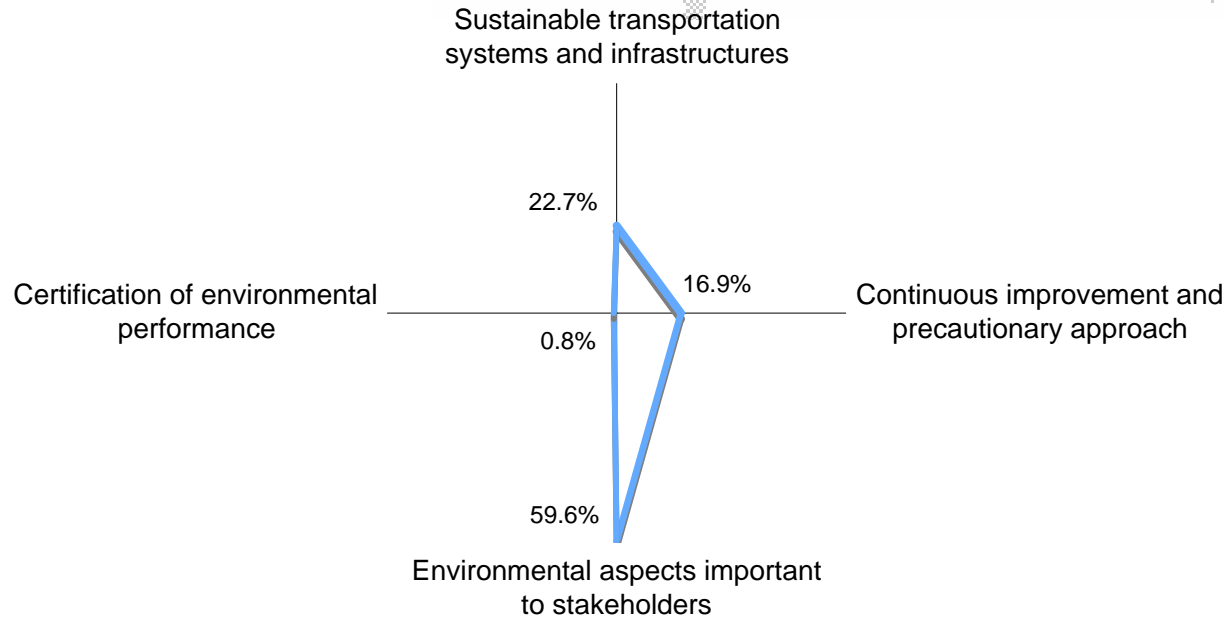


- Responses by stakeholder group: academic and research institutes (**18.6%**), financial and investment services organisations (**14%**), government agencies (**7%**), industry associations (**16.3%**), international organisations (**23.3%**), non-governmental organisations – NGOs (**18.6%**), and trade unions (**2.3%**).

- A total of 12 different types of concerns were raised by these stakeholders – the most significant being:
 - **quality** – efficiency and responsibility (33.4%)
 - **security** – including risk of terrorism (27%)
 - **supply chain** environmental and social issues (22.2%)
 - **partnership management** (6.3%)

Principle 8: Environment and precautionary approach

- Accounted for **41%** of all issues raised by stakeholders.



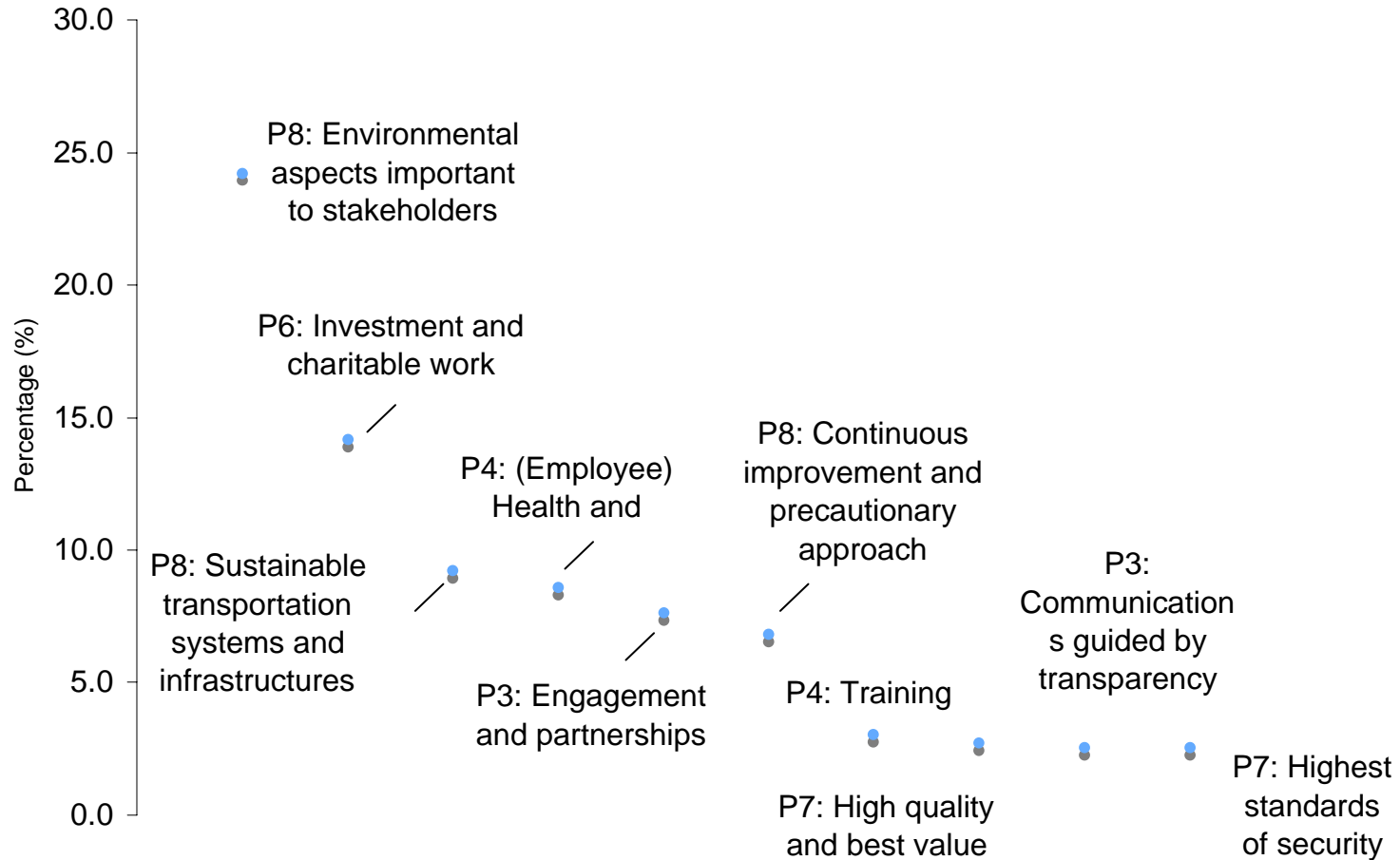
- Responses by stakeholder group: academic and research institutes (**12.2%**), financial and investment services organisations (**14.1%**), government agencies (**5.5%**), industry associations (**12.2%**), international organisations (**9%**), non-governmental organisations – NGOs (**45%**), and trade unions (**2%**).

- A total of c.35 different types of concerns were raised by these stakeholders – the most significant being:
 - **emissions** – CO₂, SO_x, NO_x (15.2%)
 - **pollution** – including particulates (14.5%)
 - **alternative fuels** (8.2%)
 - **resource use** (5.5%)
 - **sustainable modes of transport** (5.2%)
 - **biodiversity** (4.4%)

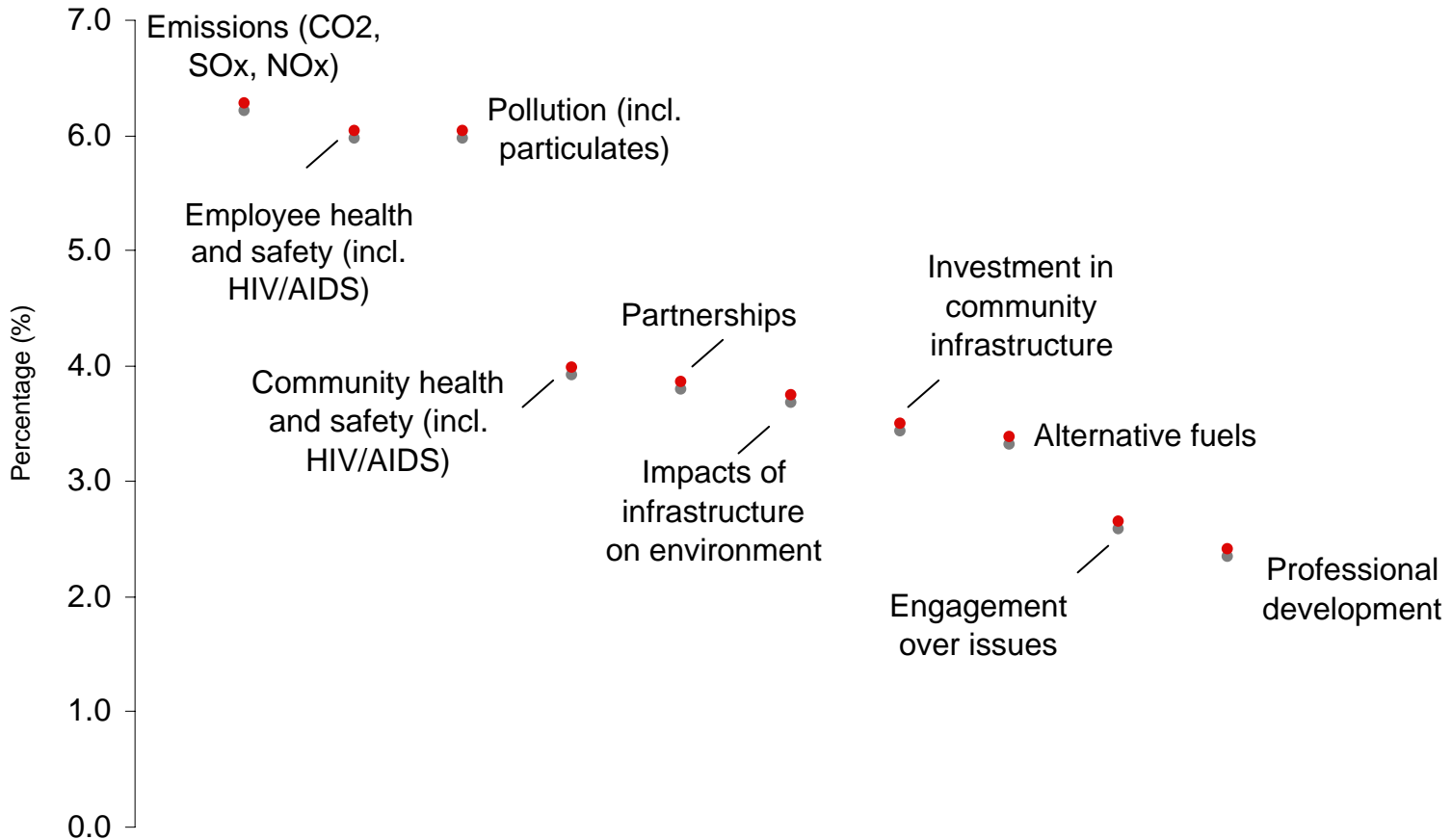


Summary of findings by issues and concerns

Top 10 issues



Top 10 concerns



Next steps

Customer consultation process

- Recently initiated following success in respect of DHL and Stena pilot surveys
- 66 stakeholders are being consulted; includes top Fortune 500 companies in their respective sectors
- Interviews to be conducted by phone or by email
- Purpose: to discover the extent to which specific non financial criteria influence the supplier selection process, today and in the future
- The research will generate useful intelligence in respect of current and prospective customers and the importance they attach to corporate citizenship

“How are you currently addressing social/ethical/environmental issues within the supply chain of your company and what do you require/expect of your logistics and transportation suppliers now and in the future...”

Customer consultation: sectors & companies covered

Banks: commercial and savings

ABN Amro; Credit Suisse; HSBC; Deutsche Bank; Fortis

Beverages

Coca-Cola

Chemicals

BASF; Dow Chemical

Computer services and software

Microsoft

Computers, office equipment

Canon; Dell; Fujitsu; HP; IBM

Diversified financials

Fannie Mae

Electronics, electrical equipment

Hitachi; Samsung; Siemens; Sony

Energy

RWE

Engineering, construction

Bouygues

Entertainment

Time Warner

Food consumer products

Nestlé; Sara Lee; Unilever

Food and drug stores

Carrefour; Tesco; Safeway

Forest and paper products

International Paper; Stora Enso

General merchandisers

Foncière Euris; Marks & Spencer; Sears Roebuck; Wal-Mart

Household and personal products

Procter & Gamble

Industrial and farm equipment

Thyssenkrupp

Metals and mining

Anglo American; BHP Billiton; Norsk Hydro

Motor vehicles and parts

DaimlerChrysler; Ford; General Motors; Toyota; Volkswagen

Network, other communications equipment

Motorola; Nokia

Petroleum refining

BP; Exxon; Shell; Total

Pharmaceuticals

GlaxoSmithKline; Johnson & Johnson; Merck; Novartis

Publishing, printing

Lagardère Groupe

Securities

Morgan Stanley

Semiconductors, other components

Intel

Specialty retailers

Costco Wholesale; Gap; Home Depot; Kingfisher

Telecommunications

BT; Nippon T&T; Verizon

Tobacco

Altria; British American Tobacco

(Research ongoing, results to be presented, Davos '05)