
Opportunities for the Majority Index: Analysis of Corporate Performance in Latin America and the Caribbean

Final Report

Prepared for: The Inter-American Development Bank

December 21, 2007

Report prepared by:

Katharine Preston, *Director of Research*, Alana Libow, *Analyst*, Alessandro Bruno, *Analyst* and Christian Meade, *Analyst*, Richard Wells, The Lexington Group, Consultant.

Contact: K. Preston

Innovest Strategic Value Advisors

kpreston@innovestgroup.com

p. 905.707.0876 ext. 242

New York

Mr. Peter Wilkes
Managing Director
+1 212 421 2000 ext. 216
pwilkes@innovestgroup.com

Paris

Perrine Dutronc
Managing Director
+33 (0)1 44 54 04 89
pdutronc@innovestgroup.com

Toronto

Ms. Michelle McCulloch
Director
+1 905 707 0876 ext. 240
mjmcculloch@innovestgroup.com

London

Mr. Andy White
Managing Director
+44 (0) 20 7073 0469
awhite@innovestgroup.com

San Francisco

Mr. Pierre Trevet
Managing Director
+1 415 332 3506
ptrevet@innovestgroup.com

Sydney

Mr. Bill Hartnett
Managing Director
+61 2 9940 2688
bhartnett@innovestgroup.com

Tokyo

Mr. Hiromichi Soma
Director
+81 3 5976 8337
hsoma@innovestgroup.com

Innovest Uncovering Hidden Value
for Strategic Investors

www.innovestgroup.com

Table of Contents

Chapters

Executive Summary	3
1 Introduction	8
Project Overview.....	9
2 Initial Company Selection	11
3 OM Framework Criteria Development	15
A. Strategic Governance.....	16
B. Human Capital.....	19
C. Stakeholder Capital.....	20
D. Environment.....	21
4 Weighting and Scoring	23
5 LAC Company Benchmarking	26
Company Ranking and Performance.....	27
OM Leadership index – Company Profiles.....	29
Other Best Practices.....	49
Examples of Laggards.....	53
Summary of Key Findings.....	55
Summary of Companies Reviewed – By Country.....	58
Summary of Companies Reviewed – By Sector.....	60
Summary of Companies Reviewed – By Structure.....	61
6 Next Steps and Recommendations	63
Appendix A: LAC Company List	64
Appendix B: Nine Critical Criteria for OM Performance	67
Appendix C: LAC Company Profiles	68

A note about definitions:

One of the confusing issues in addressing low-income markets is that various different terms with subtly different (and overlapping) definitions are used. The major such terms are Base (or Bottom) of the Pyramid (BoP), Opportunities for the Majority (OM) and Inclusive Capitalism. This report primarily uses the terms Majority and Majority communities as the most all inclusive of the alternatives.

Executive Summary

Over 70% of the population of Latin America and the Caribbean (LAC) lives on less than \$3,260 a year. This Majority” of the population is both deprived of access to opportunities for wealth creation and underserved by the products and services that effective markets provide. Throughout the region, moreover, the wealthy have benefited more from the economic growth of the past decade than have the poor. Responding to this reality, in June of 2006 the Inter-American Development Bank (IDB) launched an initiative, “Opportunities for the Majority” (OM), to engage the private sector in addressing the needs of this Majority.

Studies conducted on behalf of the IDB suggest that the Majority represents an underserved market that some have argued constitutes a “Fortune at the Base of the Pyramid”. More realistically, it represents a stable and substantial market for companies willing to engage in it responsibly and with commitment and creativity. It is also a market where national companies enjoy significant advantages of proximity and market knowledge. By addressing this market responsibly, the private sector can become part of the solution to the challenge of poverty facing the LAC region.

National private sector companies that address Majority markets effectively should be recognized by capital markets. These companies participate in an important underserved and increasingly critical market where they have substantial advantages and they increase their legitimacy in the societies where they operate, reducing the social risk of interruptions to their operations. In addition, numerous observers have argued that effective participation in Majority markets is a driver for innovation in products, services and business models. This innovation is a form of “creative destruction” that can also benefit companies in other national and global markets developing new products that displace formerly standard products in the markets where they operate. The premise of this study is, therefore, that by identifying those companies that deliver value effectively to “Majority” customers we may also identify companies that deliver value to shareholders. Simply put, accessing and serving Majority markets constitutes an extraordinarily challenging test for companies’ management quality, creativity and adaptability. Companies that can meet those challenges more effectively than their competitors are quite likely to be better managed, more forward-looking companies in general; and therefore financial out-performers as well, at least in the medium term. In that sense, OM leadership can be viewed as a proxy and leading indicator for companies’ overall management quality.¹

The study involved the review of 75 publicly traded firms in Brazil, Argentina, Chile, Colombia, El Salvador, Nicaragua, Jamaica, Peru, Trinidad & Tobago, Mexico, and Honduras. The companies selected operate within the following sectors of interest: Finance, Telecommunications and IT, Infrastructure, Homebuilding, and Consumer Goods/ Retail. These companies were contacted, interviewed when possible, and then evaluated within a framework developed by the project team with consultation by key stakeholders in the field.

¹ It is important to recognize that many factors in addition to an effective focus on Majority markets contribute to shareholder value. This study is an initial effort to identify a group of companies operating in Latin America that effectively address Majority markets. Substantial additional work will be required before a correlation between a company’s focus on Majority markets and its share value can be established, and there will always be exceptions among companies that do not manage other aspects of their operations effectively.

Those companies that scored in the top tier (above 4.0) form the **OM Leadership Index**:

Number	Company Name	Country	Sector	Overall Score
1	Bradesco (Banco Bradesco, SA)	Brazil	Finance	4.85
2	Grupo ACP	Peru	Finance	4.80
3	Paralife	Mexico	Finance	4.70
4	Unibanco (Unibanco-Uniao de Bancos Brasileiros S.A.)	Brazil	Finance	4.68
5	CEMEX, S.A.B. DE C.V.	Mexico	Homebuilding	4.62
6	Caja Rural de Ahorro Y CRÉDITO DEL SUR S.A.A. - CAJASUR	Peru	Finance	4.43
7	Desarrolladora Homex, S.A.B. DE C.V.	Mexico	Homebuilding	4.38
8	Grupo Nueva	Chile	Homebuilding	4.33
9	Farmacias SIMI	Mexico	Consumer Goods/Retail	4.12
10	Unilever	Mexico	Consumer Goods/Retail	4.07
11	Promotora Ambiental, S.A.B. DE C.V.	Mexico	Infrastructure	4.02

This baseline list of 75 companies and the conceptual model which underpins it provide an excellent framework to accurately assess and predict the out-performance of firms based on their ability to capture opportunities within the Majority. We see the OM Index continuing to evolve over a number of years, with further development and refinement of the criteria in the early years as debate and research evolves.

A number of common characteristics can be observed in the companies on the **OM Leadership Index**:

- An explicit focus on Majority markets
- A close integration of an OM strategy with the companies' overall business strategy
- Clear lines of management responsibility for OM markets
- Mechanisms for integrating OM perspectives into senior management discussions and decisions
- Conscious attention to strong ethical and environmental performance
- An emphasis on diversity recruiting, including Majority candidates
- Superior management of relationships with a variety of local stakeholders
- Maximization of opportunities for local economic development throughout the value chain
- Respectful customer relations

The following key trends emerged from the research:

- ***There is strong and growing interest in Majority markets in the LAC region.*** This is perhaps the most fundamental finding of the study. Both as a market and as a matter of its own legitimacy, the private sector is increasingly engaging with Majority communities. The best evidence of this trend is in the response to the Innovest study. Seventy-five of the 116 companies contacted participated in the study, an extremely high response rate, indicating a very strong interest in the topic. On several occasions, moreover, the chief executive of the company personally responded. Overall, of the 75 companies contacted, almost two thirds had Majority market initiatives in place.
- ***Drivers to engage in Majority markets include both market potential and the social legitimacy of private sector entities.*** Numerous companies clearly see the market potential of entering Majority markets. Unilever, for example, has taken a specific Majority market focus as have other national companies that target Majority markets (Grupo ACP, Bradesco, Cable and Wireless of Jamaica, Farmacias Similares). However, this is not always the main motivation. In some cases companies have a “strategic philanthropy” motive. They recognize that their viability depends on stable well-educated societies and invest in education, nutrition, and infrastructure programs. For example, Grupo Austral in Peru has targeted nutrition, infrastructure and education in part to increase markets for its fish protein products, but in large measure also to ensure its continued social legitimacy. Compañía Energetica de Minas Gerais runs a professional development program for low-income employees including a university to train low-income employees as its future labor force. Farmacias Similares supports 2000 organizations including mobile food banks and human relief agencies.
- ***In many respects private sector engagement with Majority markets is not new.*** Among multinational companies, a focus on Majority markets is considered innovative; for many of the national companies the Majority is the company’s traditional market. For example, two of the best established Majority market companies, Grupo ACP in Peru and Bradesco in Brazil have had Majority markets as a core focus for 38 and 40 years respectively. What distinguishes these companies is the way they have been able to adapt these markets. The deliberate combined business and social focus among many companies such as Cemex in Mexico on creating opportunities for the Majority by delivering better cheaper products and by engaging low-income communities does appear to be new in many cases (though specifically in the cases of Grupo ACP and Bradesco this focus is long standing).
- ***Innovation in products, services and business models is taking place.*** In some areas such as business and personal insurance and environmental services new business and product models are being developed. Grupo ACP has developed a variety of insurance and training services for low-income communities and it is examining others such as pension funds; Creditfactor is developing non-traditional models for credit rating; COELCE accepts payments in recyclable materials, tying into the Latin America tradition of “junk harvesting”; Cemex conducted studies in order to determine the needs of Majority markets which resulted in innovative packaging and credit schemes for smaller construction projects. Innovative models are also being developed among privately held entrepreneurial companies that were outside the scope of this study.

- **Majority products and services are in many cases becoming standardized and reaching scale.** While Majority markets are often correctly depicted as requiring innovative “disruptive” technologies and business models, products and services are becoming standardized. This is the case in micro-finance and financial services, and pre-payment for services such as telecommunications. In these areas established models are being disseminated to broader markets.
- **Cross selling is becoming increasingly important.** Companies are using their existing customer bases and market knowledge to extend product offerings to Majority markets. Starting from a line of microfinance products as its base, Grupo ACP has developed and commercialized related products for the same customer base – business and personal insurance, business services and training, and home mortgages. Similarly, Cemex has leveraged its experience in low-income sectors into a variety of products including savings, hardware stores, and remittance transfers. Promigas, a gas supplier, offers credits in order to allow people from low-income sectors to access natural gas services. Once these people pay the credits, the company offers them additional credits to buy household products.
- **Formal management structures to address Majority markets are not standardized.** Comparatively, few of the companies studied had well defined internal strategic governance structures to address Majority markets. This lack of standardization may be the case because of the large variety of companies that participate in Majority markets and the variety in their motives to participate. Only a few companies had formal goals relating to Majority markets, and were often linked to overall revenue goals. Grupo Nueva (Masisa) is committed to having 10% of sales coming from low-income markets by 2008. The CEO is directly responsible for achieving this goal and managers are offered bonuses for meeting this objective. A somewhat larger number of companies had a designated senior management champion for Majority market involvement (often, the chief executive). Other companies, such as Homex, have a specific business departments dedicated to promoting low-income markets; while others such as Cemex house their Majority programs within public affairs or communications departments. Unilever which was one of the MNC pioneers in Majority markets has integrated its Majority businesses back into its core business. Entel has projects benefiting low-income sectors monitored every two months and “zone managers” are responsible for determining whether the services offered are used.
- **Value chains are used to provide access to Majority communities.** Inka Cola has developed a very strong distribution chain in Majority communities to provide access to customers and Farmeacias Similares has developed a franchising model to promote local ownership. Companies are also strengthening supply chains in Majority communities to improve the quality of products sold to non-Majority markets (Sadia Oeste Brazil).
- **Environment is often linked to a Majority market focus as part of an overall “social” focus.** Promotora Ambiental is targeting environmental products for low-income communities; Inca Kola is developing sustainable packaging and refrigeration methods; COELCE allows payment in recyclable materials and AmBev is developing recycling infrastructure providing employment to 80,000 people, formalizing the traditional “pepinador” junk harvesting model.
- **Strong Stakeholder Engagement Creates Customers and Employees.** Cemex realizes that the success of its "Patrimonio Hoy" and "Mejora tu calle" programs depends on appropriate engagement with local communities. The objective is to engage customers into a culture of saving to enable them to pay for the credits provided. In order to offer both programs, the company relies on people living in low-

income communities. The company hires architects from these communities or from the region, and engages local entrepreneurs in order to offer these programs. In this sense, the programs not only benefit households, but also benefit local economies. Telefonica El Salvador provides connectivity to 70 educational centers, representing more than 40,000 students and 1,000 teachers. This service is free of charge during the first two years and in subsequent years charges a symbolic fee with the idea to create a sense of belonging. The objective of this program is to not only improve educational quality, but also to create networks with the relatives of the students and neighboring municipalities. Through this initiative, the company creates opportunities in markets that weren't previously accessible.

- ***Growing customer bases through various innovative schemes.*** Companies are supporting low-income sectors through credits and other measures in order to allow them to access their products. Argos includes a program called "Constru-ya". Through this program, people from low-income sectors can buy construction materials at low interest rates. In order to access these credits, consumers need to demonstrate that they have a job or perform an economic activity. Cementos Lima financially supports small companies in building small plants to distribute concrete construction blocks for low-income markets. Through this scheme, the company creates customers. Eletropaulo Metropolitana Electricidade has a program to provide electricity connections directly to the grid in low-income communities which helps reduce the accidents that occur when people try to connect on their own, while providing added revenue to the company. Promigas takes government subsidies and offers credits in order to allow people from low-income sectors to access natural gas services. Once credits are paid, the company offers these people additional credits to buy home products. The company also provides credit to small businesses that are likely to use natural gas.

The **OM Leadership Index** marks the beginning of the OM story, not its end. We anticipate that both its constituents and the underlying selection criteria will evolve and improve going forward, but the creation of the initial Index is an important first step. It is to be hoped that its very existence will stimulate improved awareness of OM possibilities, both for the Index companies themselves and, perhaps even more importantly, for their peers.

1 Introduction

Over 70% of the population of Latin America and the Caribbean (LAC) lives on less than \$3,260 a year. This “Majority” of the population is both deprived of access to opportunities for wealth creation and underserved by the products and services that effective markets provide. Throughout the region, moreover, the wealthy have benefited more from the economic growth of the past decade than have the poor. Responding to this reality, In June of 2006 the Inter-American Development Bank (IDB) launched an initiative, “Opportunities for the Majority,” to engage the private sector in addressing the needs of this Majority.

Studies conducted on behalf of the IDB suggest that the Majority represents an underserved market of at least half a trillion dollars in purchasing power parity terms and about one half that in current dollars. Some have argued that this market constitutes a “Fortune at the Base of the Pyramid.” More realistically, it represents a stable and substantial market for companies willing to engage in it responsibly and with commitment and creativity. It is also a market where national companies enjoy significant advantages of proximity and market knowledge. By addressing this market responsibly the private sector can become part of the solution to the challenge of poverty facing the LAC region.

Arguably, national private sector companies that address Majority markets effectively should be recognized by capital markets. These companies participate in an important underserved and increasingly critical market where they have substantial advantages and they increase their legitimacy in the societies where they operate, reducing the social risk of interruptions to their operations. In addition, numerous observers have argued that effective participation in Majority markets is a driver for innovation in products, services and business models. This innovation is a form of “creative destruction” that can also benefit companies in other national and global markets. The premise of this study is, therefore, that by identifying those companies that deliver value effectively to “Majority” customers we may also identify companies that deliver value to shareholders.²

Innovest Strategic Value Advisors together with Richard Wells of the Lexington Group have analyzed corporate performance in addressing Business Opportunities for the Majority (BOM) for Latin America and the Caribbean (LAC) under the terms of this contract. The project involved investigating the activities of major corporate entities in addressing the needs of underserved communities. Its primary purpose was to provide a baseline profile of corporate activities addressing Majority issues and a scorecard that will create incentive for companies to address the issue. The Opportunities for the Majority (OM) Index:

- Establishes a baseline against which it is possible to measure the impact of the IDB's Opportunities for the Majority Initiative in promoting private sector participation in creating of opportunities for the Majority,
- Improves the IDB's knowledge and understanding of private sector activities among LAC Majority communities,
- Establishes criteria and best practice benchmarks for business involvement in creating Opportunities for the Majority,

² It is important to recognize that many factors in addition to an effective focus on Majority markets contribute to shareholder value. This study is an initial effort to identify a group of companies operating in Latin America that effectively address Majority markets. Substantial additional work will be required before a correlation between a company's focus on Majority markets and its share value can be established, and there will always be exceptions among companies that do not manage other aspects of their operations effectively.

- Establishes a mechanism for capital markets to recognize and reward private sector investment in sustainability and opportunities for the Majority,
- Provide the empirical data needed to test the hypothesis that business opportunities for the Majority strategies create value for both shareholders and society.

Ultimately this project may be effective in shifting capital flows toward companies that address Majority issues effectively. Global sustainability indices such as the Dow Jones Sustainability Indices (DJSI) and the FTSE4Good Index have proven effective in shifting capital flows into more sustainable companies. According to DJSI, the existence of the DJSI has resulted in a shift of USD 3 billion to companies rated as “sustainable” in the index.

Innovest itself has already constructed several “sustainability-enhanced” indexes which have attracted institutional investor capital of over USD 400 million. In addition, Innovest has developed a more narrowly focused “community investment index” at the request of a US-based Foundation. The Community Investing (CI) Index assesses the S&P 900 based on three main criteria and ranks the companies on a best-in-class basis demonstrating which companies have strong track records in Community Investing Initiatives. This has helped to develop a sophisticated, credible, replicable methodology for consistently identifying companies with a superior approach and track record in Community Investment initiatives. The Foundation can then use the performance of the CI index to demonstrate to non-index companies the value of their competitors' CI initiatives. In many respects this latter index is even more directly analogous to the OM Index proposed here, and it too has attracted institutional investor capital.

We strongly believe the OM Index could have a similar impact on shifting capital flows, but this is not the key objective of this study.

PROJECT OVERVIEW

The purpose of the OM Index is to establish the basis for testing the proposition that those companies that engage effectively in Majority markets will be recognized by capital markets. The project began with the development of a framework (or scorecard) through stakeholder consultation by which company performance could be evaluated. Stakeholders included academic experts, NGOs, and business participants in the field.

This framework is made up of criteria that are used to assess company performance in meeting the low-income market in the LAC region. These criteria are then weighted according to which areas contribute more to corporate financial performance than others. This determination is based on the expertise of Innovest Strategic Value Advisors and its proprietary model that has demonstrated in other areas of environmental, social and governance (ESG) performance that a correlation exists between companies' long-term financial performance and their management of non-traditional investment risks and opportunities. Innovest's model covers broad areas of ESG analysis and has been adjusted to focus on company activities serving Majority markets.

Once the framework was developed, analysts benchmarked the performance of 75 companies in five key sectors. It is recognized that this sample is not statistically representative. Future efforts could extend the sample to more

sectors and companies. The highest scoring companies with the most comprehensive approach to the BoP make up the OM Index. The final 2007 OM Index is presented in Section 5.

This final report reviews the following project stages and learnings:

- a) Company Selection
- b) OM Framework Criteria Development
- c) Framework Weighting and Scoring
- d) LAC Company Benchmarking (OM Leadership Index and Profiles)
- e) Next Steps and Recommendations

2 Initial Company Selection

The companies reviewed for the OM Index include those publicly traded and listed on exchanges and indices in the key countries of particular interest to the IDB - Brazil, Argentina, Chile, Colombia, El Salvador, Nicaragua, Jamaica, Peru, Trinidad & Tobago, Mexico, and Honduras. These countries represent various categories of LAC countries and have effectively operating stock markets.

The companies selected from within these markets are a mix of national and multinational firms. This was a deliberate decision to illustrate a broad spectrum of practices, some with the perspective of local markets, as well as from an international perspective.

The following stock exchanges were reviewed and the constituent companies explored:

Exchange or Index	Country	Number of Companies ³
Mercado Abierto Electronico de Argentina	Argentina	21
Bolsa de Valores de Buenos Aires	Argentina	21
Sao Paulo Stock Exchange (Bovespa)	Brazil	43
ISE Bovespa (Corporate Sustainability Index)	Brazil	43
Chile Electronic Stock Exchange	Chile	115
Santiago Stock Exchange	Chile	40
Bogota Stock exchange	Colombia	223
Bolsa de Valores de El Salvador	El Salvador	103
Bolsa Centroamericana de Valores	Honduras	10
Jamaica Stock Exchange	Jamaica	50
Bolsa Mexicana de Valores	Mexico	134
Nicaraguan Stock Exchange	Nicaragua	6
Lima Stock Exchange	Peru	86
Trinidad and Tobago Stock Exchange	Trinidad & Tobago	42
MSCI Emerging Markets Latin America	Argentina, Chile, Colombia, Mexico, Brazil, Peru	120
	TOTAL	1,057

FIGURE 1 LAC Stock Exchanges by Country

Companies listed in these indices were amalgamated to establish the base of firms within the project's potential universe. Listed firms from the above table covered all major industry sectors and were further narrowed to focus just on those sectors of interest to the IDB. These sectors of interest are grouped under their general industry category as follows:

³ Number of constituent companies as of August 31, 2007.

- **Finance** – banks, financial services, asset managers, pension funds, insurance providers.
- **Telecommunications and IT** – telecommunications firms, wireless, communications equipments, software, and IT.
- **Infrastructure** – electric and gas utilities, as well as public services (water).
- **Homebuilding** – construction, engineering, building materials, and real estate development.
- **Consumer Goods/ Retail** – consumer products, food (including agricultural products), beverage, retail, household products, containers and packaging.

The total number firms in these sectors in the LAC countries of interest number more than 300. To get a good sample of companies who would likely participate in the interview process, firms were briefly reviewed to determine the availability of publicly available information and their likelihood in responding favorably to an interview request. Approximately half of these firms met these selection criteria and are comprised of the firms listed in **Appendix A**. A summary matrix showing the companies by sector and country are shown in the following table.

		Sector					Total
Country		Finance	Telecom and IT	Infrastructure	Homebuilding	Consumer	
	Argentina	2	1	0	1	2	6
	Brazil	4	1	10	1	10	26
	Chile	2	2	3	3	11	21
	Colombia	5	0	2	1	4	12
	El Salvador	5	3	0	0	7	15
	Honduras	4	0	0	0	0	4
	Jamaica	1	1	0	0	1	3
	Mexico	10	4	1	4	18	37
	Nicaragua	2	0	0	0	0	2
	Peru	8	2	1	2	8	21
	Trinidad & Tobago	4	0	0	0	0	4
	TOTAL	47	14	17	12	61	151

FIGURE 2 Summary of Original Company Selection

The bulk of these firms were then contacted by Innovest’s analyst team to evaluate the performance of 75 companies.

3 OM Framework Criteria Development

The criteria were the questions posed to the companies to determine their performance and commitment to meeting Majority needs. These criteria then make up the framework for analysts to evaluate companies. The criteria examine three key topics:

1. Are low-income markets on a company's strategic radar screen?
2. Does the company have a well designed strategy to engage creatively in low-income markets?
3. Does the company have mechanisms to enhance its credibility and mitigate risks that could affect its reputation?

The framework criteria draw on two main sources. The first is the Innovest Intangible Value Assessment methodology based on four "pillars": strategic governance, human capital, stakeholder capital, and the environment. This methodology has been applied to over 2,000 companies worldwide and has proven a useful tool and signal for financial analysts and the investment community. The second is the Base of the Pyramid Protocol developed by a group of experts convened by the Base of the Pyramid Learning Lab at Cornell University. It describes procedures for companies to engage effectively with communities, establish "eco-systems" of relationships within these communities, and develop effective enterprises that "co-create" value for the companies and the communities they serve.

In addition, the final criteria incorporate comments received from the IDB and from participants at the 2007 Base of the Pyramid conference held September 9 through 11 at the University of Michigan and in subsequent meetings in Mexico and Peru. In addition, the criteria were further modified based on the results of the pilot study of the first six companies and comments received from the IDB.

The comments received from leading BoP practitioners at the Michigan Conference are important because they represent the views of individuals with substantial experience working in Majority markets within large and small companies. These key comments were as follows:

1. Focus on the critical criteria when required. While an effort was made to address all the criteria in the interviews, nine criteria were defined as "critical." In each interview an effort was made to ensure that these critical criteria were addressed.
2. Identify those that truly distinguish BoP leaders. The proposed distinguishing characteristics of true leaders include:
 - a. BoP issues have a "voice" in senior management councils. This could be by having a representation of a BoP perspective on the board of directors or among top management.
 - b. Majority initiatives have well-defined organizational reporting relationships. These initiatives should have a senior-level "champion" to whom they report. In some cases they may report to the organization's Corporate Social Responsibility (CSR) or Foundation activities, but this should be seen as a transitional phase while they "incubate" to become self-sustaining corporate units.

- c. Majority initiatives are incorporated in the corporation’s strategic or operational plans. (For example, Grupo Nueva has a goal that 10% of its revenue will come from BoP markets; Grupo ACP is strategically focused on Majority markets).
 - d. Human and stakeholder relations capital were considered key distinguishing characteristics. Effective, credible engagement with Majority communities requires a relationship of trust with the communities. Firms that have established these trusting relationships through their own human capital and through effective stakeholder relations are more likely than others to succeed in Majority markets.
 - e. Focus on “behavior” rather than procedures. What evidence is there that the company actually behaves the way it says it does?
3. In addition, a key new theme of the Michigan BoP Conference itself was the need to “move beyond selling to the poor.” All three keynote speakers at the conference (Stuart Hart, C.K. Prahalad, and Ted London) noted a developing backlash against the concept of the BoP as “selling to the poor.” Important characteristics of “sustainable” BoP initiatives include:
- a. Building wealth in communities (for example by integrating local micro, small and mid-sized enterprises in value chains).
 - b. Going beyond monetary measures of well-being. A significant discussion pertained to measures of value in the BoP that go beyond monetary measures, particularly measures that look to social relationships and human well-being following the work of Amartya Sen.⁴
 - c. Recognition of the critical role of environmental considerations.

These additional topics were incorporated in the criteria. The Critical Criteria for OM Performance (as identified in the previous report) and outlined in **Appendix B** are the key questions that analysts posed to firms to gather a bare minimum of information where the full criteria can not be captured.

The following sections outline the criteria in more detail. Each section provides an overview and the OM criteria that make up the framework.

A. Strategic Governance

Does the company have an explicit strategy to address Majority markets in a responsible manner? Elements included in strategic governance include the extent to which a company sees the Majority as a market rather than a philanthropic endeavor, including specific high level corporate objectives in Majority markets; the extent to which the strategy has support at the most senior levels of the company including the existence of explicit

⁴ Amartya Sen, Development as Freedom

champions at the board level; the existence of a code of ethics to ensure the company engages responsibly with the Majority; and procedures to build and maintain intellectual capital to provide competitive advantages in Majority markets.

A1. OM Strategy:

- Does your company sell products or services specifically to low-income markets? If so what are they?
- How does the company see its BoP as part of its growth strategy?
- To whom and at what level do BoP initiatives report and how are teams to address BoP opportunities formed within the company?
- Are BoP issues incorporated in the company's strategic or operational plans?

Note: Often OM activities are “incubated” internally to protect them from internal competition until they are viable. This is a sign of prudent planning not lack of interest.

A2. Adaptability/ Responsiveness

- BoP management and team organizational structure – what are the reporting lines and who is at the top?
- Does the company have a code of ethics or other mechanism that addresses the ethical issues of selling to low-income communities?

A3. Implementation

- What are the company's plans for “scaling up” its BoP activities?
- To what extent does the company see the BoP strategically as a key market? As a philanthropic gesture? As defensive positioning (“in case it turns out to be important”)?

A4. Traditional Governance

- How does the company ensure low-income community issues have a “voice” in its senior management and board of directors?
- Does the company have representatives on its board or advisors who have expertise with Majority communities (this could include NGOs who work in low-income communities or academics such as Hart or Prahalad who have expertise in BoP markets).
- Does the company have a mechanism to hire (and train) managers who are sensitive to Majority issues? (In the U.S. internal advocates often come from the developing world or have had some experience, such as having been a Peace Corps volunteer, which sensitizes them to the issue.)
- Are there incentives in place to encourage managers to develop BoP initiatives?
- “Freedom to fail” - does the company encourage/reward risk taking on the part of entrepreneurial staff who engage in BoP ventures?

Note: Majority recruitment is important for social reasons, but more so because it sensitizes the company to BoP needs, provides legitimacy and provides staff that are comfortable working in BoP communities.

A5. Intellectual Capital, R&D, and Strategic Profit Opportunities

- How does company encourage innovation in BoP initiatives?
- How does it ensure that the BoP initiatives have access to the internal expertise of the company?
- To what extent has the company established a mechanism for two-way sharing of information, to gain insights from customers/communities that can give them market advantages? (Information sharing with communities and customers is a key element of value “co-creation.”)
- Does the company believe its BoP activities provide valuable intellectual capital? How does it develop, sustain and protect this intellectual capital? (If BoP markets are considered seriously the company will believe that it has important intellectual capital in its knowledge of BoP products, services, and perhaps most of all business models.)
- Does the company have procedures to recognize, protect and reward indigenous IP when it partners with local value chains to “co-create” products, services, and business models? (Some companies have gotten in trouble for converting indigenous knowledge into their intellectual property.)
- How does the company measure/track the performance of its BoP products and services internally?
- Do performance measures take into account the specific characteristics of BoP markets (e.g., high volume / low margin, population served, volume, relationships, other measures)?
- Does the company measure the performance of its BoP initiatives in a manner that is relevant to community/customer?
- Does it make this information available to communities/stakeholders?

A6. Products/ Services

- What is the company’s product and/or service? What is their impact on the BoP?
- How was the market opportunity for the product/service identified?
- Does it recognize that products for the BoP are not just a cheaper, lower quality version of products for wealthy markets?
- What part of value chain is product/ service found: production (any involvement of local suppliers), distribution (local distributors/ marketers), design (were BoP community needs and desires incorporated in the design process), pricing (how was price established)?
- About what % of revenues does it account for?
- What are seen as the product/service’s growth prospects?
- Are there BOP-specific products and/or services under development in R&D or pilot stages?

B. Human Capital

Does the company have the human capital resources necessary to address Majority markets? Elements included in human capital include the company's willingness and ability to attract and retain staff with interest and passion to work in Majority markets; its ability to work effectively in Majority communities creating opportunities for Majority community members within the company and ensuring that the company has internal capabilities to understand Majority communities. This criterion also includes the company's employee health and safety procedures and performance.

B1. Recruitment/ Retention Strategies

- Does the company seek to increase its staff diversity by actively recruiting staff from low-income communities and to sensitize its staff to the needs of low-income communities? (As in the case of senior staff, Majority recruitment is important for social reasons, but more so because it sensitizes the company to BoP needs, provides legitimacy and provides staff that are comfortable working in BoP communities.)
- % Majority community on staff
- Are indigenous communities represented in staff? (Local communities may not just be Spanish speakers.) How about in marketing materials and packaging?
- What is minority recruitment strategy?

B2. Workplace Motivation

- Does the company provide internal opportunities for career advancement for Majority community members?

B3. Training and Development

- Does the company provide training to all relevant staff/managers in low-income market opportunities?
- Development programs for staff from Majority communities; specialized training for employees from local communities.

B4. Labor Relations

- Any reports on union action, striking, injuries, deaths and other stories that could paint a quite different picture than what the company reports?

B5. Health & Safety

- Does the company have H& S standards and are the same systems applied as to those in non-Majority markets? (Highly critical for manufacturing sectors.)

C. Stakeholder Capital

Does the company have procedures and performance with respect to key stakeholder groups that enable it to build and maintain its reputation with these groups? Business models for serving low-income communities depend strongly on credibility within the community and on a strong local “ecosystem”—a network of relationships with a local value chain (suppliers and/or distributors) as well as community organizations, NGOs and local officials. This is a key source of competitive advantage.

C1. Stakeholder Relations

- Does the company have strong local knowledge and “ecosystems”? Business models in Majority communities depend strongly on credibility within the community and on a local “ecosystem”—a network of relationships with a local value chain (suppliers and/or distributors) as well as community organizations, NGOs and local officials. This is a key source of competitive advantage.
- Does the company recognize the value of strong local relationships?
- How does it establish and maintain trusting relationships with local “ecosystems”?
- Civil Society:
 - How does the company establish and negotiates its relationships with NGOs?
 - Are there examples of successful (or unsuccessful) partnerships?
 - What have they learned?
 - Do they have procedures for relating to NGOs?
- Universities & academia:
 - Does the company have relationships with universities and academia to enhance its understanding to BoP issues and to design new products/services/business processes? (Could be related to R&D of new products, services, and business models, also training and development to help support employee recruitment.)
- Industry Associations:
 - Global or local industry group participation and policy development focusing (or has one area of focus) on Majority initiatives and needs.

C2. Customers/ Regulators

- Probe for how the company approaches its customers. Is there a respectful relationship with customers? Are customers seen as “co-creators” and as a source of valuable insights? Are prices set in an ethical, responsible manner or in an exploitative manner? Or does it see them as partners or as “objects” to whom they sell products, or as dumping grounds for low quality products? Does it see them as “objects” to whom they sell products or as partners?
- Are customers seen as a source of valuable insights or as dumping grounds for low quality product
- Is there a mechanism in place to receive, process, and ensure action is taken on customer or stakeholder complaints about the company's operations?

- Are prices set in an ethical responsible manner or in an exploitative manner? This could be tricky because it involves important value judgments; how is pricing for these products is determined?
- Governments (covers national and state government relations) and Regulators: Does the company apply its power and influence to advocate for BoP communities? Very important national and state government issues that affect Majority communities; infrastructure, education, MSME formation and formalization, and land tenure. This should go beyond effective lobbying to lobbying on behalf of Majority communities.

C3. Local Communities

- How do the company's BoP initiatives relate effectively to local community and civil society organizations (schools, hospitals, local NGOs)? Often BoP initiatives are conducted in partnership with local organizations, so these are core strategic capabilities.

C4. Supply Chain

- Does the company engage local entrepreneurs in the value chain (both upstream as suppliers and downstream as distributors, retailers, vendors, service providers).
- Does the firm have equitable contracting/ partnerships. Examples might include a micro-franchise distribution model, a local manufacturing/assembly model, use of internet connectivity to coordinate among franchises or provide central services (such as accounting, billing, payments).
- What is the company doing to ensure that MSMEs in its value chain are moving to become part of the formal economy? An important issue in LAC is business formalization. Informal micro, small and medium enterprises (MSMEs) are often informal. Hence they lack access to credit, bankruptcy or legal protection. They are also less reliable business partners.
- Value sharing - What sort of value sharing arrangements exist? Are there clear principles in place to ensure that the relationship with much smaller value chain partners is not exploitative? ("co-creation" of business opportunities with local MSMEs).

D. Environment

Does the company recognize and minimize the environmental impacts of Majority initiatives? A key issue in very large volume low-income markets is that, unless products for these markets are designed to minimize environmental impacts, their very large volume means that they can have large environmental footprints. Given the increasing importance of the environmental and social aspects of sustainable development, companies that succeed in the long term in Majority initiatives are likely to be those that seek to minimize the environmental impacts of products and services addressing Majority needs.

D1. Environmental Strategy

- Is the company aware of the potential environmental impacts of high volume consumption of its products or services? Is company aware of environmental impacts of its products/services? Is company aware of correlation between products/services and environment?
- Strategy to reduce product/ service footprint (as appropriate).

D2. Environmental Management Systems

- If the company is aware of the environment/ poverty nexus, does it take the potential environmental impact of its products and services into account in their design?
- Does the company have a specific program in place to consider and address the environmental impacts of low-income markets?
- How does it address these impacts? Does it take the potential environmental impact of its products and services into account in their design?
- Does it measure and report on key environmental performance indicators?
- Does employee training include environment?
- Any specific environmental issues for its sector? (To be balanced with scoring of other Environmental Strategy questions.)

D3. Environmental Profit Opportunities

- Does the company have explicitly environmental products (ex: use renewable energy, address an environmental need such as clean water).

4 Weighting and Scoring

Weightings were determined through professional judgment and a key stakeholder engagement process. They reflect how important each pillar and category is to achieving the ultimate goal of increasing opportunities for the Majority. Weights were assigned at the Pillar level and sub-divided at the criteria level. In general, greater weight was given to strategic and market factors and less weight to operational factors. Several knowledgeable stakeholders suggested that the key factors were:

1. The company's strategic position - whether it sees the BoP as a key market rather than as a philanthropic gesture; whether it sees the BoP as a driver for innovation and whether it has corporate goals related to the development of BoP products,
2. Staffing - whether the company has the human capital at both senior management and operational levels to understand the strategic implications of the BoP and to relate effectively to BoP communities,
3. Stakeholder relations - whether the company has the will and capacity to relate effectively to multiple stakeholders including local governments, community leaders, local and international NGOs and most importantly customers. This category also includes the willingness and ability of the company to make the investment case for the BoP to its investors,

In addition, the nexus between poverty and environment has recently been recognized as a key emerging issue and we considered this criterion as well in the weightings.

Overall, we assigned the greatest weight (40/100) to Strategic Governance because absent a clear strategic direction it is doubtful that a company will have the will and the persistence to address the challenges of working in the BoP. This category also includes the existence of a corporate code of ethics that focuses the company on acting in the BoP in a responsible manner. We assigned the next highest weight (30/100) to Stakeholder Capital because experience has shown that in order to work effectively in the BoP companies must have the will and skills necessary to relate effectively to various stakeholder communities. This capability builds trust in a community, ensures appropriate products, and ensures that companies act responsibly in the community. Human Capital receives a weighting of 20/100 as it is critical to effective operations, but was not considered as important as the preceding two pillars. Finally, the Environmental pillar received some weight (10/100), as environmental issues are linked to poverty and long-term financial performance of firms. The company's exposure to environmental risk was taken into consideration when analysts scored the companies.

These weightings were multiplied by the scores given to each company and summed to give an overall score for each company. The allotment of weightings for the major 'pillar' areas and the criteria are summarized as follows:

Criteria	Weighting (%)
A. Strategic Governance	40%
A1. OM Strategy	15
A2. Adaptability/ Responsiveness	5
A3. Implementation	5
A4. Traditional Governance	5
A5. Intellectual Capital, R&D	5
A6. Products/ Services	5
B. Human Capital	20%
B1. Recruitment/Retention Strategies	20% - One score was allotted to this section to focus on the key criteria of diversity.
B2. Workplace Motivation	
B3. Training and Development	
B4. Labour Relations	
B5. Health & Safety	
C. Stakeholder Capital	30%
C1. Stakeholder Relations	3
C2. Customers/ Regulators	9
C3. Local Communities	9
C4. Supply Chain	9
D. Environment	10%
D1. Environmental Strategy	5 – There was not enough differentiation among responses to score these areas separately.
D2. Environmental Management Systems	
D3. Environmental Profit Opportunities	5

The sub-pillar weights are based on the number of key criteria questions (**Appendix B**) that lay within the group. For example, within Sustainable Governance; the OM Strategy section contains 3 key criteria so it was given a much higher weighting than Traditional Governance which only has one.

5 LAC Company Benchmarking

The next stage of the project involved using the OM Index framework to analyze the performance of 75 LAC companies. Analysts contacted the companies by phone and email and requested interviews with individuals within the company where possible. Interview information was supplemented with publicly available corporate information (ex: company websites, annual reports, social/environmental reports). Interviews were conducted at various levels within the company to get a good idea of the level of strategic thinking, as well as how this strategy was implemented among employees closer to the ground. Interviews were conducted with company:

- CEOs
- COOs
- Investor relations representatives
- Corporate Finance Manager
- Director of Operations
- Customer & Commercial Leadership Director
- General Managers
- Corporate Social Responsibility managers
- Media/Public Relations Directors
- and External Communications Directors.

It is a sign of the strong interest in the topic that exists in the LAC region that CEOs or COOs and other senior managers responded to the interviews. Company responses were then amalgamated in the framework and each critical criterion were scored by the analysts.

Scoring

Companies were scored on a scale of 1 to 5 with 5 indicating the strongest performance in meeting Majority markets. The full scoring frameworks that contain company information and responses to interviews as well as their scores can be seen in the OM Index Scoring database (separate file). Analysts used an absolute scoring system for each criterion. During the scoring process, analysts took into consideration the industry sector the company was in and evaluated the companies based on the level of risk within their sector (for example, environmental concerns for a cement company are greater than for a software developer). For any criteria where a company seemed completely unaware of the Majority market the company was given a zero (0).

The scores are then multiplied by the weights (described in the previous section) given to each criterion to determine performance along a quantitative scale. The weighted scores were summed to determine a company's overall OM Index score. The top tier companies (scoring 4.0 and above) are aggregated into the OM Leadership Index.

Analysts had a very high response rate to direct requests for interviews and information. Of the 116 companies contacted 75 gave a response (65%), with a Majority of these giving significant time and effort to help with the project. This is a significant response rate statistically for these kinds of requests. Analysts were greeted very

openly over the phone and most company representatives were interested in contributing to the project. This interest and high response rate is likely due to the importance of the topic to LAC companies.

COMPANY RANKING AND PERFORMANCE

The following table lists the companies reviewed from top to bottom. The top companies (scoring 4.0 or higher) form the **OM Leadership Index** (seen here in yellow), and are comprised of firms that have made commitments to the Majority communities in their regions and integrated these commitments directly into their businesses. Often it is not a conscious inclusion, but the only way these firms know to do business.

Number	Company Name	Country	Sector	Overall Score
1	BRADESCO (BANCO BRADESCO, SA)	Brazil	Finance	4.85
2	Grupo ACP	Peru	Finance	4.80
3	Paralife	Mexico	Finance	4.70
4	UNIBANCO (Unibanco-Uniao de Bancos Brasileiros S.A.)	Brazil	Finance	4.68
5	CEMEX, S.A.B. DE C.V.	Mexico	Homebuilding	4.62
6	CAJA RURAL DE AHORRO Y CRÉDITO DEL SUR S.A.A. - CAJASUR	Peru	Finance	4.43
7	DESARROLLADORA HOMEX, S.A.B. DE C.V.	Mexico	Homebuilding	4.38
8	Grupo Nueva	Chile	Homebuilding	4.33
9	Farmacias SIMI	Mexico	Consumer Goods/Retail	4.12
10	Unilever	Mexico	Consumer Goods/Retail	4.07
11	PROMOTORA AMBIENTAL, S.A.B. DE C.V.	Mexico	Infrastructure	4.02
12	BANCO COMPARTAMOS, S.A., INSTITUCION DE BANCA MULTIPLE	Mexico	Finance	3.93
13	Itaubanco (Banco Itau Holding Financiera, SA)	Brazil	Finance	3.92
14	AXTEL, S.A.B. DE C.V.	Mexico	Telecom & IT	3.65
15	Inca Kola	Peru	Consumer Goods/Retail	3.57
16	SADIA OESTE SA	Brazil	Consumer Goods/Retail	3.53
17	ENTEL (Empresa Nacional Del Telecomunicaciones)	Chile	Telecom & IT	3.51
18	GRAÑA Y MONTERO S.A.A.	Peru	Homebuilding	3.50
19	PERDIGAO SA	Brazil	Consumer Goods/Retail	3.45
20	GRUPO FINANCIERO BANORTE, S.A. DE C.V.	Mexico	Finance	3.44
21	Companhia De Bebidas DAS Americas SA	Brazil	Consumer Goods/Retail	3.43
22	Citigroup (CITIGROUP INC.)	Mexico	Finance	3.42
23	NATURA COSMETICO, SA	Brazil	Consumer Goods/Retail	3.32
24	Inversiones Argos SA	Colombia	Homebuilding	3.30
25	CEMENTOS LIMA S.A.	Peru	Homebuilding	3.28
26	COCA-COLA FEMSA, S.A.B. DE C.V.	Mexico	Consumer Goods/Retail	3.28
27	Procter & Gamble Co.	Salvador	Consumer	3.24

			Goods/Retail	
28	The Coca Cola Company	Salvador	Consumer Goods/Retail	3.23
29	Compania de Telecomunicaciones de El Salvador SA de CV (Telefonica El Salvador)	Salvador	Telecom & IT	3.20
30	GRUPO CEMENTOS DE CHIHUAHUA, S.A.B. DE C.V.	Mexico	Homebuilding	3.19
31	TIM Part SA	Brazil	Telecom & IT	3.14
32	Eletropaulo Metropolitana Electricidade	Brazil	Infrastructure	2.98
33	AUSTRAL GROUP S.A.A.	Peru	Consumer Goods/Retail	2.98
34	Wal Mart (WAL - MART DE MEXICO, S.A.B. DE C.V)	Mexico	Consumer Goods/Retail	2.97
35	GRUPO NACIONAL DE CHOCOLATES	Colombia	Consumer Goods/Retail	2.94
36	GLORIA S.A.	Peru	Consumer Goods/Retail	2.93
37	CEMIG (COMPANIA ENERGETICA DE MINAS GERAIS)	Brazil	Infrastructure	2.89
38	Cable and Wireless Jamaica	Jamaica	Telecom & IT	2.88
39	Inversiones Aguas Metropolitanas	Chile	Infrastructure	2.88
40	PROMIGAS, S.A. E.S.P	Colombia	Infrastructure	2.87
41	INTEL CORPORATION	Salvador	Telecom & IT	2.82
42	Cosan SA Industria E Comercio	Brazil	Consumer Goods/Retail	2.78
43	Tractebel Energia SA	Brazil	Infrastructure	2.78
44	Banco De Colombia SA	Colombia	Finance	2.72
45	Credifactor	Nicaragua	Finance	2.67
46	Cisco	Mexico	Telecom & IT	2.66
47	Techint	Chile	Homebuilding	2.64
48	Energias Do Brasil SA	Brazil	Infrastructure	2.64
49	Duratex SA	Brazil	Homebuilding	2.58
50	Compania Telecomunicaciones Chile SA (Telefonica Chile)	Chile	Telecom & IT	2.54
51	COELCE (CIA ENERGETICA DO CEARA)	Brazil	Infrastructure	2.53
52	Johnson & Johnson	Salvador	Consumer Goods/Retail	2.45
53	IRSA 'B'	Argentina	Homebuilding	2.41
54	TELECOM ARGENTINA.'B'	Argentina	Telecom & IT	2.34
55	BAVARIA (GRUPO EMPRESARIAL BAVARIA, SA)	Colombia	Consumer Goods/Retail	2.32
56	Pfizer Inc.	Salvador	Consumer Goods/Retail	2.32
57	Interconexion Electrica SA	Colombia	Infrastructure	2.27
58	COLBUN (COLBUN, SA)	Chile	Infrastructure	2.27
59	COPEL (COMPANHIA PARANAENSE DE ENERGIA)	Brazil	Infrastructure	2.25
60	Cuauhtemoc (CERVECERIA CUAUHTEMOC-MOCTEZUMA)	Mexico	Consumer Goods/Retail	2.18
61	Republic Bank Limited	Trinidad & Tobago	Finance	2.17
62	ENERGIA DEL SUR S.A. - ENERSUR S.A.	Peru	Infrastructure	2.14
63	GOL (LINAS AEREAS INTELIGENTES, SA)	Brazil	Infrastructure	2.06
64	IMPULSORA DEL DESARROLLO Y EL EMPLEO EN	Mexico	Homebuilding	1.99

	AMERICA LATINA, S.A.B. DE C.V.			
65	Microsoft	Mexico	Telecom & IT	1.89
66	CRESUD 'B' (CRESUD, SA)	Argentina	Consumer Goods/Retail	1.88
67	GRUMA, S.A.B. DE C.V.	Mexico	Consumer Goods/Retail	1.69
68	Embotelladora Andina SA	Chile	Consumer Goods/Retail	1.55
69	Enersis, SA	Chile	Infrastructure	1.29
70	PepsiCo, Inc.	Salvador	Consumer Goods/Retail	1.22
71	GRUPO NUTRISA, S. A. DE C. V.	Mexico	Consumer Goods/Retail	1.15
72	GRUPO MINSA, S.A. DE C.V.	Mexico	Consumer Goods/Retail	1.10
73	Lojas Renner SA	Brazil	Consumer Goods/Retail	0.98
74	PARAUCO (Parque Arauco S.A..)	Chile	Homebuilding	0.62
75	Yahoo! Inc.	Salvador	Telecom & IT	0.58

Company profiles were generated for all firms and are listed alphabetically in **Appendix C**. They are presented with summaries under each of the four major criteria analyzed; Strategic Governance, Human Capital, Stakeholder Capital, and Environment. The summaries outline how each firm was meeting the OM criteria within each category. Those profiles for the **OM Leadership Index** constituents follow below. To see the fully company data and score please refer to the **OM Index Scoring database** (separate file).

OM LEADERSHIP INDEX – COMPANY PROFILES

1. BRADESCO (BANCO BRADESCO, SA)

Country: Brazil

Sector: Finance

Business Description: Banco Bradesco is the largest private bank in Brazil. It offers retail banking, investment banking, asset management, brokerage, credit cards, insurance, and other financial services through a network of approximately 22,000 locations, primarily in Brazil. The bank won the government's approval to operate a branch network in post offices, starting in 2002 and growing to 5,600 Postal Bank locations, many of which are in rural areas. Traditional Bradesco branches number 3,000, with an additional 8,000 in-store outlets (e.g. in grocery stores) and 2,500 corporate site branches. The bank also maintains individual offices in New York, Grand Cayman, Nassau, Buenos Aires, Luxembourg, and Tokyo. Bradesco ended 2006 with total assets of BRL 265.5 billion, including loans of BRL 96.2 billion; total deposits of BRL 83.9 billion; BRL 147.1 billion in assets under management; net income of BRL 6.4 billion; and 79,306 employees. Income derived from loans (23%), services (26%), insurance (34%), marketable securities (9%), and funding (8%). The bank's revenue from credit cards has increased 175% in the last four years. Of Bradesco's loan portfolio, 41.2% are to individuals; 28.8% to large corporations; and 30.0% to small and medium-sized companies. The

bank has a large market share in most of its sectors including pensions (42.3%), insurance premiums (25.8%), export (22.3%), savings deposits (18.3), credit cards (15.5%), and investment funds (14.9%). Publicly-held stock accounts for 23% of the company's outstanding common stock and 95% of outstanding preferred shares. In addition, BBVA in Spain, Banco Espirito Santo in Portugal, and Bank of Tokyo Mitsubishi UFJ in Japan hold 5%, 7%, and 1% of common shares, respectively. Through various legal entities, the bank's foundation holds the equivalent of 41% of outstanding common stock. The remainder is held by the Aguiar family (11%) and employees and directors (12%).

<p>Strategic Governance</p>	<p>“Never lend much to few, but lend little to many” (Founder of Bradesco stated decades before the ‘Base of the Pyramid’ came into existence). Short for Banco Brasileiro de Descontos, that is ‘Brazilian Discount Bank’, is one of the Big Four banks in Brazil. Core to Bradesco’s strategy is its reach to lowest income and most ‘needy’ segments of the population and business sectors traditionally excluded from the banking system. Since its founding in the 1940s through today’s creation of a program for accessing the Internet for visually impaired people, Bradesco has become a pioneer in various corporate responsibility fronts.</p> <p>Launched in December 2005, FIA ISE and Prime FIA FIC ISE are socially responsible investment funds. Their portfolio is comprised of financial instruments of companies which take part in the Bovespa’s Corporate Sustainability Index. The bank’s partnerships with BBVA, BES, and Mitsubishi UFJ helps provide access and services to Brazilian immigrants abroad, and eases their means of sending remittances home to Brazil. Bradesco is the largest Brazilian private employer, with 79,300 employees. Headquartered in Osasco, it has more than 2,916 branches. Bradesco offers Internet banking, insurance, pension plans, annuities, credit card services (including football club affinity cards for soccer fans) and free Internet access for customers. The bank also provides personal and commercial loans, as well as leasing services.</p> <p>The company focuses, in particular, on reaching the rural segments of Brazil’s population, an area largely made up of low-income individuals, indicating that the company is directly tying its core business strategy to low-income financial service needs. It reports that, in 30% of Brazilian cities, Bradesco is the only bank serving the city. The bank launched a program to open banks in post offices, which reduced the number of cities with no banking access from 2,351 to 574 and made bank services accessible to an additional 16.1 million people. This proximity also enables Bradesco to distribute funds for the government, including monthly payments to 4.8 million retirees.</p> <p>The Information Technology Program for the Visually Impaired, implemented eight years ago, has already assisted more than 7.4 thousand students, and the Programs “Intel Educação para o Futuro” and “Intel Aprender” complete the list of initiatives in the technology area, serving more than 46 thousand educators and 12 thousand youngsters, respectively.</p> <p>In the “Alfabetização Solidária Program”, it has contributed, since 1998, for the literacy of around 6 thousand Brazilians each year in the North and Northeast regions.</p> <p>Consolidating the work with Fundação SOS Mata Atlântica, it counts on ten nurseries for the seedling production in schools, aiming at the promotion of environmental education and reforestation actions. The depth and reach of Fundação Bradesco’s social actions deserve acknowledgment in several</p>
------------------------------------	--

	<p>awards, such as E-Learning Brasil 2006, in the Star Educational Category and as a Relevant National Contribution – Diamond, for the work in distance education for consecutive years; projects that took part in IV FEBRACE – Brazilian Science and Engineering Fair, promoted by USP, awarded and accepted for the international Science exhibition in Mexico.</p> <p>Fundação Bradesco develops a work of proven influence in the increase of the life quality level of the communities where it operates, being a “socially responsible investment”, in the best meaning of the term. Furthermore, it represents an unmistakable form of wealth distribution generated within the scope of the Organization, since its main source of funds comes from its interest as stockholder of Bradesco. R\$ 183.917 million summed up the budget of Fundação Bradesco used in 2006, and in 2007, the amount of R\$ 189.851 million is estimated to assist more than 108 thousand students. The investment accumulated over the past ten years was R\$ 3.033 billion in restated amounts. R\$ 85.855 million was the other investments made in 2006 by Bradesco Organization, in social projects destined to the communities, concerned with education, arts, culture, sports, health, sanitation, action against hunger and food safety. The company sees it as central to its growth strategy. The board of executive officers has a Social-Environmental Responsibility Executive Committee responsible for analyzing the issues related to the social-environmental responsibility, setting forth procedures which allow the alignment of the “Social-Environmental Responsibility Corporate Policy” with the principles and best practices of sustainable development.</p>
<p>Human Capital</p>	<p>The largest Brazilian private employer, with 79,300 employees. Though there is no direct information available as to whether the company hires individuals from low-income segments of the population or whether it is looking to advance its already competitive Majority strategy, it is noteworthy that in spite of actual increase in minimum wage, granted in accordance with the salary governmental policy, Bradesco still keeps the standard admission salary 174% higher than the minimum wage in force in the country. Among the main benefits granted by Bradesco include; Supplementary Private Pension Plan, Health insurance and dental care, Group Life Insurance, Credit with special rates, Fee exemption, Social loan, Online Shopping Channel, Leisure activities, Specialization courses, Post-Graduate, MBA and foreign language.</p> <p>Furthermoer, Bradesco’s internal communication deserves special emphasis, since it is focused on strengthening the company’s communication culture. The company focuses significantly on investing in its human capital by integrating and motivating its staff. It notes that a cohesive, integrated, motivated workforce constitutes the Organization’s most competitive differential.</p>
<p>Stakeholder Capital</p>	<p>The company is particularly focused on its local communities and key stakeholders. Through its link to Bovespa it entered into a partnership for the assistance of 36,500 elementary school, middle school, high school and technical professional education students in Educar, a program, focused on financial, school and family education. Linked to the Secretariat of the Federal Revenue of the State of São Paulo (8th RF), the company implemented the National Fiscal Education Program, a result of the joint work of the Ministries of Finance and Education and of the Secretariats of Revenue, of the National Treasury and of Education, to offer fiscal education courses to students, their families and communities where their schools are</p>

	<p>not meeting educational needs.</p> <p>Five years before the edition of the Consumer Defense Code, “Alô Bradesco”, the Financial Market’s first Communication Channel with the public, already recorded and gave appropriate treatment to suggestions and complaints, affirming the Organization’s option for transparency and conciliation of interests. The Ombudsman, in addition to direct contact, is responsible for the manifestations received by means of the Brazilian Central Bank, Procon, the press and letters, a new step ahead, strengthening commitments to client’s satisfaction. 136,383 contacts registered in 2006.</p> <p>The company is involved in dialogs and partnerships with various NGOs to enhance its low-income customer management and Majority-focused product development.</p> <p>Bradesco participates in various associations operating in social-environmental and financial fields, among which: Abrasca (Brazilian Association of Publicly-Held Companies), Anapp (Brazilian Association of Private Pension Funds), Fenaseg (Brazilian Federation of Private Insurance and Capitalization Companies), CEBDS (Brazilian Business Council for Sustainable Development), Febraban (Brazilian Federation of Banks), Fenaban (National Federation of Banks), Instituto Ethos de Empresas e Responsabilidade Social and Gife (Group of Institutes, Foundations and Enterprises).</p> <p>In order to contribute to the dissemination of the social-environmental responsibility practices, Bradesco has been holding, within the scope of its relationships, meetings with suppliers of products and services it consumes, of the most different segments, aiming at the diffusion and awareness about the vital importance of this issue. With this program, the Bank foresees to reach its more than 1.5 thousand suppliers in two years.</p>
Environment	<p>Through the Social-Environmental Department (RSA), created in 2005, within the structure of the Market Relations Department, which also comprises the Investor Relations Department, the company responds to any critical environmental risks. However, it is unclear whether the company tackles specific environmental risks linked to the Majority through its products. In February 2005, the Social-Environmental Responsibility Executive Committee comprised of executive officers and representatives of 10 departments of Fundação Bradesco.</p>
Final Score	4.85

2. Grupo ACP

Country: Peru

Sector: Finance

Business Description: Mission: "To develop a range of complementary activities that provide business leaders in small and microbusinesses and emerging segments with the tools they need to overcome their social and economic exclusion."
 Grupo ACP is a private Peruvian financial institution that maintains a social mission linked to serving the poor by bringing services to the small- (90%) and micro- enterprises (10%). Using the socio-economic scale of A-E (A-high-income, E- lowest income/very poor), Grupo ACP identifies that its primary client

base are the individuals who are in C and D socio-economic levels. Grupo ACP is focused on developing organizations that “contribute to broadening the scope of support to microbusiness entrepreneurs to fight exclusion in different areas.” Grupo ACP is the principal shareholder for Mibanco (Peru) for Forjadores (Mexico); and participates as a shareholder in BancoSol (Bolivia) - all financial institutions that target the BOP market as part of the key strategy. "One of ACP Group's main concerns is to develop organizations that contribute to broaden the scope of support to microbusiness entrepreneurs to fight exclusion in different areas. "Entirely integrated throughout organization. ACP is a group of companies and complementary organizations aimed at the same target audience. In Peru, ACP comprises the following organizations: Mibanco, the leader of microfinance in Peru, Secura (formerly AC Corredores de Seguros S.A.), to provide access to microfinance, Aprenda (formerly Instituto de la Microempresa), to provide training and education, Vivencia (formerly ACP Vivencia S.A.), to provide potable water, sanitation and decent housing, Futura (formerly Acción Comunitaria del Perú), to develop new projects and manages Peruvian and foreign investments. Grupo ACP is a private Peruvian financial institution that maintains a social mission linked to serving the poor through by bringing services to small- and micro-businesses. Using the socio-economic scale of A-E (A-high-income, E-lowest income/very poor), Grupo ACP identifies that its primary client base are the individuals who are in C and D socio-economic levels.

<p>Strategic Governance</p>	<p>The company's growth strategy is fully related to the low-income market segmentation, as its only source of income is from serving the small and micro-enterprises. Grupo ACP is the principal shareholder for Mibanco (Peru) for Forjadores (Mexico); and participates as a shareholder in BancoSol (Bolivia) - all financial institutions that target the BOP market as part of the key strategy. Grupo ACP has been serving this market for 38 years, reaching 35,000 microenterprises.</p> <p>ACP Group is active in microfinance elsewhere in Latin America. In addition to its Majority interest in Mibanco, it holds a 13.99% interest in Banco Sol, from Bolivia.</p> <p>In Peru ACP Group has organized Secura Insurance Brokerage, formerly AC Insurance Brokers, to give microbusiness entrepreneurs the tools to access microinsurance. The company's clients are in both urban and rural areas: 80% urban; 20% rural. The company's code of ethics encompasses an understanding of working with/selling to the low-income segments of the population. Grupo ACP has been serving this market for 38 years - they serve 35,000 microenterprises - 1 million dollars (90% micro-businesses and 10% small businesses).</p>
<p>Human Capital</p>	<p>Grupo ACP maintains a competitive advantage relative to peers as it hires class 'D' within the organization. These individuals are sensitive to Majority issues because they are the Majority. The firm is, particularly, focused on hiring those from level D who ran their own small businesses as those are the individuals best able to form relationships with small business owners as they understand the low-income market needs/demands. The staff speaks the local indigenous language (Quechua) so they are able to reach a deeper concentration of the base of the economic pyramid.</p>
<p>Stakeholder Capital</p>	<p>The company maintains a strong relationships with a range local NGOs. ACP is linked primarily to two NGOs (Senati and Ceo) and one private group, IPAE. Grupo ACP maintains successful relationships with all three. Developing relationships with this clientele is key to Grupo ACP's advancement.</p>

	<p>Because its market is the low-income segment so its advancement is based on developing key strategic relationships with its clients and local groups that impact its clients. The company maintains a respectful relationship with customers and does not see them as objects to whom they sell products. The company values its low-income clients as it would others. If it does not serve them well, the company loses its business niche and develops a negative local and national reputation. The company serves urban and rural clients ranging from those who are distributors to those who are vendors.</p>
<p>Environment</p>	<p>The company is aware of regional environmental impacts like water shortage and earthquakes.</p> <p>The company studies the issues of the BOP communities (like lack of water) to understand what external issues/needs impact/affect the potential development of microenterprises so that Grupo ACP can best serve its clients (like insurance for earthquakes). It is the only bank in Peru that insures its clients against earthquake damage.</p> <p>The company is the only financial institution in Peru to provide 'earthquake' insurance. In Peru, Grupo ACP has organized Secura Insurance Brokerage, formerly AC Insurance Brokers, to give microbusiness entrepreneurs the tools to access microinsurance.</p> <p>It serves communities that lack water needed to run some businesses. It serves businesses in earthquake-prone areas. ACP is working to address needs for clean water either as part of products/insurance or at a minimum in its mentality of how to best serve its low-income client knowing that lack of clean water is a challenge for low-income clients who are developing businesses. Vivencia has been recently established to provide access to dignified housing and water and sanitation. Finally, ACP Group has created Futura, to develop new projects and provide technical and management services to all its units.</p>
<p>Final Score</p>	<p>4.8</p>

3. Paralife

Country: Mexico

Sector: Finance

Business Description: ParaLife, with the support of the World Bank (IFC) and the Andean Development Corporation (CAF) and with the strong endorsement by the UN Development Program, has initiated a movement which provides unique opportunities to people with disabilities and offers benefits to them and their families. ParaLife reaches out to these communities and to people in the low-income and poor sector of the society in emerging markets. ParaLife has created a unique capability to efficiently deliver affordable life insurance products to people in the low-income and poor sectors, to micro entrepreneurs and in particular to people with disabilities. ParaLife is based in Switzerland. It enters into joint ventures and partnerships with leading local organizations.

Strategic Governance	<p>ParaLife is a microinsurance group. The company's primary client base is low-income disabled individuals in emerging markets. ParaLife has created a unique capability to efficiently deliver affordable life insurance products to people in the low-income and poor sectors, to micro entrepreneurs and, in particular to people with disabilities. ParaLife also creates opportunities of employment and entrepreneurship for people with disabilities. ParaLife, the social responsibility enterprise, provides the products and engages people with disabilities as employees and entrepreneurs. ParaLife recognized that mainstream insurance providers were not meeting an unmet societal need and, therefore, missing out on a key strategic profit opportunity. ParaLife assessed the market's needs through on the ground assessments.</p> <p>The low-income market is the key to the company's growth strategy, as this segment makes up for its entire client base. The company sees great opportunity in this market space. ParaLife's strategy focuses on creating accessible insurance. ParaLife employs strategies to reach this challenging population in ways that regular insurance companies do not. Microinsurance products are present across urban areas. The company does reach rural segments through 'small banks' and indicates that in that area it applies a more 'individualized' product. The urban zone, however, is its largest market segment in terms of revenue generated. The company is in daily contact with its clients, all of whom are from the low-income segments of society. Through its daily access it explores unmet needs within the microinsurance capacity.</p> <p>FUTURA: The insurance contract for people with disabilities covers two lives, the life of the person with disabilities and his/her care person. This product FUTURA addresses, in particular, the need of the disabled person for economic protection in case of the death of the care person. Additionally, it provides for compensation in the case of death of the disabled individual, with the intention to cover the funeral expenses.</p> <p>FAMILIA: The second product is designed to insure additional members of the disabled family as well as, more generally, people in the low-income and poor sectors. A disabled person can be included as beneficiary under such policies.</p> <p>The ParaLife Foundation funds the development and training of people with disabilities and offer subsidies to those who otherwise cannot afford the products. The complementary activities of these two systems enable ParaLife to serve the unique financial needs which are faced by people with disabilities and by their family members. Beyond satisfying financial needs, however, ParaLife contributes to the personal development of underprivileged and underserved people, and towards their inclusion into the social and economic fabric of society. All employees are trained to be sensitive to the BoP market. Every day employees are in contact with the most vulnerable segments of its client base. The company offers training courses, as well.</p> <p>ParaLife's operations are management by local managers within each country. Currently, the primary operations are in Mexico. Mexico employs a local strategy for reaching the low-income segments. The company maintains plans to expand into much of Latin America. ParaLife maintains a</p>
-----------------------------	--

	<p>global strategy that is employed throughout its local operations.</p> <p>The company maintains a general code of ethics, which encompasses an understanding of working with/selling to low-income segments of the population. The company works to understand where its clients can and do work; what is required for rehabilitation and reintegration. The company studies the issues of the low-income communities and integrates them into the core strategy. The sales employees at ParaLife are trained by knowing this market space. It enters into joint ventures and partnerships with leading local organizations. 100% of revenues come from the low-income market segmentation.</p> <p>The company was founded by Rolf Huppi, formerly the CEO and Chairman of Zurich Financial Services. “The ParaLife business concept is based on the concept of a socially responsible enterprise,” said Mr. Huppi. “We have seen enormous interest from microfinance networks, retail outlets, and other possible distribution channels to work with ParaLife in distributing our insurance products as well as participating in the training and employment of people in the disabled community. We are delighted that multilateral institutions such as IFC and IDB, as well as socially responsible investors such as Grey Matters Capital and Omidyar Tufts, have joined us in making this project a reality.”</p>
<p>Human Capital</p>	<p>100% of its employees are trained to be sensitive to the low-income market. Every day the employees are in contact with the most vulnerable segments of its client base. The company offers training courses, as well.</p>
<p>Stakeholder Capital</p>	<p>Developing relationships with this clientele is key to ParaLife's advancement. Its market is the low-income/disadvantage segments of society so its advancement is based on developing key strategic relationships with its clients. The company maintains a respectful relationship with customers and does not see them as objects to whom they sell products. The company values its low-income clients as it would others. If the company does not serve them well, it loses its business and develops a negative local and national reputation.</p> <p>The company has strong relationships with a range local NGOs. Additionally, the company builds relationships with local retailers, small banks that are in this sector. In this way, ParaLife is able to understand what niche within the low-income segments of society needs to still be filled.</p> <p>ParaLife serves both urban and rural microenterprises/clients (though primarily focused on urban). It is able to reach these segments by engaging up and down its value chain with retailers - all of whom are considered direct clients. The Majority of its distribution is between local retailers and banks.</p> <p>In order to efficiently access local markets, the ParaLife Management Company enters into joint ventures with local insurance distribution organizations. These joint ventures, in the form of local management companies, act as ParaLife representations, which, in turn, partner with leading local insurance companies and local banks. Under representation agreements, the central ParaLife Organization provides the insurance and saving products, secures the underwriting capacity through the reinsurance</p>

	<p>vehicle, supplies the technology platform and administration systems, as well as the marketing concepts and training material.</p> <p>Local management companies implement countrywide ParaLife programs, build innovative distribution systems and conduct marketing and sales. Under general agency agreements with the local insurance company partners, the company accepts risks and pays the claims.</p> <p>Local management companies organize and administer personal development and professional training programs for people with disabilities with the objective of preparing them for employment and entrepreneurship. Local ParaLife representations will engage people with disabilities as employees and as independent distributors or insurance products, thus enabling them to reach economic independence.</p>
Environment	<p>While the company is aware of regional environmental impacts like water shortage and earthquakes, ParaLife indicates its strategy is farther from this area of concern. It would like to increase its understanding of the way in which its products could abate environmental impacts. In the future the company would like to incorporate products that respond to environmental challenges facing its lower income debilitated population. The company is working to address newly identified environmental risks that may impact its clients, but has yet to implement this into its strategy. It hopes to focus on insurance plans that cover individuals following earthquakes or facing severe health risks and it would like to figure out how to respond to the grave challenges of pollution.</p>
Final Score	4.7

4. UNIBANCO (Unibanco-Uniao de Bancos Brasileiros S.A.)

Country: Brazil

Sector: Finance

Business Description: Unibanco is the third-largest Brazilian private bank and offers retail, wholesale, insurance, pensions and wealth Management. The retail division serves individuals and companies, and operates in the consumer finance segment and credit card segment. The wholesale division serves companies with annual sales greater than R \$150 million and institutional investors. The insurance group, Unibanco AIG Insurance and Pensions, offers life insurance to individuals and companies, auto insurance, pension and retirement plans and related products and services.

Strategic Governance	<p>Unibanco is the third largest bank in Brazil, with 17 million clients, and operations throughout the country. Brazil is ideal for microfinance and Unibanco has been one of the first major banks in Latin America to develop this product. In 2003 its Fininvest division introduced microcredit. Unibanco has worked with the IFC to develop further products and it is reaching out in large urban areas - where BoP market is very large, offering special savings accounts tied to small credit lines called 'conta salario residencia' giving access to a series of other financial products. These accounts are open to the lowest income earners and are based on those of higher income ones. This is important as less than a third of Brazilians</p>
-----------------------------	--

	<p>have checking or savings accounts; and the country has a well developed financial market in retail banking. While the vast Majority of microcredit in Brazil is offered through NGOs, Unibanco is the main Brazilian private bank offering microcredit services: Unibanco, has worked with the IFC to offer microcredit in poor communities in Rio de Janeiro, Sao Paulo and Porto Alegre. Unibanco's growth does not rely on BoP, but it is an important source of future growth, given the extent of the market. It is important to offer services to this large segment. Unibanco is meeting growing demand for credit by small entrepreneurs that do not have formal proof of income, a group that has grown considerably in recent years as the informal economy continues to thrive at the expense of formal employment. The number of microenterprises is growing, and while traditional banking products fail to address their needs, Unibanco's microfinance programs have started to offer credit to this group. The targets are very large considering the number of people in Brazil that are still left out of the banking system, the BoP market is sure to grow. Unibanco uses non-traditional methods of modeling and credit scoring, relying on the opinion of the individual loan officer, who inspects the microenterprise in question to help determine the viability of the business and actual risk of default. Unibanco has proven its commitment to the communities in which it operates through charitable contributions, corporate support and employee volunteerism.</p> <p>At the community level, Unibanco works through two institutions, the Unibanco Institute and the Moreira Salles Institute. The Unibanco Institute was founded in 1982 with the aim to coordinate Unibanco's social activities focusing on education, backing projects directed to disenfranchised youngsters, initiatives to improve teaching methods, and environmental programs. The company sees its BoP strategy (microcredit) as important (if not essential for future growth); the goal is to fully integrate its microfinance activities. The main benefit of Unibanco's microcredit approach is that small entrepreneurs without formal business plans and models can still get the attention they need and finance. Accordingly, a small 'entrepreneur' can express his needs directly to the loan officer (and the company) in a way that did not exist before. The growing popularity of microenterprise, as a poverty alleviation mechanism, makes this all the more necessary from the perspective of social responsibility.</p> <p>Unibanco has gained insights into the needs (and habits) of microenterprise customers and given its increasingly dominant position as the main Brazilian bank for microcredit products; it has an important advantage over others. Unibanco has been able to provide over 4,700 entrepreneurs with financing that helps them grow their businesses. Furthermore, some business projects are supported where the goal is to simply break even and contribute to the improvement of the welfare of neighboring communities and the preservation of the local environment. Unibanco is learning how to measure its mico-lending performance with experience; the type of microcredit client it targets makes for difficult statistical modeling because of the difficulty in understanding the purposes of the loan after the disbursement and because most clients have no formal income or proof of such. Unibanco's system relies on the human relationship between the loan officer and the entrepreneur.</p>
<p>Human Capital</p>	<p>Unibanco works with foundations to improve education levels. Unibanco and other Brazilian banks have also been urged by the government to serve poor people and rural areas. This suggests that more low-income communities are being sourced to staff Unibanco's branches.</p>
<p>Stakeholder Capital</p>	<p>Unibanco considers the BoP as a valuable market for growth and its approach based on minor formalities and respect for the microentrepreneur suggests that the BoP is more a partner than an object. There is no doubt, given the growing</p>

	<p>importance of microfinance within Unibanco, that the BoP is for the time being a source of insights. Unibanco is testing the market in order to develop solutions that will enable it to expand the range and scope of services to this segment. Demonstrating Unibanco's commitment to responsible products, the bank is working with the Federation of Latin American Banks, the Women's World Banking Association and various other leading banking associations from Brazil, Colombia, Mexico, Peru and Venezuela to develop guidelines for responsible and profitable banking practices for commercial banks. Another 'responsible' product is the bank's credit card program, where certain cards offered by Unibanco donate their annual fees and/or a percentage of their charges to NGOs and institutes such as Greenpeace, Aqualung, and the Fundacao Unibanco is targeting local entrepreneurs and focuses on the relationship that develops between the loan officer and the borrower.</p>
Environment	<p>Unibanco was the first emerging market firm to sign the Equator Principles, a set of guidelines established to aid financial institutions to manage environmental and social risks in project financing. Through the application of these principles, Unibanco is able to decrease its environmental and social risks related to its lending activities.</p>
Final Score	4.68

5. CEMEX, S.A.B. DE C.V.

Country: Mexico

Sector: Homebuilding

Business Description: Cemex SAB De CV's (Cemex's) principal activities are producing and marketing cement, ready-mix concrete, aggregates and clinker and providing services to the construction industry. Products include ordinary Portland cement, composite Portland cement, pozzolanic Portland cement, white composite Portland cement, sulfate resistant composite Portland cement and mortar. The group's sales predominantly derive from North America, Europe, Central and South America and the Caribbean, Africa and the Middle East, and Asia. The group's brands include Tolteca, Gallo, Guadalajara, Monterrey, Centenario, Anahuac, Campana, Maya, California, Cempa, Sanson, Titan, and Construlisto Vencemos. In 2006, the group had 54,635 (2005: 52,674) employees. In 2006, the group's sales were USD 18,239 million.

Strategic Governance	<p>Cemex considers social and environmental responsibility as a key factor for the company's growth. The company includes an area of social solutions responsible for all initiatives related to the BOP. Since its foundation in 1906, the company has served BOP markets.</p> <p>In Mexico, most of the people from low-income sectors do auto-construction. Over the years, the company has sold these people cement packaged in sacks at accessible prices. In 1998, the company conducted a study in order to determine the needs of these sectors. The results of the study indicated the following:</p> <p>(a) The auto-construction process in BOP markets lasted between 20 and 25 years; households built a room first and then proceeded to build other house areas throughout the following years.</p> <p>(b) People from low-income sectors of the population: Did not have architectural knowledge or assistance; bought low quality materials and did not have the possibility to transport these materials; and did not have the financial capacity to</p>
-----------------------------	--

	<p>buy all materials required to build their houses quickly. These people did not have access to auto-construction credits.</p> <p>(c) Most of the streets where these people lived did not have pavement. The company developed two programs aimed at meeting the needs of BOP markets.</p> <p>In 2001, the company launched "Patrimonio Hoy", an integral program focused on supporting low-income sectors of the population in the auto-construction process. This program offers:</p> <ul style="list-style-type: none"> - Architectural advice on the construction of new house areas. - Packages of high quality construction materials including cement, blocks and steel, and free delivery service to clients' homes during the construction processes. - Micro-credits that do not require collaterals from clients. <p>"Mejora tu calle", a program derived from "Patrimonio Hoy", has the objective to add economic value to the properties of low-income people by improving the streets where these properties are located. The company partners with local governments in order to build pavement streets. Households with properties located in those streets are offered credits in order to buy concrete.</p>
Human Capital	<p>Cemex has 15 cement plants and 300 small concrete plants throughout Mexico. The company employs low-income sectors of the population in these plants. The company has an internal communication unit responsible for communicating BoP initiatives. The objective is to create a link between those employees in contact with BoP initiatives and all company employees.</p>
Stakeholder Capital	<p>Cemex realizes that the success of "Patrimonio Hoy" and "Mejora tu calle" programs depends on appropriate engagement with local communities. For this reason, the company promotes these programs through women living in these communities. The objective is to engage customers into a culture of saving to enable them to pay the credits provided.</p> <p>In order to offer both programs, the company relies on people living in low-income communities. The company hires architects from these communities or from the region, and engages local entrepreneurs in order to offer these programs. In addition, the company partners with local governments, which participate in the construction process of infrastructure. The company has a number of initiatives in place to support low-income communities such as donating materials to schools from these communities. All these initiatives create trusting relationships.</p>
Environment	<p>As part of "Patrimonio Hoy", the company incorporates toilettes in houses and connects them to the draining system. This has positive impacts on the environment and community health. The company also has a number of programs in place in order to protect the environment.</p>
Final Score	4.62

6. CAJA RURAL DE AHORRO Y CRÉDITO DEL SUR S.A.A. - CAJASUR

Country: Peru
Sector: Finance

Business Description:

Cajasur describes itself as a 'financial intermediary' which focuses on the micro-finance market; having a series of branches located largely in Peru's southern region as well as other areas. Its customers are mostly small and medium-sized companies and individuals in rural areas. Cajasur sees itself as a promoter of development in the regions where it operates and of rural areas in particular.

Strategic Governance

Cajasur places a primary importance on low-income markets, especially those in rural areas. Cajasur offers specific products for agricultural purposes, growing native vegetables and animal farming (raising alpacas). Most loans are small scale (anywhere from 300 to 4,000 Soles - about USD 100 to 1200). BoP is the company's main strategy - even if it is not described or defined as such. Cajasur is a microfinance specialist and relies mostly on low-income markets and its low-income market approach is fully integrated in the organization. The company has branches and offices largely in southern Peru in order to address banking needs of sectors of the population that have typically been ignored by mainstream banking institutions. The marketing department plays an important role in reaching out to some customers - many of whom are not literate - living in the very poorest areas of Peru such as the region of Chivay in the interior. It should be noted that Peru has a dual economy with a relatively modern/industrial focus on the coastal plains and a largely subsistence and rural sector in the mountains of the interior, which is isolated by insufficient transportation (airplane is safest and most efficient) and communications infrastructure. National income distribution is extremely uneven and this tendency is only getting worse. The poorest are mainly Quechua speaking peasant farmers living in remote rural areas; they are the main target of Cajasur's business. Apart from setting up branches in the poor areas to serve these customers, Cajasur also sponsors volunteerism within the organization setting up health projects with local authorities and several Spanish NGOs (Cajasur is a member of the BBVA Foundation) and other private enterprises such as Grupo Inca. Eighty percent of Cajasur's market could be described as BoP, while 60% of the total is agrarian. The company has no specific BoP management, nor does it rely on a code of ethics as such, but Cajasur's mission is to give "financial and like services, mainly to small and medium-sized companies and also to dependent and independent natural persons of the rural and urban areas, with high quality and highly qualified and committed personnel, thus contributing to the personal and entrepreneurial growth of our clients and helping the development of the region."

Cajasur sees the hiring of local staff in rural areas as a key part of its strategy, and there are no barriers for low-income communities to have a voice with senior management. Some senior managers have direct access to the communities. While not on the board, Cajasur works closely with Spanish NGOs and receives support and guidance from the BBVA Foundation for Microfinance, which places great importance on poverty reduction and development of poor areas in parts of the world where BBVA has a strong presence: i.e. Latin America. Cajasur works closely with NGOs and local authorities in promoting development initiatives; it also hires locals to serve in its branches, who are better able to give insights into specific community needs.

Human Capital	Cajasur places no restrictions on hiring from low-income communities. In fact, Cajasur branches are often staffed by natives of the very rural areas where the bank operates. Hiring of locals is an important aspect of Cajasur's business and it is encouraged by the BBVA Foundation for Microfinance, of which it is a member. Indigenous communities are represented, as they form the bulk of the population in Cajasur's business areas. Recruitment is highly informed by the principles of the BBVA Foundation.
Stakeholder Capital	Cajasur works closely with local institutions and municipalities. Customers are not seen as objects to be exploited; there appears to be a respectful relationship with customers, most of whom are low-income. Customers often work directly with members of their own community, removing typical social barriers that prevail between customer and staff in traditional banking institutions. To this end, Cajasur has even facilitated the transfer of migrant revenues to local areas, by establishing a partnership with Western Union, such that customers in rural areas gain more access to these revenues. There are some limitations, enforced through the type of loan; cultural habits fostered by governments that forgave land loans in the past have influenced Cajasur; accordingly, it offers loans that primarily target small-scale animal raising activities, suggesting there is some prejudice. Nevertheless, Cajasur has recognized that low-income customers pay more regularly than others do. Cajasur works directly with local 'entrepreneurs' and hires mostly local staff. Apart from providing small loans to local farmers, Cajasur, works with specialized Spanish NGOs and agricultural NGOs to help locals improve the quality of the meat of their alpacas.
Environment	Cajasur offers small loans typically used for small scale and organic animal raising (alpacas for the most part, preferred by the natives); in this sense it faces limited environmental risks, it also operates in areas less affected by weather/climate related problems. In Peru this is important, as it feels the effects of such phenomena as 'el-nino' very strongly, including floods. These problems are more of a risk in the coastal areas, whereas Cajasur concentrates in the mountainous areas of the south. Still, Cajasur has worked on some environmental efforts such as promoting the cleanup of the coastline through the Patrulla ecological campaign.
Final Score	4.43

7. DESARROLLADORA HOMEX, S.A.B. DE C.V.

Country: Mexico

Sector: Homebuilding

Business Description: Desarrolladora Homex SAB de CV (Homex)'s principal activities include the construction and selling houses in Mexico. The company's housing projects are divided into three sectors according to cost: Entry-level; middle-income; and residential. As of December 2005, the company had land reserves of approximately 13.1 million square meters and also had an approximate of 14.3 million square meters of land for which it had signed purchase agreements and made partial payments. Homex operates in 28 cities and 18 Mexican states. The firm employs around 11,948 people. Revenues in FY 2006 exceeded \$1.15 billion.

<p>Strategic Governance</p>	<p>With the mission to improve the quality of living of communities through quality developments, Desarrolladora Homex SAB de CV has turned into one of the largest Mexican homebuilding companies for low-income sectors. As part of its organizational structure, the company includes a department of social housing responsible for business projects for low-income markets. This department has representation in the general management committee.</p> <p>Low-income market initiatives are part of the company's overall strategy. At least 30% of the houses built in the 30 markets where the company operates are targeted at low-income markets. The firm also has a special housing project for police officers and fire workers. In this case, the company offers discounts which are based on agreements with municipalities. Moreover, aware of the need of low-income markets for affordable furniture and electro-domestic products, the company includes the "amueblate" project, which promotes the use of "fonacot" government credits. These credits allow low-income customers to buy these products.</p>
<p>Human Capital</p>	<p>Homex employs around 15,000 construction workers and plans to increase this number to 18,000 by the end of 2007. With the objectives to contribute to the personal and professional development of employees, and improve morale and retention over the long-term, the company supports employees by offering them the opportunity to study primary school, middle school and high school. As of June 2007, the accumulated number of employees enrolled in educational programs was 7,300 and 2,600 workers had completed high school studies. The company encourages suppliers to replicate this program.</p> <p>In order to sensitize employees, the firm encourages them to participate in initiatives to improve the communities of operations. Employees and their families participate in fundraising and volunteering initiatives.</p>
<p>Stakeholder Capital</p>	<p>Homex is aware of the benefits of stakeholder engagement. The company engages with local authorities to determine housing demands in low-income markets. The company also has agreements with municipalities in order to reduce the costs of the red tape involved in building houses. In order to access low-income customers, Homex helps these customers to take advantage of "INFONAVIT" government mortgages and subsidies. The company has agreements with government entities in order to reduce the red tape involved in getting mortgages. The group also includes special housing projects for police officers and fire workers from low-income sectors. At all new developments, the company hires a social worker responsible for working with the people living in those communities. The social worker organizes a neighborhood committee and assists this committee in order to build an identity for the community. Moreover, the company participates in the committee of "Accionarse", an industry organization that encourages companies to adopt practices to foster gender diversity.</p>
<p>Environment</p>	<p>Homex has replaced the use of wood with substitute materials by 60 to 70%. The company uses high quality materials with thermal properties, which maintain adequate temperatures and reduce electricity consumption. In addition, water treatment infrastructure is included at all developments. Employees participate in environmental initiatives, such as ecologic campaigns and programs for the protection of biodiversity.</p>
<p>Final Score</p>	<p>4.38</p>

8. Grupo Nueva (Masisa)

Country: Chile

Sector: Homebuilding

Business Description: Masisa SA's activities include the production and trade of wood boards for furniture and interior architecture in Latin America. Business operations are conducted through three business units: forestry; wood; and retail. The forestry unit manages 244 thousand hectares of certified FSC plantations located in Chile, Argentina, Brazil and Venezuela. The wood unit processes forestry resources to create wood products and sub-products. The retail unit operates a network of approximately 300 stores offering carpentry products and services throughout Latin America. Headquartered in Chile, the company has operations in Argentina, Brazil, Chile, Colombia, Mexico, Panama and Venezuela. As of December 2005, the company employed 4,782 people. Revenues in 2006 exceeded \$887 million.

<p>Strategic Governance</p>	<p>Masisa's strategy is aimed at targeting low-income sectors of the population. Masisa is committed to having 10% of sales coming from low-income markets by 2008. The CEO is directly responsible for achieving this goal and managers are offered bonuses for meeting this objective. The persons directly in charge of reaching this goal are the corporate commercial manager and the country commercial managers. Masisa's approach to benefit low-income sectors of the population is to create capitalism throughout the value chain. The company sources from carpenters coming from these sectors and incorporates women from these sectors as part of its distribution retail channels.</p>
<p>Human Capital</p>	<p>Masisa is committed to local hiring, and aims at having 30% of all employees coming from local communities. These local employees do not necessarily need to come from low-income sectors. In order to sensitize staff, the company relies on employee volunteerism programs.</p>
<p>Stakeholder Capital</p>	<p>Masisa is aware of the importance of maintaining positive local relationships with stakeholders. Although the company has not advocate for BOP communities, it has implemented important initiatives to support these communities. The company's strategy is aimed at creating capitalism throughout the value chain. The company promotes the creation of micro-entrepreneurs, having the goal to increase the number of suppliers from low-income markets by 5%. The company also supports carpenters from low-income markets and incorporates women as retail distributors. It is worthwhile to note that the company requires that suppliers comply with social and environmental standards. In order to better understand the needs of the bottom of the pyramid, the company engages people from low-income sectors in the design of the products sold to these sectors. The company recently organized a furniture design contest with the participation of people from low-income sectors.</p>
<p>Environment</p>	<p>All company's plantations are FCC certified. Masisa is rare among all companies surveyed in its stated commitment to environmental initiatives.</p>
<p>Final Score</p>	<p>4.33</p>

9. Farmacias SIMI

Country: Mexico

Sector: Consumer Goods/Retail

Business Description: Farmacias de Similares SA de CV's main activity is drug retailing. The company operates through its own pharmacies and franchises, totaling 3553. Headquartered in Mexico, the company has operations in Guatemala, El Salvador, Honduras, Costa Rica, Ecuador, Perú, Chile and Argentina.

Strategic Governance	<p>Farmacias Similares SA de CV was created with the objective to provide health quality services “to those who have less”. The retail company offers generic medicines at low prices claiming to sell at 75% less than its competitors. As a major buyer, the company relies on its market power to buy cheaper, transferring this benefit to final customers. In order to expand, the company developed a franchising system and currently has 3533 pharmacies in Mexico, Guatemala, El Salvador, Honduras, Costa Rica, Ecuador, Peru, Chile and Argentina.</p> <p>The company’s whole business model and culture are focused on supporting low-income sectors of the population. The CEO is responsible for developing the company's BOP strategy and often engages with people from low-income communities, indigenous people, and NGOs. Most of the company’s pharmacies are located in low-income communities. The company also has clinics for low-income people at diverse locations, provides free medical attention, and offers medical studies at low prices. Moreover, the company has the "special hours for those who have less" program, offering discounts on medicines at certain hours.</p>
Human Capital	<p>Most of the company’s pharmacies are located in low-income communities and the people that work at those pharmacies are usually from these communities. In order to sensitize employees, the company encourages employees to participate in volunteering programs. The company organizes events to award those involved in initiatives focused on supporting low-income sectors.</p>
Stakeholder Capital	<p>Farmacias Similares conducts a number of stakeholder engagement initiatives. The company relies on Foundation Simi to support the communities of operation. The company supports around 2,000 community organizations, including NGOs. Initiatives implemented include mobile food banks, addiction treatment programs and human relief initiatives. The company provides free franchises to organizations that support low-income people, such as community development organizations and shelters for elders. In order to support customers, the company offers free medical advice at some locations.</p>
Environment	<p>Thee company has remained passive in terms of adopting a proactive environmental approach.</p>
Final Score	4.12

10. Unilever

Country:

Mexico

Sector:

Consumer Goods/Retail

Business Description:

Unilever's principal activities are carried out through two categories: Foods, and Home and Personal Care. The Foods division includes; savory and dressings, ice cream and frozen foods, spreads and cooking products, and beverage segments. Products included in this division are soups, bouillons, sauces, snacks, mayonnaise, salad dressings, olive oil, margarines, spreads, liquid margarines, tea, ice cream and frozen foods. Brands under this division are Knorr, Lipton, Slim-Fast, Becel, Flora, Bertolli, Blue Band, Dorian, Country Crock and Rama. Through the Home Care and Personal Care operations it provides products relating to skin and hair care and home care products. Products included in this division are deodorants, anti-perspirants, oral care, laundry powders and liquids, and a range of cleaning products. Brands under this division are Axe, Dove, Lifebuoy, Ponds, Rexona, Signal, Sunsilk, Vaseline, Cif, Comfort, Omo, Radiant and Surf. In 2005 the firm had 337 manufacturing sites and about 206,000 employees across its global operations. The group's products have achieved significant growth in the emerging markets of Africa, Asia, Middle East, and Latin America. The company's turnover for 2005 was €39,672 million. Sales are split geographically as follows: Europe 41%, the Americas 33%, and Asia and Africa 26%. Product segments are divided into Foods 56%, and home and personal care 44%. In February 2006 Unilever announced plans to sell its European frozen foods business. The sale was completed on 3 November 2006. Unilever sold its Unilever Cosmetics International unit to Coty for about \$800 million in May, 2005.

<p>Strategic Governance</p>	<p>Unilever, an international manufacturer of leading brands in foods, home care, and personal care recognizes the low-income market of Mexico, in particular, by lower its prices while maintaining its high quality within its 'Foods' division. The company works to try to create specific products that meet the low-income needs, while meeting the company's bottom line. Because the company's core strategy has fully integrated a low-income-oriented strategy, Unilever no longer maintains a management position focused solely on targeting/reaching the low-income market. The company's low-income strategy is now integrated across the organization. All staff are trained on understanding that the BoP market is a different market than the middle or upper class consumers and the company gains a competitive advantage by employing that understanding through its product creation. Because Unilever has been serving the Mexican area for a number of decades and it is directly focused on the socio-economic make-up of its clients.</p> <p>Unilever is also involved in a partnership with Wal-Mart: through which they develop sustainability and vitality-related programs that drive "CSR in areas like Health & Wellness as well as Business Sustainability around the world".</p>
<p>Human Capital</p>	<p>The Majority of the staff comes from the local areas that Unilever serves. Many are from low-income areas, but the percentage has not been released.</p> <p>Beyond commitments that direct first-tier suppliers be required to comply with Unilever's Business Partner Code, the company has not published data that allow stakeholders to assess suppliers' social performance.</p>

	<p>Unilever did not meet the original target due to the firm's ongoing restructuring. By the end of 2005, the company had contacted approximately 80% of these suppliers requesting that they acknowledge the principles of the Code and provide positive assurance, namely evidence of relevant policies and operating standards used in manufacturing operations supplying Unilever. Currently, 70% of those suppliers contacted have replied. Until more transparent supplier audits are disclosed stakeholders may not be convinced that Unilever's efforts to require suppliers to comply with its Business Partner Code are proving fruitful.</p> <p>Of note, ongoing staff reductions and streamlining continue to be ongoing at Unilever. Employee numbers have been reduced by 25% since 2001. During 2005 the number of people employed by Unilever fell by 17,000, a 7.6% reduction over the past year, as a result of internal restructuring and business divestment. The company's restructuring involves outsourcing of transactional, admin, and support functions (such as HR and IT) to third-party companies, some of which are in emerging markets. The company claims it is making every effort to treat those affected fairly, with the offer of help to find alternative employment if redundancy is necessary. This reduction is so large that it could have repercussions on employee morale.</p>
Stakeholder Capital	<p>The company maintains a strong relationship with the local community. In particular, of note, the company is in partnership with Wal-Mart. One of the focus areas within this partnership is Build Sustainability & Focus on Vitality Themes. The company develops programs that drive corporate social responsibility in areas like Health & Wellness as well as Business Sustainability around the world. The company maintains respectful relationships with its clientele. The company does not see them as 'objects' to sell. The company is engaged with local NGOs and community groups.</p>
Environment	<p>Unilever's focus on reformulating its current food products is critical to meeting its low-income consumer needs; however, the strategy has neglected the development or acquisition of new products that are more sustainable (such as organics). The company works to create recyclable foods and packaging. Additionally, Unilever's eco-innovation strategy has led to the reformulation and creation of new products with reduced environmental footprints. An example is its laundry powder, Surf Excel, launched in India, which claims to save two buckets of water per wash. In 2005, sales grew by 50% in the water-stressed states in southern India.</p>
Final Score	4.07

11. PROMOTORA AMBIENTAL, S.A.B. DE C.V.

Country: Mexico

Sector: Infrastructure

Business Description: Promotora Ambiental's activities include waste management, private and residential collection services, landfill operation, recycling and services to the oil industry. The company operates in 47 Mexican cities. As of 2006, the company employed 5,283 people. Revenues in FY 2006 exceeded \$198

million.

<p>Strategic Governance</p>	<p>Promotora Ambiental is committed to adapt its projects to Mexico's current circumstances and aims at promoting sustainable development. The company considers that BOP communities are a market niche that is not being served. Therefore, the company considers that there is strong potential in this market. The company's board of directors and executive management are committed to including initiatives to support the BOP and oversee all initiatives. The company has a department of social responsibility, which includes 40 local divisions. Each division has its own social responsibility committee. Promotora Ambiental notices that the collection of solid waste is not practiced in low-income communities for being economically unviable, and realizes that the accumulation of waste affects local economic sectors such as eco-tourism. In order to address these issues, the company developed a project aimed at offering collection services in low-income communities. The project involves offering waste collection services to households living in these communities for approximately a USD \$2 monthly charge. This project creates the possibility to add value through the collection of recyclable materials.</p>
<p>Human Capital</p>	<p>Promotora Ambiental recognizes that there are talented people at the base of the pyramid. The company's operations imply hiring from low-income communities. Approximately 40% of employees belong to low-income sectors. There are some cases of employees from these sectors who started doing entry-level and basic jobs that now are in management positions. The company's waste collection project at low-income communities implies hiring or contracting personnel from these communities to collect the waste. This project creates the possibility to add value through the collection of recyclable materials.</p>
<p>Stakeholder Capital</p>	<p>Promotora Ambiental has a number of programs in place to engage with local stakeholders. The company's foundation, Fundacion Mundo Sustentable, has formed alliances with environmental NGOs, research institutions, and community leaders. For example, in coordination with "Mundo Verde" NGO and industry chambers, the company offers sustainable education to community leaders. The company communicates with consumers through radio programs, and also has a department focused on supporting clients. The company is promoting a project to include "pepenadores" (informal waste collectors) in the recollection of recyclable materials such as PET. The idea is to provide these pepenadores the opportunity to be company suppliers. The company has already implemented initiatives to engage with these pepenadores. For example, in Tijuana, the company opened an educational center for the children of these pepenadores. The company also conducts environmental and social projects in coordination with municipalities.</p>
<p>Environment</p>	<p>Promotora Ambiental offers waste management services. The company adheres to the Letter of the Earth and conducts a number of environmental projects. For example, in the states of Tabasco, Michoacan, Nuevo Leon and Mexico, the company offers courses on environmental education, recycling and the adequate use of products to avoid improper disposal. In Coahuila state, the company conducts environmental campaigns and reforestation projects.</p>
<p>Final Score</p>	<p>4.02</p>

OTHER BEST PRACTICES

The results of the company analysis also showed unique best practices for reaching Majority markets among firms that may not have made the **OM Leadership Index**. These companies are worth mentioning for their unique and creative ways they are meeting these markets; summaries are presented below.

Grupo Gloria, Peru

Grupo Gloria is the largest dairy group in Peru and it is trying to lower the price of milk by increasing sources of supply throughout the country. This is the company's main strategy, which also aims to improve income distribution. The company sees the importance of addressing ethical issues related to the wide regional income gap in Peru and in diversifying its sources and distribution networks. The strategy, in a wider sense, also favors the curbing of urban migration to Lima and other major cities, where poverty levels and degradation increase.

Grupo Gloria aims to increase its range of suppliers as well as customers by spreading processing plants to more areas of the country. The company has also obtained a USD 85 million loan for this purpose. Until recently, Grupo Gloria sourced milk, almost exclusively, from Arequipa; the new policy is designed to widen the number of sources. A better income distribution also contributes to generating more demand and more customers. Overall, Grupo Gloria's policy is more focused on increasing income possibilities than low-price strategies for consumers.

Cable & Wireless Jamaica, Jamaica

Cable & Wireless Jamaica is the Jamaican leading provider of telecommunication services, including mobile and fixed voice, data, internet protocol and broadband. The company is owned 82% by Cable & Wireless PLC in the UK. Approximately 80% of the company's customers belong to low-income sectors. Cable & Wireless Jamaica offers these consumers prepaid fixed and wireless telecommunication services as well as fixed lines for emergency purposes at low rental costs.

Cable & Wireless Jamaica promotes the creation of cyber-centers in the communities of operation. The company also supports NGOs by providing them with free internet access, and partners with around 60 NGOs in order to implement education and youth development initiatives.

Grupo Nacional de Chocolates, Colombia

The company is increasingly looking at BoP practices but not just by directly trying to increase sales. Mostly, it works through a foundation to improve local communities through nutrition, education culture, arts, health programs and volunteerism. The company also helps provide computers to remote areas and company managers contribute time in various programs especially in the area of nutrition - this is seen as a very important part of the contribution to the poorest and most vulnerable sectors of society. The company claims to have brought benefits to 616,369 people through investments valued at USD 7.6 million.

Duratex, Brazil

Duratex's activities include manufacturing wood products, sanitary vitreous chinaware and metal fittings. Headquartered in Sao Paulo, the company operates in Argentina, the US and Europe.

The company includes innovative employee professional and personal development programs for low-income sectors of the population. The "education for a better future" project, aimed at adults, especially rural workers,

gives these people the opportunity to go back to school. As part of this program, the company enables rescheduling of working hours and redefinition of bus routes, and designates employees to support and monitor attendance and progress in the school. The company also gathers all the necessary paperwork and forwards it to schools in order to guarantee placement and enrollment. The program includes approximately 200 employees.

Promigas, Colombia

Promigas's principal activity is the transportation of natural gas in Colombia. With a strong social commitment, the company concentrates its efforts on creating economic and social development through education and entrepreneurial support.

The company has gotten government subsidies and offers credits in order to allow people from low-income sectors to access natural gas services. Once these people pay the credits, the company offers them additional credits to buy household products.

Moreover, the company has a program focused on creating employment and strengthening local economies. The program is designed to support small entrepreneurs from low-income communities. Entrepreneurs are provided with training, assistance and credits at low interest rates. Most of the businesses supported are likely to use natural gas. In this sense, the program is convenient from a long-term business perspective.

COELCE, Brazil

Coelce's main activities include the transportation and distribution of electricity in Brazil. Strongly committed to environmental protection, the company offers low-income customers the opportunity to pay their bills with recyclable materials, a very unique and differentiating feature from other firms. The company provides these customers with a card which allows them to participate in the program. Coelce currently has 18 collection points of recyclable materials and has approximately 10,000 clients participating in this program.

Austral Group SAA, Peru

Austral Group SAA makes fish oil, fishmeal, canned and frozen fish products. The company is also a distributor of tinned sardines, tuna and mackerel to the USA, South Africa, Asia and Russia. Austral's growth strategy is related to BoP as it tries to diversify suppliers - finding sources in low-income areas - but mostly through improving infrastructure (general) and promoting the nutritional value of fish. Austral does not appear to view its strategy as 'selling stuff to the poor'. Current initiatives are limited and aim to promote the improvement of local communities to create a larger customer base for higher quality fish products. They are backing this strategy by helping to promote fish for its nutritional value and improving the environmental practices associated with its capture through use of latest technology and participating in Latin America wide projects to help reduce its impact.

Austral has been trying to improve community social standards also by recruiting more women. This is an important aspect of its emerging BoP policy. However, the company is also very interested in improving access to education and it has devoted efforts to help improve schools (hardware and quality of instruction) as well as promoting better health standards in rural communities; especially in areas that derive income from the fishing industry.

Banco Itau, Brazil

Itau has some BoP products and initiatives; some aim to control the indebtedness of consumers, others are directly related to BoP as it has microfinance products as well as other sustainable products and services such as PIC Natureza. Itau adheres to the Equator Principals which are a global financial industry benchmark for determining, assessing, and managing social & environmental risk in project financing. The company has responded to the Carbon Disclosure Project twice, concretizing its commitment to fighting climate change. The company has also been listed in the Dow Jones Sustainability World Index since 1999 which contains only firms with strong performance along social and environmental criteria. Additionally, Itau evaluates the environmental risks of all loans over US\$ 5 million. Such practices ensure greater control over the potential negative effects of the project in question on ecosystems and communities. When environmental effects are unavoidable, the bank ensures that they are reduced, mitigated, and compensated for appropriately.

Credifactor, Nicaragua

In some countries, factoring is the only way for low-income citizens and businesses to access financing, because the system allows for high-risk businesses (small and medium enterprises - SME's) without guarantees and who have short credit histories to access credit. Factoring relies not on the client's creditworthiness, focusing instead on the value of the receivables. It is especially effective in developing export markets. Factoring provides exporters in these countries a risk free alternative to letters of credit and with it the opportunity to grow their business. Factoring can be seen as a catalyst to the growth of international trade, especially with developing countries exporting to the more developed countries. Factoring can be used by an SME which sells to large companies, enabling it to lower its cost of capital by leveraging on their customers' lower risk. In this sense, Credifactor as one of the leading companies in the sector can benefit small businesses, even informal ones.

Factoring is very important for Nicaragua, because of the lack of available credit. Credifactor wants to increase the supply and demand for factoring. However, factoring implies some level of formality, and growth of factoring shall depend on the development of mechanisms to check against default of credit.

Companhia De Bebidas DAS Americas SA (AmBev), Brazil

The expansion of the recycling market in Brazil is mainly a result of garbage self-employed collectors' organization. They are more than 80,000 people and 2,500 cooperative enterprises which emerged as an alternative to transform such work into source of income for many low-income families. Despite growth, this activity faces structural problems, which hamper the expansion of existing infrastructure. In order to supply demand, AmBev created the Solitary Recycling Program – Cooperative Enterprises, which provides equipment (hydraulic press) and learning (courses and recycling workshops), to increase the volume of refuse collected and enhance the value of products destined to the plants.

The Reciclarte Project was created with a view to supporting artists, who use garbage as raw material and incorporate the recycling into their work. Reciclarte is maintained at Recicloteca, with a permanent exhibition room and every two months it receives a new collection, always focused on recycling issues in positive, practical ways.

Coca Cola FEMSA, Mexico

Coca-Cola FEMSA (KOF) demonstrates leading water management across its market territories. In 2006, the company's water management initiatives enabled it to save more than 145,000 cubic meters of water across its

territories. Additionally in 2006, the total water consumption per liter of beverage produced at the company's international benchmark Mexican operations was almost half the average of the Coca-Cola system. KOF's water stewardship demonstrates the firm's proactive approach to forthcoming key environmental issues and proves the company's alignment with The Coca-Cola Company's focus on active response to critical water use risks in emerging market regions.

Natura, Brazil

The company's Natura Ekos line of fragrances, personal care and ambience products draws from Brazil's biodiversity inspired by traditional uses of plant ingredients. Through this line, the company not only utilizes natural (environmentally sustainable) ingredients for its products, but it stimulates the development and quality of life of the communities that cultivate or extract those ingredients and simultaneously reaps substantial financial returns.

In keeping with the concept of sustainability, Natura Ekos products are biodegradable and use bottles and packaging that contain recycled material. The company offers refills for each product, which both reduces the firm's environmental impact and increases the price competitiveness of its products.

Procter & Gamble, El Salvador

More than 1 billion people around the world do not have access to safe water. 4,000 children die every day from diseases caused by drinking unsafe water. Procter & Gamble has created a simple, affordable, household-level water treatment, PUR Purifier of Water. The technology has tremendous potential, as it treats even heavily contaminated drinking water and assists those living in poverty without access to clean drinking water. The innovation demonstrates the company's inclusion of key low-income environmental challenges into its intellectual capital. The technology is provided safe drinking in over 30 countries through P&G's Children's Safe Drinking Water program. A four-gram sachet of powdered PUR treats 10 liters of water effectively killing bacteria and viruses and removing parasites and solid materials.

P&G is also uniquely involved in programs to address HIV/AIDS awareness, training, benefits and assistance to its HIV/AIDS infected employees. Because the Majority of the world's and Latin America's population infected with HIV/AIDS come from the 'base of the economic pyramid'/low-income segments of society, P&G's program expands the company's ability to maintain socio-economic diversity within its human capital. It also demonstrates that the company is keenly aware of one of the major health challenges that face the low-income segments of society.

EXAMPLES OF LAGGARDS

The following are profiles for a few companies that performed quite poorly. The rest of the profiles can be seen in **Appendix C**.

Company:	Lojas Renner
Country:	Brazil
Sector:	Consumer Goods/Retail
Business Description:	The group's principal activity is to manage department stores. It sells a wide range of products such as clothes, domestic electrical appliances, articles of sport and others products sold in department stores. It imports goods from other countries. The Group acquired Dromegon Participacoes Ltda and Renner Administradora de Cartoes de Credito Ltda in 2005. In 2006, the Group inaugurated 15 new stores with a total of 81 stores and a total selling area of 178 thousand square metres nation-wide.

Strategic Governance	Lojas Renner manages department stores, which do not sell products to low-income markets specifically. Most recently, Lojas Renner has shifted from department store chains to now include financial services. The growth strategy does not appear to specifically include low-income customers; but it should be noted that of the sectors financial services does have the greatest reach to the low-income segments of society, therefore, through Lojas Renner's financial services the company may reach some aspects of the Majority, but, certainly, not through a deliberate strategy. Of their 87 department store locations, the vast Majority of them are located in urban areas.
Human Capital	It is not apparent whether the company seeks to increase its staff diversity by actively recruiting staff from low-income communities. The company does not disclose specific human capital indicators or management policies. As one of the largest retailers in Brazil, however, it maintains a code of ethics. However, the code of ethics does not specifically focus on ethically managing relationships with low-income segments of society.
Stakeholder Capital	Though not specifically Majority focused, the company does engage positively with key local suppliers and sees them as central to the company's product development.
Environment	The company does not indicate a direct understanding of the link between key environmental issues and low-income society's needs or risks.
Final Score	0.98

Company: **PARAUCO (Parque Arauco S.A.)**
Country: **Chile**
Sector: **Homebuilding**
Business Description: Parque Arauco SA's main activities are the ownership and operation of commercial centers in Chile.

Strategic Governance	As a mall operator, Parauco does not offer products or services to low-income sectors directly. There is no evidence that the company includes BOP considerations in its business strategy and decision-making processes.
Human Capital	Parauco does not seem to have a formal program focused on hiring people from low-income sectors.
Stakeholder Capital	In order to support low-income communities, Parauco provides foundations and charities with physical spaces at the malls for the promotion of their activities. The company supports foundations that support elders, children and people in need. There is no evidence that the company has programs to engage local entrepreneurs in its value chain.
Environment	There no evidence that the company includes environmental considerations in its operational processes.
Final Score	0.62

Company: **GRUPO MINSÁ, S.A. DE C.V.**
Country: **Mexico**
Sector: **Consumer Goods/Retail**
Business Description: Grupo Minsa is the second-largest corn flour producer in Mexico (after Grupo Industrial Maseca (Gruma)). It owns and operates six plants in Mexico, two in the US, and one in Guatemala.

Strategic Governance	Minsa does not make specific products for the low-income market, but it has many low-income customers. Because of their considerable cultural and practical significance, tortillas and corn flour have been subsidized by the Mexican government. Price controls have also been instituted to ensure the affordability of tortillas. The subsidies have been cut since the mid-1990's though some mechanisms to ensure the poor have access to this basic staple still exist. The subsidies helped sustain small tortillerias, which are failing under the weight of the big tortilla makers such as Gruma, which are able to offer a cheaper product, one that the poorer population finds it easier to afford. There is no specific BoP strategy - though the products are attractive to the poor, given their lower relative price to tortillas made by small producers. Minsa has a limited ESG strategy - a statement of commitments - and it does not have any specific strategies for low-income markets. Other than a short statement in the introduction, MISNA has no code of ethics and no apparent mechanisms to share benefits with local communities. Lately the price of corn has risen, partly as a result of its popularity in the making of ethanol as well as the monopoly situation
-----------------------------	---

	created by the fact that corn processing is now the domain of a handful of large scale operators such as Minsa. The company has no specific BoP markets, identified as such, but the BoP is a key consumer of tortillas and corn price fluctuations are felt directly by BoP consumers Minsa has no specific policies in this area.
Human Capital	There are no specific policies to hire staff from low-income communities. Indigenous communities are represented, but there are no explicit hiring policies as such.
Stakeholder Capital	<p>Tortilla production in Mexico has been typically heavily subsidized by the government in order, in theory, to provide cheap food for the poor. Given the recent wave of so-called 'tortilla wars'. Mexicans eat many tortillas-- 3,650 a year on average, but tortilla eaters are often poor and of Indian and mestizo lineage. It is difficult to say then, if the company considers its customers as objects; Minsa certainly relies on the poor, as the upper classes in Mexico are consuming greater amounts of wheat products and white bread.</p> <p>Like other tortilla makers, Minsa's expansion has come at the expense of small rural producers because of the gradual withdrawal of subsidies favoring large scale mechanized and export-oriented production. Under the North American Free Trade agreement (NAFTA) Mexico has also been importing subsidized US corn, making life more difficult for local producers. Small mestizo and Indian farmers are being driven out of the domestic corn market and pushing them off their land. Minsa has no policies yet to address this situation.</p>
Environment	No information available.
Final Score	1.1

SUMMARY OF KEY FINDINGS

The following key trends emerged from the research:

- ***There is strong and growing interest in Majority markets in the LAC region.*** This is perhaps the most fundamental finding of the study. Both as a market and as a matter of its own legitimacy, the private sector is increasingly engaging with Majority communities. The best evidence of this trend is in the response to the Innovest study. Seventy five of the 116 companies contacted participated in the study, an extremely high response rate, indicating a very strong interest in the topic. On several occasions, moreover, the chief executive of the company personally responded. Overall, of the 75 companies contacted almost two thirds had Majority market initiatives in place.
- ***Drivers to engage in Majority markets include both market potential and the social legitimacy of private sector entities.*** Numerous companies clearly see the market potential of entering Majority markets. Unilever, for example, has taken a specific Majority market focus as have other national companies that target Majority markets (Grupo ACP, Bradesco, Cable and Wireless of Jamaica,

Farmacias Similares). But this is not always the main motivation. In some cases companies have a “strategic philanthropy” motive. They recognize that their viability depends on a stable, well-educated society and therefore invest in education, nutrition, and infrastructure programs. For example, Grupo Austral, Peru, has targeted nutrition, infrastructure and education in part to increase markets for its fish protein products, but in large measure also to ensure its continued social legitimacy. Compana Energetica de Minas Gerais runs a professional development program for low-income employees including a university to train low-income employees as its future labor force. Farmacias Similares supports 2000 organizations including mobile food banks, human relief agencies.

- ***In many respects private sector engagement with Majority markets is not new.*** While among multinational companies a focus on Majority markets is considered innovative, for many of the national companies the Majority is the company’s traditional market. For example, two of the best-established Majority market companies, Grupo ACP in Peru and Bradesco in Brazil have had Majority markets as a core focus for 38 and 40 years respectively. What distinguishes these companies is the way they have been able to adapt these markets. The deliberate combined business and social focus among many companies such as Cemex on creating opportunities for the Majority by delivering better, cheaper products and by engaging low-income communities does appear to be new in many cases (though specifically in the cases of Grupo ACP and Bradesco this focus is long standing).
- ***Innovation in products, services, and business models is taking place.*** In some areas such as business and personal insurance and environmental services; new business and product models are being developed. Grupo ACP has developed a variety of insurance and training services for low-income communities and it is examining others such as pension funds, Creditfactor is developing non-traditional models for credit rating; COELCE accepts payments in recyclable materials, tying into the Latin America tradition of “junk harvesting”. Cemex conducted studies in order to determine the needs of these markets which resulted in innovative packaging and credit schemes for smaller construction projects. Innovative models are also being developed among privately held entrepreneurial companies that were outside the scope of this study.
- ***Majority products and services are in many cases becoming standardized and reaching scale.*** While Majority markets are often correctly depicted as requiring innovative “disruptive” technologies and business models, products and services are becoming standardized. This is the case in micro-finance and financial services, and pre-payment for services such as telecommunications. In these areas established models are being disseminated to broader markets.
- ***Cross selling is becoming increasingly important.*** Companies are using their existing customer bases and market knowledge to extend product offerings to Majority markets. Starting from a line of microfinance products as its base, Grupo ACP has developed and commercialized related products for the same customer base (for ex: business and personal insurance, business services and training, home mortgages). Similarly, Cemex has leveraged its experience in low-income sectors into a variety of products including savings, hardware stores, and remittance transfers. Promigas, a gas supplier, offers credits in order to allow people from low-income sectors to access natural gas services. Once these people pay the credits, the company offers them additional credits to buy household products.
- ***Formal management structures to address Majority markets are not standardized.*** Comparatively, few of the companies studied had well defined internal strategic governance structures to address

Majority markets. This lack of standardization may be the case because of the large variety of companies that participate in Majority markets and the variety in their motives to participate. Only a few companies had formal goals relating to Majority markets, and were often linked to overall revenue goals. Grupo Nueva (Masisa) is committed to having 10% of sales coming from low-income markets by 2008. The CEO is directly responsible for achieving this goal and managers are offered bonuses for meeting this objective. A somewhat larger number of companies had a designated senior management champion for Majority market involvement. Other companies such as Homex have a specific business departments dedicated to promoting low-income markets; while others such as Cemex house their Majority programs within public affairs or communications departments. Unilever which was one of the MNC pioneers in Majority markets has integrated its Majority businesses back into its core business. Entel has projects benefiting low-income sectors monitored every two months and “zone managers” are responsible for determining whether the services offered are used.

- **Value chains are used to provide access to Majority communities.** Inka Cola has developed a very strong distribution chain in Majority communities to provide access and Farmeacias Similares has developed a franchising model to promote local ownership. Companies are also strengthening supply chains in Majority communities to improve the quality of products sold to non-Majority markets (Sadia Oeste Brazil).
- **Environment is often linked to a Majority market focus as part of an overall “social” focus.** Promotora Ambiental is targeting environmental products for low-income communities; Inca Kola is developing sustainable packaging and refrigeration methods; COELCE allows payment in recyclable materials and AmBev is develop recycling infrastructure providing employment to 80 thousand people, formalizing the traditional “pepinador” junk harvesting model.
- **Strong stakeholder engagement creates customers and employees.** Cemex realizes that the success of its "Patrimonio Hoy" and "Mejora tu calle" programs depends on appropriate engagement with local communities. The objective is to engage customers into a culture of saving to enable them to pay the credits provided. In order to offer both programs, the company relies on people living in low-income communities. The company hires architects from these communities or from the region, and engages local entrepreneurs in order to offer these programs. In this sense, the programs not only benefit households, but also local economies. Telefonica El Salvador provides connectivity to 70 educational centers, representing more than 40,000 students and 1,000 teachers. This service is free of charge during the first two years and in subsequent years charges a symbolic fee with the idea to create a sense of belonging. The objective of this program is to not only improve educational quality, but also to create networks with the relatives of the students and neighboring municipalities. Through this initiative, the company creates opportunities in markets that weren't previously accessible.
- **Growing customer bases through various innovative schemes.** Companies are supporting low-income sectors through credits and other measures in order to allow them to access their products. Argos includes a program called "Constru-ya". Through this program, people from low-income sectors can buy construction materials at low interest rates. In order to access these credits, consumers need to demonstrate that they have a job or perform an economic activity. Cementos Lima financially supports small companies in building small plants to distribute concrete construction blocks for low-income markets. Through this scheme, the company creates customers. Eletropaulo Metropolitana Electricidade has a program to provide electricity connections directly to the grid in low-income communities which

helps reduce safety incidents of people trying to connect on their own, while providing added revenue to the company. Promigas takes government subsidies and offers credits in order to allow people from low-income sectors to access natural gas services. Once credits are paid, the company offers these people additional credits to buy home products. The company also provides credit to small businesses that are likely to use natural gas.

SUMMARY OF COMPANIES REVIEWED – BY COUNTRY

The number of companies targeted per country was relative to the GDP of that country (as a percent of the total GDP for the 10 countries). This is evidenced by the bulk of reviews being of companies in Mexico and Brazil. An anomaly is that although Argentina has a higher GDP than Peru, these firms were less responsive.

The following table outlines the number of company reviews and average scores by country.

Country	Number of Companies	Average Score
Peru	8	3.45
Mexico	20	3.12
Brazil	18	3.04
Jamaica	1	2.88
Colombia	6	2.74
Nicaragua	1	2.67
Chile	9	2.40
El Salvador	8	2.38
Argentina	3	2.21
Trinidad & Tobago	1	2.17
TOTAL	75	2.88

FIGURE 3 Summary Table by Country

The number of companies reviewed is not statistically significant enough to generalize based on the country in which they operate, however some differences do seem importance (high average score for Peru and Mexico). This is a topic for future analysis because it is difficult to differentiate the impacts of sectors and countries. A few findings are summarized below:

- The country with the highest average performers is **Peru**. Apart from any individual company characteristics that may have determined a higher and more enthusiastic response rate, Peru has experimented with concepts related to BoP to a greater extent than other countries. It may be that the interest in the Majority in Peru is due to; recent history of unrest, the existence of a large, ethnically distinctive low-income population and the availability of funds under various “canons” that target Majority communities. The financial sector, in particular, has a big role to play because the Majority of the population has no access to banking. For example, for the past 38 years Grupo ACP has had a strategy of addressing the “exclusions” from the opportunities of the market economy provides that low-income populations suffer. There is, clearly, a focus on wealth creation particularly among the remote communities. All companies, to varying degrees of engagement and support, are using volunteerism, financial and direct educational support, nutritional education programs, hiring and training strategies, technology transfer to improve the areas where they operate their business.
- **Argentina’s** scores by contrast are below average. This could be caused by several factors. The number of companies in the set (3) is small; so this result may not be significant or representative. The country has the highest UN Human Development Index score in the Latin American region, which translates to a higher standard of living (the Majority therefore has a higher income and forms a middle class). Argentina has smaller indigenous populations, who commonly make up the low-income communities in surrounding countries. The most developed BoP sector is the financial sector, but Argentina has a weak financial sector as many of the financials collapsed during financial crisis of the late 1990s. Furthermore, because the BoP makes up a smaller portion of the economy, the financial institutions that exist do not typically include significant microfinance services.
- **El Salvador** has the highest number of Multinational Corporations (MNCs) on its stock Exchange. This is very likely due to the high economic freedom and low corporate taxes in the country, so MNCs list there, however have operations all over the region⁵.
- **Caribbean** countries were not strongly represented in our sample; however a few trends were noticed. It seems the banks are just beginning to explore micro-finance world. This is likely due to the regions small population, generally higher incomes, and strong government support. Much of the financial sector is run by government regulations; government is involved in promoting tourism and the formal economy rather than the informal economy. Therefore, because of government regulations and the population make-up/socio-economic breakdown financial institutions have not explored the microfinance market.
- The largest number of companies were found in **Mexico** and received above average scores.

⁵ On the 2007 Index of Economic Freedom (Wall Street Journal), El Salvador came in 29th place in the ranking of economic freedom of 157 countries. This is the highest in the LAC region.

SUMMARY OF COMPANIES REVIEWED – BY SECTOR

The spread of companies reviewed within each sector was kept fairly even so that an even view of each sector could be established. The Consumer Goods/ Retail sector is double the size of the others as it has several sub-segments of interest within it (including food, beverage, consumer products and retail companies).

When companies reviewed are sorted by sector, the results are as follows:

Sector	Number of Companies	Average Score
Finance	12	3.81
Homebuilding	12	3.07
Telecom & IT	11	2.66
Consumer Goods/Retail	26	2.64
Infrastructure	14	2.56
Total	75	2.88

FIGURE 4 Summary Table by Sector

The sector with the most top performing companies is **Finance**. This was not a surprise as these firms have been developing products to meet low-income markets for quite some time. There are three types of financial institutions operating in these regions:

- Financial institutions that service commercial and high-end individuals. Mostly these firms indicate that they do not serve the BoP market – but that other financial institutions in the region do.
- Major financial institutions that service individuals (checking, savings, insurance) and where the BoP markets exist include loans for SMEs and micro-entrepreneurs. These institutions see the market opportunity within the BoP, but many entered via their experience with SMEs.
- Microfinance and Microinsurance organizations, who are directly involved in serving the BoP market. They entered the market to serve the BoP market 'to do well by doing good'. They are also aware of the strong correlation between environmental challenges, financial services/insurance, and improving livelihood.

The **Consumer Goods/Retail** sector forms scored near the bottom likely due to the following:

- Creating innovative, affordable, high quality products is challenging within those firms (Innovation is evaluated within the highly weighted Strategic Governance section of the framework).

- Only a few firms appear to be creating lower-cost, high quality products: i.e. Unilever's food division (see below).
- Retail firms, with the exception of Wal-Mart, do not appear to explicitly be creating products for the BoP market, accounting for part of the decline in overall score.
- Supermarket and food companies often 'sell to the poor'. Because the urban poor are already a large portion of much of the market (i.e. in Peru and Mexico) they buy items from these 'retailers'. Many food companies also sell to mom and pop stores that then service much of the urban and semi-urban/rural poor.

Perhaps, due to the lower market capitalization and less sophisticated experience in managing Environmental, Social, and Governance (ESG) issues, **food** companies in these countries do not appear to have any specific BoP policies - at least any policy identified as such - directed to the marketing and targeting of products for this population segment. However, the companies are taking a long-term social approach which is indirectly aiming to create a market in the BoP. There is, clearly, a focus on wealth creation particularly among the remote communities. All companies, to varying degrees of engagement and support, are using volunteerism, financial and direct educational support, nutritional education programs, hiring and training strategies, and technology transfer to improve the areas where they operate their business.

This is especially the case, where the companies rely on suppliers for specific resources such as milk, fish or cocoa. Companies have expanded the number of sources while also helping independent suppliers improve their product – usually implying environmental and nutritional benefits as well. Moreover, companies have also been keen to raise the socio-economic conditions of the very areas from which they source their products. There is a real sense that these companies take social responsibility very seriously, such that they are in many ways helping to fill the gaps left by the state. It is no coincidence that private enterprise should take this approach in Peru or Colombia. Both of these countries have experienced decades of civil strife and weak institutional development in areas beyond the main cities – the rural areas in particular. Private companies, therefore, in these countries have realized that they must help foster a social context favorable for business before they can even start offering specific products aimed at the BoP. They have to build that 'base' first. For companies in these countries, ESG or Corporate Social Responsibility (CSR) is not just a public relations exercise; it is a veritable and necessary strategy to increase long-term sales.

SUMMARY OF COMPANIES REVIEWED – BY STRUCTURE

Of the firms reviewed, 20 are Multinational Companies (MNCs) while 55 are National firms. MNCs were initially included to provide evidence of best practice within each sector given their depth of resources and progress in this area as evidenced by cases often presented in Bottom of the Pyramid discussions. What we found was this is not necessarily the case on the ground.

MNCs and national corporations approach the issues from different perspectives. Some MNCs (i.e. Unilever and Procter & Gamble) are now employing ESG (environmental, social, and governance) risk mitigation strategies because data is indicating that investing in such strategies results in opportunities to 'do well and do good.' Within this scope, therefore, more MNCs than nationals employ BoP-type strategies to capture this double bottom line. National firms do not necessarily look at involvement with the Majority as a new 'strategy' (and it's questionable

whether they consider it a strategy or simply a part of their overall governance/business plan). Either way, national firms are targeting the Majority in a more 'natural' way - as this is their target market.

National firms are also more intrinsically aware that reaching the BoP has to be done by 'understanding' the population and demonstrating that 'understanding.' Firms like Grupo ACP hire individuals from lower income indigenously-populated areas to give the company deeper insight into that 'population' and to build the needed trust to develop a dedicated client base. These individuals not only understand the economics of this population, but the culture/language.

6 Next Steps and Recommendations

This first round of rating determined an initial **OM Leadership Index** for the LAC. To improve the robustness of the model, and the company ratings, continuous monitoring and expansion of the sample is recommended. The number of companies reviewed should be increased as well as the sectors and countries included. It would also be interesting to track some of the transitional companies that appear to be doing something new, to see how they perform in the medium and long-term.

This baseline of 75 companies provides an excellent base for building a model to accurately assess and predict the out-performance of firms based on their capturing opportunities within the Majority. We see the OM Index continuing to evolve over a number of years, refining criteria in the early years as debate and research evolves.

It will also be important to track the fate of OM initiatives in individual companies - are these initiatives sustained over the long term or are they sacrificed in the face of pressing needs in the company's core business? Since conducting the interviews we have found that one company is restructuring and possibly limiting its OM program. This information is too preliminary to be included in this report, but it should be tracked and suggests the need to continue to track the fate of OM initiatives within companies.

A more in-depth look at the companies, preferably on the ground, would also enhance the analysis. Additional consultation with stakeholders in this emerging field is recommended on a regular basis. Company performance will be reassessed considering the latest best practices and progress made to improve opportunities for the Majority. This more in-depth analysis would also examine leading practice companies in the four pillars and develop case studies. In particular the strategic governance "pillar" would lend itself to more in depth analysis.

The company scores could also be correlated to their long-term shareprice performance to test the robustness of the OM criteria as predictors of financial out-performance. It may be necessary to adjust the criteria over time to maximize the model's financial predictive power. For the Index to achieve maximum impact "on the ground," it will need to influence the actual investment choices and behavior of major investors – giving more favorable consideration to companies more heavily rated in the Index. The ideal scenario in this regard would be to create an investable OM Index, which would maximize investment flows to superior performers while simultaneously incentivizing laggards. One prominent example of this is the Dow Jones Sustainability Index, which now directly influences over USD 3 billion. Innovest itself has previously constructed an analogous Index in the field of community investment and development. That Index, co-developed with a leading global index provider, is currently the basis for the multi-million dollar investment portfolio of a foundation with a strong programmatic commitment to these areas. The Index is currently managed by one of the largest asset managers in the world.

An investable OM Index could prove extremely attractive to institutional investors already strongly interested in emerging markets and seeking an "information edge" and differentiated approach. An assessment of this market demand is well beyond the scope of the present study, but might merit serious consideration going forward.

Appendix A: LAC Company List

	Company Name	Sector	Country of Listing
1	ACE SEGUROS S.A. (ANTES ALTAS CUMBRES	INSURANCE	Peru
2	ADMINISTRADORA DE FONDOS DE PENSIONES CONFINIA S. A.	ASSET MANAGER	Salvador
3	ANSA MCAL LIMITED	CONGLOMERATE- SPECIALTY FINANCE	Trinidad & Tobago
4	ASEGURADORA AGRICOLA COMERCIAL S. A.	INSURANCE	Salvador
5	BANAGRICOLA S.A.	BANKS	Salvador
6	BANCO ATLANTIDA, SA	BANKS	Honduras
7	Banco Azteca	Banking	Mexico
8	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	BANKS (BMV-SERVICES)	Mexico
9	BANCO CENTROAMERICANO DE INTEGRACION	BANKS	Honduras
10	BANCO COLMENA S.A.	BANKS	Colombia
11	BANCO COLPATRIA RED MULTIBANCA	BANKS	Colombia
12	BANCO COMPARTAMOS, S.A., INSTITUCION DE BANCA	BANKS (BMV-SERVICES)	Mexico
13	BANCO CUSCATLAN	BANKS	Salvador
14	BANCO CUSCATLAN, SA	BANKS	Honduras
15	Banco De Colombia SA	Banks - Emerging Markets	Colombia
16	BANCO MACRO 'B'	BANKS	Argentina
17	Banco Nossa Caixa SA	Banks - Emerging Markets	Brazil
18	Banco Santander	Banks - Emerging Markets	Mexico
19	BANCO UNO S.A.	BANKS	Salvador
20	Bank of America	Banking	All
21	BRADESCO (BANCO BRADESCO, SA)	BANKS	Brazil
22	CAJASUR	BANKS AND FINANCIAL SERVICES	Peru
23	Citigroup (CITIGROUP INC.)	Banking	Mexico
24	CORFICOLOMBIANA ANTES CORFIVAL	BANKS	Colombia
25	CORFINSURA CORPORACION FINANCIERA	BANKS	Colombia
26	INVERSIÓN	INVESTMENT FUNDS	Peru
27	Corpbanca SA	Banks - Emerging Markets	Chile
28	FINANCIERA CORDILLERA S.A.	BANKS AND FINANCIAL SERVICES	Peru
29	FINANCIERA CREDI Q., S.A.	SPECIALTY FINANCE	Honduras
30	GRUPO FINANCIERO BANORTE, S.A. DE C.V.	BANKS (BMV-SERVICES)	Mexico
31	GRUPO FINANCIERO INBURSA, S.A. DE C.V.	BANKS (BMV-SERVICES)	Mexico
32	GRUPO NACIONAL PROVINCIAL, S.A.	INSURANCE (BMV-SERVICES)	Mexico
33	HIPOTECARIO 'D' (Banco Hipotecario, SA)	THOMSON- BANKS	Argentina
34	ITAUBANCO (BANCO ITAU HOLDING FINANCIERA, SA)	BANKS	Brazil
35	LIFE JAMAICA LTD.	INSURANCE	Jamaica
36	NATIONAL COMMERCIAL BANK JAMAICA LIMITED	COMMERCIAL BANK	Trinidad & Tobago
37	Paralife	Insurance	Mexico
38	PROFUTURO A.F.P.	PENSION FUND MANAGERS	Peru
39	QUEMCHI, SA	THOMSON- SPECIALTY FINANCE	Chile
40	RBTT FINANCIAL HOLDING LIMITED	COMMERCIAL BANK	Trinidad & Tobago
41	REPUBLIC BANK LIMITED	COMMERCIAL BANK	Trinidad & Tobago
42	SCOTIABANK PERU S.A.A.	BANKS AND FINANCIAL SERVICES	Peru
43	Seguros Argos	Insurance	Mexico
44	SOLUCION FINANCIERA DE CREDITO DEL PERU	BANKS AND FINANCIAL SERVICES	Peru
45	UNIBANCO (Unibanco-Uniao de Bancos Brasileiros S.A.)	SPECIALTY FINANCE	Brazil
46	AMERICA MOVIL, S.A.B. DE C.V.	WIRELESS TELECOMMUNICATIONS SERVICES	Mexico
47	AXTEL, S.A.B. DE C.V.	(BMV, TELECOMMUNICATIONS)	Mexico
48	ENTEL (Empresa Nacional Del Telecomunicaciones)	THOMSON- FIXED LINE COMMUNICATIONS	Chile
49	INTEL CORPORATION	SEMICONDUCTORS	Salvador
50	YAHOO! INC.	INTERNET SOFTWARE & SERVICES	Salvador
51	TELECOM ARGENTINA.'B'	INTEGRATED TELECOMMUNICATIONS SERVICES	Argentina
52	TIM Part SA	Wireless Telecommunication Services	Brazil
53	Compania Telecomunicaciones Chile SA (Telefonica Chile)	Integrated Telecommunication Services	Chile
54	TELEFONICA MOVILES PERU HOLDING S.A.A.	THOMSON- WIRELESS TELECOM	Peru
55	TELEFONICA DEL PERU S.A.A.	PUBLIC SERVICES- TELECOMMUNICATIONS	Peru
56	TELEFONICA MOVILES S.A.	PUBLIC SERVICES- WIRELESS TELECOMMUNICATIONS	Peru
57	Cisco	Communication Equipment	Mexico
58	Microsoft	Software	Mexico
59	CABLE AND WIRELESS JAMAICA	TELECOMMUNICATIONS	Jamaica
60	CEMEX, S.A.B. DE C.V.	CONSTRUCTION MATERIALS	Mexico
61	DESARROLLADORA HOMEX, S.A.B. DE C.V.	HOMEBUILDING (REAL ESTATE DEVELOPMENT, BMV-CONSTR	Mexico

62	GRAÑA Y MONTERO S.A.A.	CONGLOMERATES (THOMSON-HEAVY CONSTRUCTION)	Peru
63	GRUPO CEMENTOS DE CHIHUAHUA, S.A.B. DE C.V.	(BMV-CONSTRUCTION, CONSTRUCTION MATERIALS)	Mexico
64	IMPULSORA DEL DESARROLLO Y EL EMPLEO EN	THOMSON- CONSTRUCCION & ENGINEERING	Mexico
65	PARAUICO (Parque Arauco S.A.)	THOMSON- REAL ESTATE HOLDING AND DEVELOPMENT	Chile
66	IRSA 'B'	REAL ESTATE MANAGEMENT & DEVELOPMENT	Argentina
67	Duratex SA	Building Products	Brazil
68	Cementos Argos	Construction Materials	Colombia
69	CEMENTOS LIMA S.A.	INDUSTRIAL (THOMSON- BUILDING MATERIALS & FIXTURES)	Peru
70	Grupo Nueva	Construction Materials	Chile
71	Techint	Construction & Engineering	Chile
72	CEMIG (COMPANIA ENERGETICA DE MINAS GERAIS)	ELECTRICITY	Brazil
73	COELCE (CIA ENERGETICA DO CEARA)	ELECTRICITY	Brazil
74	COLBUN (COLBUN, SA)	ELECTRIC UTILITIES	Chile
75	COPEL (COMPANHIA PARANAENSE DE ENERGIA)	ELECTRICITY	Brazil
76	ENERSIS, SA	THOMSON- ELECTRICITY	Chile
77	PROMIGAS, S.A. E.S.P	NATURAL GAS TRANSMISSION AND DISTRIBUTION	Colombia
78	PROMOTORA AMBIENTAL, S.A.B. DE C.V.	(BMV-SERVICES, THOMSON-ENVIRONMENTAL FACILITIES AND	Mexico
79	Compania Energetica De Sao Paulo SA	Electric Utilities - International	Brazil
80	Eletropaulo Metropolitana Electricidade	Electric Utilities - International	Brazil
81	Energias Do Brasil SA	Electric Utilities - International	Brazil
82	Tractebel Energia SA	Electric Utilities - International	Brazil
83	Comgas SA	Gas Utilities	Brazil
84	CPFL ENERGIA, SA	ELECTRICITY	Brazil
85	Inversiones Aguas Metropolitanas	Public Services	Chile
86	Interconexion Electrica SA	Electric Utilities - International	Colombia
87	ENERGIA DEL SUR S.A. - ENERSUR S.A.	PUBLIC SERVICES- ELECTRICITY	Peru
88	Centrais Eletricas Brasileira SA Electro	Retail - Emerging Markets	Brazil
89	Companhia Brasileira De Distribuicao Pao	Retail - Emerging Markets	Brazil
90	Controladora Comercial Mexicana	Retail - Emerging Markets	Mexico
91	Coppel (COPPEL, S.A. DE C.V.)	Specialty Retail	Mexico
92	Distribucion Y Servicio D & S	Retail - Emerging Markets	Chile
93	Elektra (GRUPO ELEKTRA, S.A. DE C.V.)	Specialty Retail	Mexico
94	Farmacias Ahumada	Retail Drugstores	Chile
95	Farmacias Simi	Retail Drugstores	Mexico
96	FILAMENTOS INDUSTRIALES S.A.	INDUSTRIAL (THOMSON- CLOTHING & ACCESSORIES)	Peru
97	GRUPO EMBOTELLADORAS UNIDAS, S.A.B. DE CV	(BMV-TRANSFORMATION, THOMSON-CONTAINERS & PACKAG	Mexico
98	HEB (Supermercados Internacionales SA DE CV)	Multiline Retail	Mexico
99	JOHNSON & JOHNSON	PHARMACEUTICALS	Salvador
100	Lojas Renner SA	Retail - Emerging Markets	Brazil
101	NATURA COSMETICO, SA	PERSONAL PRODUCTS	Brazil
102	PFIZER INC.	PHARMACEUTICALS	Salvador
103	PROCTER & GAMBLE CO.	NON-DURABLE HOUSEHOLD PRODUCTS	Salvador
104	Saci Falabella	Retail - Emerging Markets	Chile
105	SAGA FALABELLA S.A.	THOMSON- BROADLINE RETAILERS	Peru
106	Tetra Pak	Containers & Packagine	Brazil
107	Wal Mart (WAL - MART DE MEXICO, S.A.B. DE C.V)	Multiline Retail	Mexico
108	AGRO INDUSTRIAL PARAMONGA S.A.A.	AGRO-INDUSTRIAL	Peru
109	AGUAS A (AGUAS ANDINAS SA)	THOMSON-WATER	Chile
110	ALICORP S.A.A.	INDUSTRIAL (THOMSON- FOOD PRODUCTS)	Peru
111	ALSEA, S.A.B. DE C.V.	(BMV-COMMERCIAL, THOMSON, RESTAURANTS & BARS)	Mexico
112	AUSTRAL GROUP S.A.A.	INDUSTRIAL (THOMSON- PACKAGED FOODS AND MEATS)	Peru
113	BANCO CENTRAL DE NICARAGUA	PUBLIC SECTOR	Nicaragua
114	BAVARIA (GRUPO EMPRESARIAL BAVARIA, SA)	BREWERS, SOFT DRINKS	Colombia
115	CAROZZI (Industrias Alimenticias Carozzi S.A.)	THOMSON- FOOD PRODUCTS	Chile
116	CENCOSUD, SA	THOMSON- FOOD RETAILERS WHOLESALERS	Chile
117	COCA-COLA FEMSA, S.A.B. DE C.V.	TOBBACO & BEVERAGES	Mexico
118	Companhia De Bebidas DAS Americas SA	Beverages & Tobacco	Brazil
119	Cosan SA Industria E Comercio	Food Products	Brazil
120	Coteminas On E	Food Products	Brazil
121	CREDIFACTOR	Banks	Nicaragua
122	CRESUD 'B' (CRESUD, SA)	THOMSON- FOOD PRODUCTS	Argentina
123	Cuauhtemoc (CERVECERIA CUAUHEMOC-MOCTEZUMA)	Beverages & Tobacco	Mexico
124	Danone	Food	Mexico

125	DERIVADOS DEL MAIZ S.A.	INDUSTRIAL (THOMSON- FOOD PRODUCTS)	Peru
126	Embotelladora Andina SA	Beverages & Tobacco	Chile
127	Empresas Aritzia	Food	Chile
128	GLORIA S.A.	INDUSTRIAL (THOMSON- FOOD PRODUCTS)	Peru
129	GRUMA, S.A.B. DE C.V.	(BMV-TRANSFORMATION, THOMSON-FOOD PRODUCTS)	Mexico
130	GRUPO CONTINENTAL, S.A.	(BMV-TRANSFORMATION, TOBACCO & BEVERAGES)	Mexico
131	GRUPO MINSA, S.A. DE C.V.	(BMV-TRANSFORMATION, THOMSON-FOOD PRODUCTS)	Mexico
132	GRUPO NACIONAL DE CHOCOLATES	FOOD PRODUCTS	Colombia
133	GRUPO NUTRISA, S. A. DE C. V.	(BMV-TRANSFORMATION, THOMSON-FOOD PRODUCTS)	Mexico
134	IANSA (Empresas Iansa SA(IANSA).	THOMSON- FOOD PRODUCTS	Chile
135	Inca Coca Cola	Beverages & Tobacco	Peru
136	INDALSA (Industria Nacional de Alimentos S.A.)	THOMSON- FOOD PRODUCTS	Chile
137	INDUSTRIAS BACHOCO, S.A.B. DE C.V.	(BMV-TRANSFORMATION, THOMSON- FOOD)	Mexico
138	Inversiones Nacional De Chocolates SA	Food Products	Colombia
139	JAMAICA BROILERS LTD	FOOD PRODUCTS	Jamaica
140	MCDONALD'S CORPORATION	RESTAURANTS	Salvador
141	MOLINOS RIO PLATA 'B' (MOLINOS RIO DE LA PLATA	FOOD PRODUCTS	Argentina
142	PEPSICO, INC.	BEVERAGES	Salvador
143	Perdigao SA	Food Products	Brazil
144	Pizza Hut	Food	Mexico
145	Sadia Oeste SA	Food Products	Brazil
146	STARBUCKS CORP.	RESTAURANTS	Salvador
147	THE COCA-COLA COMPANY	BEVERAGES- SOFT DRINKS	Salvador
148	Unilever	Food Products	Mexico

Appendix B: Nine Critical Criteria for OM Performance

1. Does your company sell products or services specifically to low-income markets? (if so what are they?)
2. How does the company see low-income markets as part of its overall growth strategy?
3. To whom and at what level do low-income market initiatives report and how are teams to address these opportunities formed within the company?
4. How does the company ensure low-income market issues have a “voice” in its senior management councils?
5. How does the company address the ethical and environmental issues of selling to low-income communities?
6. Does the company seek to increase its staff diversity by actively recruiting staff from low-income communities and to sensitize its staff to the needs of low-income communities?
7. How does the company establish and maintain trusting relationships with local communities and community organizations (schools, hospitals, local NGOs) and local governments?
8. How does the company relate to local value chains?
9. How does the company approach its customers? Is there a respectful relationship with customers?

Appendix C: LAC Company Profiles

Company:	AUSTRAL GROUP S.A.A.
Country:	Peru
Sector:	Consumer Goods/Retail
Business Description:	Austral Group SAA makes fish oil, fishmeal, canned and frozen fish products. The Company is also a distributor of tinned sardines, tuna and mackerel to the USA, South Africa, Asia and Russia.

<p>Strategic Governance</p>	<p>Austral has no BoP products available and tends to appeal to wealthier consumers; nevertheless, Austral is working to improve infrastructure in fishing communities; especially where schools are concerned. The closest that Austral has come to BoP is through its efforts to improve infrastructure (general) and promote the nutritional value of fish. Austral says it is still in early stages of developing ESG / BoP strategies. It has started to promote internal volunteer initiatives: one day a week, managers help to improve infrastructure, education through direct contact with concerned communities. The company pays for special equipment needed. Another recently adopted strategy involves the incorporation of more women in management; last year the company started active training programs to this effect. Austral sees this as one of the cornerstones of its ESG strategy.</p> <p>Austral does not appear to view the strategy as 'selling stuff to the poor'. Current initiatives are limited and aim to promote the improvement of local communities to create a larger customer base for higher quality fish products. They are backing this strategy by helping to promote fish for its nutritional value and improving the environmental practices associated with its capture through use of latest technology and participating in LAC wide projects to help reduce its impact. No policy where management is concerned, but has a corporate strategy to provide best possible conditions for workers and providers, the company is increasing number of women managers. It has technical staff that develops productivity improvements which in turn help local communities and highly encouraged volunteerism initiatives are helping to bring experts and local communities together. Technical innovation and greater geographic distribution of customers and suppliers. Uses latest equipment, investing more in training and spreading awareness throughout communities. Works with authorities to improve fish standards and promote its nutritional value production and distribution Focus on development.</p>
<p>Human Capital</p>	<p>Austral is interested in increasing recruitment of women and in improving access to education for people living in the fishing communities where it operates. It has devoted efforts to help improve schools (hardware and quality of instruction) as well as promoting better health standards, especially in areas that derive income from the fishing industry.</p>
<p>Stakeholder Capital</p>	<p>Austral has relationships with NGOs and universities. Its strategy aims to increase number of potential customers for fish in general. Part of this demands that people have more income, so initiatives aim to provide general societal wellbeing in fishing communities and other rural areas.</p>

Environment	Austral Group S.A. is cooperating with the IMMP (international Marine mammal Project) Institute to ensure that dolphin meat is avoided in its products. The Peruvian Coastal waters provide the world's richest marine habitat, guaranteeing a sustainable supply of fish. Austral works with IMMP to monitor and stop exportation of dolphin-deadly tuna from Colombia and other Latin American countries and to educate people about dolphin-safe tuna. Austral's fleet is equipped with latest technology to reduce the risk of capturing species of sea animals and fish that are endangered or whose capture constitutes damage to the environment. River dolphins are among the most endangered species in the world. They are threatened by human activities such as pollution, logging, fisheries, direct capture for meat, boat traffic, etc. Little is known about their ecology and behavior.
Final Score	2.98

Company: AXTEL, S.A.B. DE C.V.
Country: Mexico
Sector: Telecom & IT
Business Description: Axtel SAB de CV's principal activity is providing local and long-distance domestic and international telephony, data and Internet services, virtual private networks and value added services. Services include different access technologies such as fixed wireless telephony, point-to-point and point-to-multi point radio links, and copper and fiber optic connections. Basic services are divided into 5 categories such as voice, conference call, data, Internet and bundles. It offers basic telecommunications infrastructure in Mexico through an intelligent network that provides extensive coverage to all markets. It currently operates in Mexico City, Monterrey, Guadalajara, Puebla, Leon, Toluca, Queretaro, San Luis Potosi, Aguascalientes, Saltillo, Ciudad Juarez, Tijuana, La Laguna, Veracruz and Chihuahua. Revenues in FY 2006 exceeded 594 million.

Strategic Governance	Committed to social development in the communities of operation, the company targets low-income markets, aiming to adapt to their needs. The company's CEO is clearly committed to implementing initiatives at low-income markets and oversees BOP-related projects. In cooperation with other companies, universities and the federal Mexican government, the company participates in an integral education program with the objective to improve the Mexican educational system. This program has the benefit of penetrating low-income markets. Axtel considers that this initiative makes business sense. If communities have connectivity, the company has the potential to access these markets. In addition, the company makes a more efficient use of its current technologic infrastructure. The company considers that there is great potential, particularly in those communities that are difficult to access. As for today, the company offers integral services that include a fixed telephone line and internet for the same price.
Human Capital	Approximately 3,500 of Axtel's 6,000 employees come from middle and low-income sectors. In order to incorporate these employees into the labor force, the company provides them with technical training.

Stakeholder Capital	<p>Through the Axtel foundation, the company supports diverse community initiatives. The company donates used computers to NGOs, public schools and public libraries, and works with government entities in order to provide connectivity to public libraries and cybernetic kiosks.</p> <p>With respect to the supply chain, the company has a program for indirect retailers. They are given the opportunity to offer and sell the company's products in their communities of operation.</p> <p>In cooperation with other companies, universities and the federal Mexican government, Axtel participates in an integral educational program. This program has objective to improve the Mexican educational system through the installation of communication laboratories at all the country's public primary schools and high schools. Companies participating in the project include Intel, Cemex, and Cisco. The Federal government participates through the Ministry of Education. Other participants include the Teachers Union, ITESM and other universities. These actors have the following roles:</p> <ul style="list-style-type: none"> (a) Axtel provides internet connectivity; (b) Cisco provides wireless WiFi technology in order to reach communities that are difficult to access; (c) Intel donates computers; (d) Cemex provides materials to improve the physical infrastructure of schools; (e) ITESM offers 5000 hours of online training, covering topics such as the basic use of computers, teaching skills of the XXI century, and the use of technology for teachers (in Spanish and indigenous languages).
Environment	<p>Axtel uses antennas of low radiation and considers that its environmental impacts are very low. The company has remained passive in terms of adopting a proactive environmental approach.</p>
Final Score	3.65

Company:	Banco Compartamos
Country:	Mexico
Sector:	Consumer Goods/Retail
Business Description:	<p>On June 1st, 2006, Compartamos was authorized by the Mexican government to operate as a bank, "Banco Compartamos, S.A., Institución de Banca Múltiple".</p> <p>Banco Compartamos S.A. (the Bank) is a Mexico-based bank engaged in micro financing, offering credits to small businesses and individuals. It was established in October 2000 as Compartamos A.C. and operates as Banco Compartamos S.A. since June 2006. Among the Bank's products are: income generators solitary guarantee credit, which targets females age 15 and older; Solidarity Group credit, which is offered to group businesses consisting of 3 to 8 people; Parallel Credit line, which is offered to female entrepreneurs in conjunction with Income generators product; and Individual Credit lines offered to both male and female customers. The Bank has 143 offices located in 26 states of the country. The Bank holds the rights to the trademarks Compartamos, Compartel and Seguro Ves Por Ellos. The Bank is a member of ACCION International Net in Boston and Microfinance Network in Washington,</p>

	DC.
<p>Strategic Governance</p>	<p>Compartamos offers life insurance, individual credit, and credit extensions specifically to enterprising people in low-income markets.</p> <ol style="list-style-type: none"> 1. Income Generators (IG's), for women in groups of 12 or more, with a solidarity guarantee. Attribute: Parallel Credit, a credit extension for women with a current credit in IG; guarantor with in the same IG group. Additional Benefits: Basic Life Insurance, in benefit of the family. 100% debt extinction in case of death. Free of charge for the client. 2. Solidarity Group (SG), for men and women, in groups of 3 to 8 people, with a solidarity guarantee. Additional benefit: 100% debit extinction in case of death. Free of charge for the client. 3. Individual Credit, for men and women, with a pledge and personal guarantee. Additional benefit: 100% debit extinction in case of death. Free of charge for the client. <p>Today, Compartamos is a company governed by the Comisión Nacional Bancaria y de Valores, Secretaría de Hacienda y Crédito Público, and Banco de México. Its credit quality has been rated by Standard & Poor's and by Fitch; this has allowed them to enter the market by issuing bonds. Thus, Compartamos is the first microfinance company in the world to issue debt on the stock market with its own collateral, and become a financial intermediate between large investors and low-income groups. The need for micro-finance has been longstanding in Latin America. The market opportunity was identified at the onset of this business venture, now 17 years ago. As of 2005, there were 143 local branches in operation.</p> <p>Compartamos' mission of "generating development opportunities within lower economic segments" demonstrates the importance of BoP to its growth strategy. The company measure's the performance of its Majority initiatives by assessing the values of loans made; emergency credit made available; the number of clients; the number of participants to attend various workshops and conferences, etc. The products and services of Compartamos are proven to add direct value to the company's key stakeholders. 91-100% of its products are microfinance-related. In 2006, the number of individuals who currently had an outstanding loan balance with the MFI or were responsible for repaying any portion of the Gross Loan Portfolio totaled 616,528. The average loan balance per borrower was USD 440.</p>
<p>Human Capital</p>	<p>Recruitment (and thus hiring) practices emphasize highly developed personal values and principles in addition to education as a means for hiring employees sensitive to Majority issues.</p> <p>No unit is specifically responsible for BoP markets; however, given the nature of their work (microfinance) BoP is integrated into the company culture and organization. Compartamos has local offices throughout most Mexican states and employees that live in local communities. At the end of 2006, the employed 3,203 individuals.</p>

Stakeholder Capital	<p>Compartamos offers financial services in rural and urban areas. Each type of loan has a methodology focused on analyzing the clients' payment capacity in their current cash flows, so the loan recovery is based on the current performance and capacity of the microenterprises to be financed. Programs are designed to add both economic and social value to borrowers. Compartamos depends upon trust in the clients and communities. This is evident in the success of Compartamos' Solidarity Groups. Majority issues like payment capacity are taken into consideration. Compartamos' business model is very consultative and interactive. It includes initial consultations and numerous follow-up meetings between employees and customers. As a result, the mechanism for information sharing is already in place. The percentage of borrowers that would be considered low-income customers is unknown, however, the vast Majority of borrowers are women (98.40%) from low-income communities. Customers are seen as opportunities for growth and development, not just in local communities but for the advancement of Mexico on the whole. They are certainly not viewed as objects.</p> <p>There is a code of ethics that addresses the company's relationship with low-income communities. The company has a "Sense of Purpose" that charges employees to serve coworkers and clients every day. However, of note, while compartamos is social company committed to the people, its corporate documents are only available in English and Spanish. While most of its constituents likely speak Spanish, many may not read, and some may only understand a local indigenous language. Complaints, however, can be discussed and resolved at local office or one of the many issue-related programs organized annually. The company generates development opportunities within the lower economic segments, based on innovative and efficient models on a wide scale as well as transcending values that create external and internal culture, fulfilling permanent trusting relationships.</p>
Environment	Compartamos has made considerable efforts to assist individuals affected by hurricanes and other natural disasters.
Final Score	3.93

Company: Banco De Colombia SA
Country: Colombia
Sector: Finance
Business Description: Bancolombia S.A. is the largest commercial bank in Colombia and the third largest one in Latin America. It was founded 1875 by the Colombian government (as Banco de Colombia). It is headquartered in Medellín, Colombia and serves the Colombia, Cayman Islands, El Salvador, Panamá, Puerto Rico, and the United States. The official owner is Grupo Empresarial Antioqueño. Subsidiaries of the bank include: Bancolombia Panamá, Bancolombia Cayman, Bancolombia Miami Agency, Banca de Inversión Bancolombia, Fiduciaria Bancolombia, Leasing Bancolombia, Renting Bancolombia, Sufi, Bancolombia Puerto Rico, Banagricola, Valores Bancolombia, Suvalor Panamá, and Suleasing Internacional.

Strategic Governance	<p>In general, as a bank focused on commercial loans, the bank has not been significantly focused on serving the Majority. 29.3% of its loans go to retail and SMEs. However, Bancolombia recently completed its first international acquisition of Banagricola de El Salvador, a pioneer in consumer credit, payroll lending, and microcredit, which increased Bancolombia's low-income product diversification: Currently, it is working to grow Banagricola's profitable remittance business to reach the Majority in El Salvador. With this low-income banking model, the bank maintains a lower cost of funds and a greater efficiency level. Furthermore, as it exports El Salvador's best practices, it is improving its ability to target Small and Medium companies in El Salvador with more sophisticated products.</p> <p>Traditionally, Bancolombia maintains a significant share in insurance and pension fund administration. The company has an extensive nationwide network of 717 branches, 1,506 ATMs, 60 supermarket banking offices, and 238 mobile "branches," as well as 61 non-financial agents serving more than 382 cities and towns. While the company has not indicated its rural/urban customer base, the mobile "branches" do serve small towns, mostly populated with low-income individuals, where the bank has no physical presence.</p> <p>Bancolombia (the Bank), being aware of its responsibilities towards the society and the country, has committed itself to lead, in a permanent manner, a serious and transparent business policy, guided by principles of honesty and rightness committed to the economic development of Colombia under a strict respect for the law.</p>
Human Capital	<p>The company discloses within its values that it operates within a strict set of ethics and legal principals. In that respect, the company is focused on maintaining respect for all of its people. The bank values difference and believes in treating all people with dignity. The bank is focused on social responsibility within its services and integrates that into its human capital management. The company works in teams - valuing the contribution of each individual in its ability to achieve its objectives. All staff are trained to understand their clients. Understanding their clients is what enables the bank to succeed.</p>
Stakeholder Capital	<p>The bank approaches customers with great respect. Core to its mission is to work with local artisans/microenterprises and support them both through loans and general support for their work. Bancolombia supports the 'Indigenous Communities and AfroColombian' in 'Tradition and Evolution' -supporting the economic and social development of different aspects of its country and to promote the talent of artists. This fair supports rural and urban artists not only from Colombia, but also from Ecuador, Bolivia, Peru, Guatemala, Mexico, India, Indonesia and Praguay.</p> <p>The bank supports these artists in alliance with 'Artists of Colombia.' Through this partnership BanColombia shows its continual support for national art-focused microenterprises. This support is not only through financial investments, but also support for the families and communities to maintain the customs and cultural traditions of the region.</p>
Environment	<p>The bank does not indicate any particular focus on integrating the management of regional environmental challenges into its banking practices or products.</p>
Final Score	2.72

Company: **BAVARIA (GRUPO EMPRESARIAL BAVARIA, SA)**
Country: **Colombia**
Sector: **Consumer Goods/Retail**
Business Description: Grupo Empresarial Bavaria SA's (Bavaria) main activities are the production and distribution of beer in Colombia, Peru, Panama and Ecuador. The company is controlled by SABMiller. Revenues in FY 2006 exceeded COP 3,041.8 billion.

Strategic Governance	There is no evidence that Bavaria offers products or services specifically to low-income markets. Nevertheless, the company has implemented sustainable initiatives to support these markets.
Human Capital	Bavaria has implemented programs with the objective to create employment. In Colombia, the company promotes agricultural programs and created approximately 5,000 jobs over the last two years. The company also includes a "center for the formation of competencies" with the objective to develop employees' technical, personnel and managerial capabilities. The firm recently created the UNI2 program which is financed by both employees and the company. Approximately 70% of the company's workers participate in this program.
Stakeholder Capital	As part of its organizational structure, Bavaria includes a corporate social responsibility committee comprised of company executives and employees. The company's programs to support the communities of operation are focused on creating employment and supporting sports, education and culture. The company recently created the UNI2 program, focused on supporting the needs of the communities where the company has plants. This program is financed by both employees and the company. The company also finances schools that are close to company's facilities. The company supports these schools through training for teachers and educational materials. In Colombia, Bavaria developed the Sustainable Productive Efficient Units (UPES) program. These units encourage former workers and pensionees to be entrepreneurs. They manage services that are complementary to the company's business, such as storing, distributing and producing bottled water. The company has supported the growth of these units through training and assistance. As of 2004, the company created 739 direct and indirect jobs among 11 UPES focused on distribution, 15 UPES focused on sales, and five franchises of bottled water.
Environment	Bavaria is committed to environmental protection. The company invests in R&D programs aimed at developing new technologies and processes for the reduction of environmental impacts. Initiatives include environmental management systems, water efficiency programs and waste management systems.
Final Score	2.32

Company: **BRADESCO (BANCO BRADESCO, SA)**
Country: **Brazil**
Sector: **Finance**

Business Description: Banco Bradesco is the largest private bank in Brazil. It offers retail banking, investment banking, asset management, brokerage, credit cards, insurance, and other financial services through a network of approximately 22,000 locations, primarily in Brazil. The bank won the government's approval to operate a branch network in post offices, starting in 2002 and growing to 5,600 Postal Bank locations, many of which are in rural areas. Traditional Bradesco branches number 3,000, with an additional 8,000 in-store outlets (e.g. in grocery stores) and 2,500 corporate site branches. The bank also maintains individual offices in New York, Grand Cayman, Nassau, Buenos Aires, Luxembourg, and Tokyo. Bradesco ended 2006 with total assets of BRL 265.5 billion, including loans of BRL 96.2 billion; total deposits of BRL 83.9 billion; BRL 147.1 billion in assets under management; net income of BRL 6.4 billion; and 79,306 employees. Income derived from loans (23%), services (26%), insurance (34%), marketable securities (9%), and funding (8%). The bank's revenue from credit cards has increased 175% in the last four years. Of Bradesco's loan portfolio, 41.2% are to individuals; 28.8% to large corporations; and 30.0% to small and medium-sized companies. The bank has a large market share in most of its sectors including pensions (42.3%), insurance premiums (25.8%), export (22.3%), savings deposits (18.3), credit cards (15.5%), and investment funds (14.9%). Publicly-held stock accounts for 23% of the company's outstanding common stock and 95% of outstanding preferred shares. In addition, BBVA in Spain, Banco Espirito Santo in Portugal, and Bank of Tokyo Mitsubishi UFJ in Japan hold 5%, 7%, and 1% of common shares, respectively. Through various legal entities, the bank's foundation holds the equivalent of 41% of outstanding common stock. The remainder is held by the Aguiar family (11%) and employees and directors (12%).

<p>Strategic Governance</p>	<p>“Never lend much to few, but lend little to many” ~ Founder of Bradesco (stated decades before the ‘Base of the Pyramid’ came into existence). Short for Banco Brasileiro de Descontos, that is ‘Brazilian Discount Bank’, is one of the Big Four banks in Brazil. Core to Bradesco’s strategy is its reach to lowest income and most ‘needy’ segments of the population and business sectors traditionally excluded from the banking system. Since its founding in the 1940s through today’s creation of a program for accessing the Internet for visually impaired people, Bradesco has become a pioneer in various corporate responsibility fronts.</p> <p>Launched in December 2005, FIA ISE and Prime FIA FIC ISE are socially responsible investment funds. Their portfolio is comprised of financial instruments of companies which take part in the Bovespa’s Corporate Sustainability Index. The bank’s partnerships with BBVA, BES, and Mitsubishi UFJ helps provide access and services to Brazilian immigrants abroad, and eases their means of sending remittances home to Brazil.</p> <p>Bradesco is the largest Brazilian private employer, with 79,300 employees. Headquartered in Osasco, it has more than 2,916 branches. Bradesco offers Internet banking, insurance, pension plans, annuities, credit card services (including football club affinity cards for soccer fans) and free Internet access for customers. The bank also provides personal and commercial loans, as well as leasing services.</p> <p>The company focuses, in particular, on reaching the rural segments of Brazil’s population, an area largely made up of low-income individuals, indicating that the company is directly tying its core business strategy to low-income financial service needs. It reports that, in 30% of Brazilian cities, Bradesco is the only bank serving the city. The bank launched a program to</p>
------------------------------------	---

	<p>open banks in post offices, which reduced the number of cities with no banking access from 2,351 to 574 and made bank services accessible to an additional 16.1 million people. This proximity also enables Bradesco to distribute funds for the government, including monthly payments to 4.8 million retirees.</p> <p>The Information Technology Program for the Visually Impaired, implemented eight years ago, has already assisted more than 7.4 thousand students, and the Programs “Intel Educação para o Futuro” and “Intel Aprender” complete the list of initiatives in the technology area, serving more than 46 thousand educators and 12 thousand youngsters, respectively.</p> <p>In the “Alfabetização Solidária Program”, it has contributed, since 1998, for the literacy of around 6 thousand Brazilians each year in the North and Northeast regions.</p> <p>Consolidating the work with Fundação SOS Mata Atlântica, it counts on ten nurseries for the seedling production in schools, aiming at the promotion of environmental education and reforestation actions. The depth and reach of Fundação Bradesco’s social actions deserve acknowledgment in several awards, such as E-Learning Brazil 2006, in the Star Educational Category and as a Relevant National Contribution – Diamond, for the work in distance education for consecutive years; projects that took part in IV FEBRACE – Brazilian Science and Engineering Fair, promoted by USP, awarded and accepted for the international Science exhibition in Mexico.</p> <p>Fundação Bradesco develops a work of proven influence in the increase of the life quality level of the communities where it operates, being a “socially responsible investment”, in the best meaning of the term. Furthermore, it represents an unmistakable form of wealth distribution generated within the scope of the Organization, since its main source of funds comes from its interest as stockholder of Bradesco.</p> <p>R\$ 183.917 million summed up the budget of Fundação Bradesco used in 2006, and in 2007, the amount of R\$ 189.851 million is estimated to assist more than 108 thousand students. The investment accumulated over the past ten years was R\$ 3.033 billion in restated amounts. R\$ 85.855 million was the other investments made in 2006 by the Bradesco Organization, in social projects destined to the communities, concerned with education, arts, culture, sports, health, sanitation, action against hunger and food safety. The company sees it as central to its growth strategy. The company does not indicate its level of integration; however, board executive officers have a Social-Environmental Responsibility Executive Committee, responsible for analyzing the issues related to the social-environmental responsibility, setting forth procedures which allow the alignment of the “Social-Environmental Responsibility Corporate Policy” with the principles and best practices of sustainable development.</p>
<p>Human Capital</p>	<p>The largest Brazilian private employer, with 79,300 employees. Though there is no direct information available as to whether the company hires individuals from low-income segments of the population or whether it is looking to advance its already competitive Majority strategy, it is noteworthy that in spite of actual increase in minimum wage, granted in accordance with the salary governmental policy, Bradesco still keeps the standard admission salary 174% higher than the minimum wage in force in the country. Among the main benefits granted by Bradesco include; Supplementary Private Pension Plan, Health insurance and dental care, Group Life Insurance, Credit with special rates, Fee exemption, Social loan, Online Shopping Channel, Leisure activities, Specialization courses, Post-Graduate, MBA and</p>

	<p>foreign language. Furthermoer, Bradesco's internal communication deserves special emphasis, since it is focused on strengthening the company's communication culture. The company focuses significantly on investing in its human capital by integrating and motivating its staff. It notes that a cohesive, integrated, motivated work force, constitutes the Organization's most competitive differential.</p>
<p>Stakeholder Capital</p>	<p>The company is particularly focused on its local communities and key stakeholders. Through its link to Bovespa it entered into a partnership for the assistance of 36,500 elementary school, middle school, high school and technical professional education students in Educar, a program, focused on financial, school and family education. Linked to the Secretariat of the Federal Revenue of the State of São Paulo (8th RF), the company implemented the National Fiscal Education Program, a result of the joint work of the Ministries of Finance and Education and of the Secretariats of Revenue, of the National Treasury and of Education, to offer fiscal education courses to students, their families and communities where their schools are not meeting educational needs.</p> <p>Five years before the edition of the Consumer Defense Code, "Alô Bradesco", the Financial Market's first Communication Channel with the public, already recorded and gave appropriate treatment to suggestions and complaints, affirming the Organization's option for transparency and conciliation of interests. The Ombudsman, in addition to direct contact, is responsible for the manifestations received by means of the Brazilian Central Bank, Procon, the press and letters, a new step ahead, strengthening commitments to client's satisfaction. 136,383 contacts registered in 2006.</p> <p>The company is involved in dialogs and partnerships with various NGOs to enhance its low-income customer management and Majority-focused product development.</p> <p>Bradesco participates in various associations operating in social-environmental and financial fields, among which: Abrasca (Brazilian Association of Publicly-Held Companies), Anapp (Brazilian Association of Private Pension Funds), Fenaseg (Brazilian Federation of Private Insurance and Capitalization Companies), CEBDS (Brazilian Business Council for Sustainable Development), Febraban (Brazilian Federation of Banks), Fenaban (National Federation of Banks), Instituto Ethos de Empresas e Responsabilidade Social and Gife (Group of Institutes, Foundations and Enterprises).</p> <p>In order to contribute to the dissemination of the social-environmental responsibility practices, Bradesco has been holding, within the scope of its relationships, meetings with suppliers of products and services it consumes, of the most different segments, aiming at the diffusion and awareness about the vital importance of this issue. With this program, the Bank foresees to reach its more than 1.5 thousand suppliers in two years.</p>
<p>Environment</p>	<p>The Social-Environmental Department (RSA), created in 2005 within the structure of the Market Relations Department, which also comprises the Investor Relations Department. This decision reflects the sustainable development vision adopted by Bradesco: in a necessary and permanent way, sustainability is linked to business and the corporate strategies of the Organization. In February 2005, the Social-Environmental Responsibility Executive Committee, comprised of executive officers and representatives of</p>

	<p>10 departments of Fundação Bradesco. The Committee has the mission to coordinate the various actions and the strategy as to the social-environmental aspect. After the instatement of the Committee, a specific strategic planning for complying with the RSA goals was started, with the engagement of approximately 100 employees and 23 departments, coordinated by the Board of Executive Officers and external consulting firms. In 2006, 11 projects assessed by Bradesco complied with the criteria established by the Equator Principles; one of them was rated as low risk (C), six were rated as medium risk (B) and another four still await to be rated. The 11 projects exceed R\$ 3 billion. In all requests for loans, regardless the type or purpose of the operation, in addition to verifying the economic-financial situation of the company or economic group, credit analysts adopt preventive actions for identifying other possible risks, such as: exchange risk, image risks, performance and social and environmental risks, which may harm the company's keeping its operations and its payment capacity.</p>
Final Score	4.85

Company: Cable and Wireless Jamaica

Country: Jamaica

Sector: Telecom & IT

Business Description: Cable & Wireless Jamaica is the Jamaican leading provider of telecommunication services, including mobile and fixed voice, data, internet protocol and broadband. The company is owned 82% by Cable & Wireless PLC, which employs around 14,300 people. Cable & Wireless PLC's revenues for the year ending 31 March 2006 exceeded USD 5.6 billion.

Strategic Governance	<p>Cable & Wireless Jamaica is aware of the importance of BOP markets. Approximately, 80% of the company's consumers belong to low-income markets. In order to identify opportunities in these markets and engage with local communities, the company relies on a marketing department and a foundation, respectively. The company's CEO serves as the foundation's chairman.</p> <p>Cable & Wireless Jamaica offers prepaid fixed and wireless telecommunication services to low-income sectors. The company also offers fixed lines for emergency purposes at low rental costs. Moreover, the firm promotes the creation of cyber-centers in the communities of operation.</p>
Human Capital	<p>Cable & Wireless Jamaica does not have programs aimed at hiring people from low-income communities.</p>

Stakeholder Capital	<p>Cable & Wireless Jamaica has programs in place to benefit communities of operation. Areas of focus include education and community development. The company offers free internet access to NGOs and partners with around 60 NGOs in order to implement education and youth development initiatives. The firm also has programs in place to advice communities on health-related issues.</p> <p>Moreover, the company perceives customers as a source of valuable insights and partners with government agencies in order to implement some programs. For example, the company cooperates with the Ministry of Health to implement a literacy program.</p> <p>With respect to the supply chain, Cable & Wireless Jamaica has a program called "urban man". This program implies the distribution of mobile phones and call credit through local distributors from the communities of operation. A few people have turned this program into a small business.</p>
Environment	<p>Cable & Wireless Jamaica is aware of its environmental impacts. In order to conduct operations, the company gets approvals from the Environmental Foundation of Jamaica and the Jamaica National Reservation. The company's environmental management system is ISO 14001 certified. In addition, the company includes battery recycling programs.</p>
Final Score	2.88

Company: CAJA RURAL DE AHORRO Y CRÉDITO DEL SUR S.A.A. - CAJASUR

Country: Peru

Sector: Finance

Business Description: Cajasur describes itself as a 'financial intermediary' which focuses on the micro-finance market; having a series of branches located largely in Peru's southern region as well as other areas. Its customers are mostly small and medium-sized companies and individuals in rural areas. Cajasur sees itself as a promoter of development in the regions where it operates and of rural areas in particular.

Strategic Governance	<p>Cajasur places a primary importance on low-income markets, especially those in rural areas. Cajasur offers specific products for agricultural purposes, growing native vegetables, and animal farming (raising alpacas). Most loans are small scale (anywhere from 300 to 4,000 Soles - about USD 100 to 1200). BoP is the company's main strategy - even if it is not described or defined as such. Cajasur is a microfinance specialist and relies mostly on low-income markets and its low-income market approach is fully integrated in the organization. The company has branches and offices largely in southern Peru in order to address banking needs of sectors of the population that have typically been ignored by mainstream banking institutions.</p> <p>The marketing department plays an important role in reaching out to some customers - many of whom are not literate - living in the very poorest areas of Peru such as the region of Chivay in the interior. It should be noted that Peru has a dual economy with a relatively modern/industrial focus on the coastal plains and a largely subsistence and rural sector in the mountains of the interior, which is isolated by insufficient transportation (airplane is safest and most efficient) and communications infrastructure. National income distribution is extremely uneven and this tendency is only getting worse. The</p>
-----------------------------	--

	<p>poorest are mainly Quechua speaking peasant farmers living in remote rural areas; they are the main target of Cajasur's business. Apart from setting up branches in the poor areas to serve these customers, Cajasur also sponsors volunteerism within the organization setting up health projects with local authorities and several Spanish NGOs (Cajasur is a member of the BBVA Foundation) and other private enterprises such as Grupo Inca. Eighty percent of Cajasur's market could be described as BoP, while 60% of the total is agrarian. The company has no specific BoP management, nor does it rely on a code of ethics as such, but Cajasur's mission is to give "financial and like services, mainly to small and medium-sized companies and also to dependent and independent natural persons of the rural and urban areas, with high quality and highly qualified and committed personnel, thus contributing to the personal and entrepreneurial growth of our clients and helping the development of the region".</p> <p>Cajasur sees the hiring of local staff in rural areas as a key part of its strategy, and there are no barriers for low-income communities to have a voice with senior management. Some senior managers have direct access to the communities. While not on the board, Cajasur works closely with Spanish NGOs and receives support and guidance from the BBVA Foundation for Microfinance, which places great importance on poverty reduction and development of poor areas in parts of the world where BBVA has a strong presence: i.e. Latin America.</p>
<p>Human Capital</p>	<p>Cajasur places no restrictions on hiring from low-income communities. In fact, Cajasur branches are often staffed by natives of the very rural areas where the bank operates. Hiring of locals is an important aspect of Cajasur's business and it is encouraged by the BBVA Foundation for Microfinance, of which it is a member. Indigenous communities are represented, as they form the bulk of the population in Cajasur's business areas. Recruitment is highly informed by the principles of the BBVA Foundation</p>
<p>Stakeholder Capital</p>	<p>Cajasur works closely with NGOs and local authorities in promoting development initiatives; it also hires locals to serve in its branches, who are better able to give insights into specific community needs. Cajasur works closely with local institutions and municipalities. Customers are not seen as objects to be exploited; there appears to be a respectful relationship with customers, most of whom are low-income. Customers often directly with members of their own community, thus removing typical social barriers that prevail between customer and staff in traditional banking institutions. To this end Cajasur has even facilitated the transfer of migrant revenues to local areas, by establishing a partnership with Western Union, such that customers in rural areas gain more access to these revenues. There are some limitations, enforced through the type of loan; cultural habits fostered by governments which forgave land loans in the past have influenced Cajasur; accordingly, it offers loans that primarily target small scale animal raising activities, suggesting there is some prejudice. Nevertheless, Cajasur has recognized that low-income customers pay more regularly than others. Cajasur works directly with local 'entrepreneurs' and hires mostly local staff. Apart from providing small loans to local farmers, Cajasur, works with specialized Spanish NGOs and agricultural NGOs to help locals improve the quality of the meat of their alpacas.</p>

Environment	Cajasur offers small loans typically used for small scale and organic animal raising (alpacas for the most part, preferred by the natives); in this sense it faces limited environmental risks, it also operates in areas less affected by weather/climate related problems. In Peru this is important, as it feels the effects of such phenomena as 'el-nino' very strongly, including floods. These problems are more of a risk in the coastal areas, whereas Cajasur concentrates in the mountainous areas of the south. Still, Cajasur has worked on some environmental efforts such as promoting the cleanup of the coastline through the Patrulla ecological campaign
Final Score	4.43

Company: CEMENTOS LIMA S.A.

Country: Peru

Sector: Homebuilding

Business Description: Cementos Lima SA's principal activities are manufacturing, producing, marketing and selling clinker, cement and other construction materials for local sale and for export. It also operates the wharf in Conchan and other complementary facilities. Revenues in FY 2006 exceeded \$232 million.

Strategic Governance	<p>Cementos Lima is aware that 55% of the construction in Peru is auto-construction. Approximately 55% of the company's income comes from low-income sectors. The company implements a number of programs in order to identify opportunities in BOP markets. In order to implement these programs, the company relies on "Asociacion Atocongo". The association's chairman is Cementos Lima's vice-president. In addition, top management company executives are part of the association's board.</p> <p>Cementos Lima supports small companies with the creation of small plants for the elaboration of concrete construction blocks for low-income sector markets. The company contributes part of the capital and through this scheme, the company creates future clients. The concrete plants will then acquire cement from the company.</p>
Human Capital	Although the company does not have a program aimed at recruiting staff from low-income sectors, it has a program to promote these actions through contractors.
Stakeholder Capital	<p>Cementos Lima has a team responsible for engaging with local communities. In order to support communities of operation, the company relies on Asociacion Atocongo. Areas of support include infrastructure, culture, education, and economic development. Initiatives to support communities of operation include the donation of cement to organizations that support low-income sectors of the population in building their houses. These people (beneficiaries) collaborate with their labor force.</p> <p>The Peruvian government has a program to support low-income sectors of the population to build their houses and provides them with a partial credit. The company supports these sectors by providing them with the rest of the amount needed to build their houses. Moreover, the company has agreements with local municipalities to support the construction of stairs, sports facilities, and draining infrastructure. The company also builds contention walls in order to allow government water entities to build water infrastructure.</p> <p>Cementos Lima sources certain services from local communities. Most of the</p>

	<p>company's local distributors are retailers of construction products. The company has a program in place to get these retailers together with the objective to train them to achieve better sales and show them the environmental and health & safety systems of the company's plants. The company also has a training program targeted at end-consumers. Courses cover topics such as the construction of contention walls. The company has a program in place focused on training young people. The objective is to incorporate these people as contractors in the areas of cleaning and maintenance. This program is based on the Peru 20 21 program, which is supported by the Inter-American Development Bank.</p>
Environment	<p>Cementos Lima is aware of its environmental impacts and has implemented a number of initiatives to reduce these impacts.</p>
Final Score	3.28

Company: CEMEX, S.A.B. DE C.V.

Country: Mexico

Sector: Homebuilding

Business Description: Cemex SAB De CV's (Cemex's) principal activities are producing and marketing cement, ready-mix concrete, aggregates and clinker and providing services to the construction industry. Products include ordinary Portland cement, composite Portland cement, pozzolanic Portland cement, white composite Portland cement, sulfate resistant composite Portland cement and mortar. The group's sales predominantly derive from North America, Europe, Central and South America and the Caribbean, Africa and the Middle East, and Asia. The group's brands include Tolteca, Gallo, Guadalajara, Monterrey, Centenario, Anahuac, Campana, Maya, California, Cempa, Sanson, Titan, and Construlisto Vencemos. In 2006, the group had 54,635 (2005: 52,674) employees. In 2006, the group's sales were USD 18,239 million.

<p>Strategic Governance</p>	<p>Cemex considers social and environmental responsibility as a key factor for the company's growth. The company includes an area of social solutions responsible for all initiatives related to the BOP. Since its foundation in 1906, the company has served BOP markets.</p> <p>In Mexico, most of the people from low-income sectors do auto-construction. Over the years, the company has sold these people cement packaged in sacks at accessible prices. In 1998, the company conducted a study in order to determine the needs of these sectors. The results of the study indicated the following:</p> <p>(a) The auto-construction process in BOP markets lasted between 20 and 25 years; households built a room first and then proceeded to build other house areas throughout the following years.</p> <p>(b) People from low-income sectors of the population: Did not have architectural knowledge or assistance; bought low quality materials and did not have the possibility to transport these materials; and did not have the financial capacity to buy all materials required to build their houses quickly. These people did not have access to auto-construction credits.</p> <p>(c) Most of the streets where these people lived did not have pavement.</p> <p>The company developed two programs aimed at meeting the needs of BOP markets:</p> <ul style="list-style-type: none"> • In 2001, the company launched "Patrimonio Hoy", an integral program focused on supporting low-income sectors of the population in the auto-construction process. This program offers: <ul style="list-style-type: none"> -Architectural advice on the construction of new house areas. -Packages of high quality construction materials including cement, blocks and steel, and free delivery service to clients' addresses during the construction processes. -Micro-credits that do not require collaterals from clients. • "Mejora tu calle", a program derived from "Patrimonio Hoy", has the objective to add economic value to the properties of low-income people by improving the streets where these properties are located. The company partners with local governments in order to build pavement streets. Households with properties located in those streets are offered credits in order to buy concrete.
<p>Human Capital</p>	<p>Cemex has 15 cement plants and 300 small concrete plants throughout Mexico. The company employs low-income sectors of the population in these plants. The company has an internal communication unit responsible for communicating BoP initiatives. The objective is to create a link between those employees in contact with BoP initiatives and all company employees.</p>
<p>Stakeholder Capital</p>	<p>Cemex realizes that the success of "Patrimonio Hoy" and "Mejora tu calle" programs depends on appropriate engagement with local communities. For this reason, the company promotes these programs through women living in these communities. The objective is to engage customers into a culture of saving to enable them to pay the credits provided.</p> <p>In order to offer both programs, the company relies on people living in low-income communities. The company hires architects from these communities or from the region, and engages local entrepreneurs in order to offer these programs. In addition, the company partners with local governments, which participate in the construction process of streets. The company has a number of initiatives in place to support low-income</p>

	communities such as donating materials to schools from these communities. All these initiatives create trusting relationships.
Environment	As part of "Patrimonio Hoy", the company incorporates toilets in houses and connects them to the draining system. This has positive impacts on the environment and community health. The company also has a number of programs in place in order to protect the environment.
Final Score	4.62

Company: **CEMIG (COMPANIA ENERGETICA DE MINAS GERAIS)**

Country: **Brazil**

Sector: **Infrastructure**

Business Description: Companhia Energética de Minas Gerais (CEMIG) is one of the largest and most important electric energy utilities in Brazil. The company owns and operates 52 power plants, of which six are in partnership with private enterprises. As of December 2006, the company employed 10,658 people. Net sales revenues in FY 2006 exceeded R\$ 9.68 billion.

Strategic Governance	<p>CEMIG recognizes the BOP as a market with strong potential. The company includes a sustainable enterprise office. This office is responsible for coordinating sustainability policies and directives and reports to the vice-president responsible for electricity generation, transmission and distribution and natural gas distribution.</p> <p>Company's products include solar collectors for water heating. These collectors reduce consumption by 30% to 40%. The company also has a program focused on replacing refrigerators. This allows clients from low-income communities to consume less energy. Moreover, the company donates energy-efficient light bulbs to low-income sectors of the population.</p>
Human Capital	<p>CEMIG's approach to professional and personal development for low-income employees distinguishes the company from competitors. The company has the largest university campus in Latin America of its kind. Programs offered are mostly targeted at low-income people. These people are trained in order to develop those skills required to work for the company. Literacy programs are also offered to employees that do not know how to read and write. The company also includes a program for electricians with the objective to update their skills. In 2006, the company trained more than 10,000 people, and offered more than 486,000 training hours.</p>
Stakeholder Capital	<p>CEMIG has stakeholder engagement initiatives in almost every community of operation. The company works with stakeholders in order to get license to operate and asks them about what the company should do. The company also has programs on environmental education, biodiversity and reforestation. As part of these programs, the company collaborates with universities and research centers.</p> <p>The Brazilian national regulator recently conducted a survey in order to measure customer satisfaction. CEMIG was considered the best company in the Southeast region. Initiatives to support customers include a call center and an ombudsman. The company also includes a council of consumers. The objective of this council is to defend the interests of</p>

	consumers. CEMIG does not have a program in place aimed at engaging local entrepreneurs in the value chain. The company's approach is limited to requiring suppliers to meet social standards.
Environment	CEMIG is aware of its environmental impacts and has taken initiatives to reduce these impacts. In cooperation with universities and research centers, the company has programs on environmental education, biodiversity and reforestation. As part of these programs, the company includes the environmental education program which is targeted at students. Approximately 2,000 students are enrolled in this program. Moreover, as part of its reforestation initiatives, the company has provided around 392,000 trees for reserves. The company also has a program to replace refrigerators and donates energy-efficient light bulbs to low-income sectors of the population.
Final Score	2.89

Company: Cisco

Country: Mexico

Sector: Telecom & IT

Business Description: Cisco Systems, Inc. (Cisco) manufactures and sells standards-based networking products and communications products and services. Its products, which transport data, voice, and video locally or around the world, are installed at public and private enterprises, including service providers and commercial businesses. Cisco products and services help customers build their own network infrastructure and provide the tools that allow communication with customers, prospects, business partners, suppliers and employees. The company's manufacturing is largely outsourced, although Cisco operates test and assembly operations in San Jose, California and a principal manufacturing facility for Scientific-Atlanta, located in Juarez, Mexico. In FY2006, the company had sales of USD 28.5 billion (FY2005: USD 24.8 billion), of which 55% in the US, 21% in Europe, 10% in Asia-Pacific, 4.5% in Japan, and 8.7% in Other.

Strategic Governance	Although Cisco does not include products or services directly targeted at low-income sectors of the population, it has demonstrated leadership in terms of bridging the digital divide. As part of its organizational structure, the company includes a sustainable business practices SBP team responsible for improving corporate social responsibility (CSR) practices and programs. The company's board of directors oversees the impact that the company's policies and activities have on business management and overall CSR performance. In order to do this, the board of directors relies on the SBP group; CSR-issue related councils, project teams and embedded business processes.
Human Capital	Cisco does not have a formal program in place to hire people from low-income sectors. The company includes ethical guidelines for employees, subsidiaries and the members of the board of directors. The company provides incentives to employees that meet corporate social responsibility goals and targets, and also encourages employees to participate in volunteer programs.

Stakeholder Capital	<p>Cisco recognizes its key role in helping to develop stronger economies through internet access to education, healthcare and business opportunities. The company engages with stakeholders to identify emerging issues and evaluates performance by assessing its social, ethical and environmental practices and policies.</p> <p>The company is creating public-private partnerships to bridge the digital divide by bringing Cisco networking academy classes to underserved populations in least developed countries around the world. In order to do this, the company partners with educational institutions, nonprofits, NGOs, businesses and government organizations. The academy is active in a number of countries including Latin American countries. For example, in Brazil, the company has sites for the blind and visually impaired. Moreover, the Cisco Systems Foundation provides financial grants to organizations in communities where the company has offices or a large number of employees. The company also partners with TechSoup, an organization that distributes donated computer technology to nonprofits and libraries, and plans to include Latin America in the near future.</p> <p>With respect to the supply chain, Cisco maintains corporate policies on human rights and other codes and policies addressing human rights for suppliers. The company states that the purchasing departments seek small, disadvantaged, disabled veteran and women owned suppliers. Nevertheless, there is no evidence that indicates that these initiatives are implemented in Latin America.</p>
Environment	<p>Cisco is aware of its environmental impacts and has taken initiatives to reduce them. The company's environmental strategy addresses energy management, hazardous waste and water use. The company includes a formal ISO14001 certification covering 64% employees. Company's environmental programs are designed to increase the energy efficiency of the company's operations and protect the environment in the communities of operation. The company also has reuse and recycle programs and claims to keep its electronic waste. Moreover, the firm includes product stewardship initiatives focused on incorporating environmental considerations into all the stages in the lifecycle of the company's products.</p> <p>Cisco implemented two major initiatives to challenge companies and countries to reduce carbon emissions. These initiatives include the installation of telepresence systems to cut travel costs and the urban development initiative for the efficiency of traffic glow.</p>
Final Score	2.66

Company:

Country:

Sector:

Business Description:

Citigroup (CITIGROUP INC.)

Mexico

Finance

Citigroup is a global diversified financial services company with more than 200 million customer accounts in over 100 countries as of year-end 2005. The company provides consumer and corporate customers with a range of financial services, including consumer banking and credit, corporate and investment banking, insurance, securities brokerage and asset management. The company's activities are conducted through five business segments: Global Consumer,

Corporate and Investment Banking, Global Wealth Management, Alternative Investments and Corporate/Other. In 2005, the company sold its asset management business to Legg Mason. The company reported sales in 2005 of \$119,750 million, up from \$108,276 million in 2004.

<p>Strategic Governance</p>	<p>Citigroup via its Mexico arm, Banamex, directly directs the low-income segments of the population through microfinance services. Over the past year Citigroup has invested USD 17mn in microfinance grants. It does not deal with individual microfinance customers, but has already established relationships with microfinance institutions in 20 countries and thinks the number could soon grow to 30. Working through its Banamex subsidiary in Mexico, it is providing life-insurance policies sold by microfinance firms and is preparing for various bond offerings, private placements and even the securitisation of a large microfinance institution's loan portfolio that will be resold to investors.</p> <p>Citi's biggest contribution, though, is its belief that microfinance can become a valid, profit-making business. If it is right, the other big banks will also pile into the market—and so will investors. Citigroup and its Mexican affiliate Banamex won Sustainable Deal of the Year after placing the first peso-denominated investment grade bond for Mexico's leading microfinance provider Compartamos. This helped finance an expected 60,000 new loans to women micro-entrepreneurs. The company has not indicated its rural/urban customer base, Citigroup, together with JP Morgan Chase, are the only banks in this sector that have policies that explicitly address the rights and protection of indigenous people. However, Citigroup does not have a dedicated human rights policy, however it is unusual for a North American financial institution to have such a policy (although leading European banks have developed human rights policies). It is however part of Banamex's strategy. The company supports local microentrepreneurs and is focused on community/small business needs through its interaction in local community events that support small businesses, especially the small businesses focused on crafts/arts that represent aspects of the Colombian cultureshares and receives knowledges with/ from local businesses Banamex is operating in a heavily BoP-focused market.</p> <p>In 2004, Citigroup began offering the My-CommunityMortgage™ Energy Efficient Mortgage (MCM EEM). This product, which was originally developed by Fannie Mae, is designed to assist borrowers who are at or below the median income for an area by recognizing that energy-efficient homes cost homeowners less to operate than a standard home. The product counts the present value of the energy savings as income for the purpose of a borrower's qualifying ratio. In 2005 Citigroup also began offering a standard EEM, which does not have any income restrictions.</p>
<p>Human Capital</p>	<p>Diversity in Banamex is a driving force of growth, as it fosters a labor environment where differences become the company's strength. The company's institutional strategy consists of recognizing and appreciating the differences among people and taking advantage of them to achieve a more effective business. In Banamex Financial Group, this is fulfilled through the following lines of action:</p> <ol style="list-style-type: none"> 1. Genre equality: Genre Equality policy establishes that everybody

	<p>receives the best tools and opportunities to maximize their contribution to the organization, maintaining balance between their personal and professional life.</p> <p>2. Young talents: Talent is not exclusive of one group: Diversity drives the company to look for talent in all the social environments. The Inroads program – One of the objectives of Banamex is to hire low-income talented young people so that they join the labor force and have the opportunity of professional development. By virtue of this, Banamex operates along with Inroads Mexico, a non-profit organization that offers companies the opportunity to participate in a program that benefits talented young people. Inroads selects the students that meet the requirements to participate in the program, trains them on an ongoing basis, and puts them in contact with Banamex and with other companies to be hired as trainees. Requirements to participate in the program include a family income that does not exceed \$ 10,000 monthly; one must be a college student; have a minimum grade average of 8.5; have development potential; and be committed to completing his / her studies and maintaining good grade average.</p> <p>3. Disabled people: In a society as varied as Mexico's, and in order to help disabled people, avoid all types of discrimination, and promote a cultural change in the organization, Banamex creates labor spaces for talented disabled people. The company works with the DIF and Manpower in the selection of disabled people.</p> <p>4. Senior adults: Banamex hires senior adults to take advantage of their capabilities and experience. In the recruitment and selection processes, there is no age discrimination. The company is aware that senior adults have a lot to offer in terms of their skills, experience, and insights.</p> <p>5. Labor environment: Through the company's volunteer program, the Banamex Financial Group, concerned over the positive transformation of the communities it operates in, promotes among all the collaborators a culture of social assistance and commitment. It generates social commitment among its employees to the community and evidences that "Banamex is much more than a Bank." It stimulates the work team cohesion and shows the Power of Our People, focusing them on the community transformation. It promotes a feeling of well being, which results in higher retention and productivity rates.</p> <p>The program consists of three steps:</p> <ol style="list-style-type: none">1. The employee can take one day off every calendar year to perform voluntary activities in the institution of his / her preference. The company now has an extensive list of organizations.2. We have a system that enables our employees to accumulate the number of hours of voluntary work. Employees can also check their hours accrued whenever they want to keep better control of the time invested in this activity.3. When the employee accumulates 50 hours of voluntary work in an already approved organization, Citigroup Foundation will donate \$ 500 USD to that institution. <p>In Banamex Financial Group, the company wants its employees to feel satisfied, without neglecting any of the aspects that comprise their family, social, sportive life. Therefore, the company develops programs that help them achieve balance between their personal and</p>
--	---

	<p>professional life.</p> <p>In 2003 and 2005, the Banamex Financial Group was granted the certification in the Genre Equality Management System Model by INMUJERES (National Women’s Institute), for its formal commitment with genre equality in the corporation, reflected in strategies and actions that guarantee the same opportunities for all its collaborators. DIF Acknowledgment: In May 2005, the DIF awarded an acknowledgment to Banamex for its policy to hire disabled people. Banamex is listed as one of the 50 best companies to work for, published by the Great Place to Work Institute and the el Grupo Editorial Expansión (May 2005). Banamex works jointly with the Inroads organization to give job opportunities to low-income talented young people while they conclude their college studies. In 2004 and 2005, Banamex was awarded recognitions by Inroads for being the company with the highest number of college students sponsored.</p>
<p>Stakeholder Capital</p>	<p>Customers seen as a source of valuable insights for Citigroup/ Banamex. Banamex provides microfinance services to local entrepreneurs. Citigroup has a supplier diversity and environmental strategy as is standard in the global banking sector.</p> <p>Citigroup and Banamex employees volunteer to help build homes for deserving Mexican families as part of Habitat for Humanity International’s (HFHI) Jimmy Carter Work Project. The Citigroup Foundation and Banamex are proud to be lead sponsors of the Jimmy Carter Work Project, which in the past helped build 150 homes in Puebla and Veracruz.</p> <p>The company focuses on a combination of philanthropic giving, employee volunteerism, and partnerships with geographic breadth like that with Habitat to help make a difference in communities where the company’s employees work and live. Chairman and CEO of Citigroup Latin America and CEO of Banamex noted, “The only way we can address the challenges that our communities face is through teamwork in partnership with other corporations, governments and NGOs. Habitat’s Jimmy Carter Work Project does just that bringing together thousands of volunteers from around the globe to make things happen. Everyone at Banamex is very excited about being part of this effort.”</p> <p>The firm notes that it shares with Habitat the goal of ensuring that quality, affordable housing, financial products and financial education are available so families can feel confident in assuming the responsibility of homeownership. Both Citigroup and Habitat recognize the importance of volunteerism.</p> <p>Habitat for Humanity’s 2004 Jimmy Carter Work Project in Mexico brought together 4,000 Mexican and International volunteers, including corporations, churches, Habitat affiliates, civic groups and individuals to join former U.S. President and Nobel Peace Prize laureate, Jimmy Carter, in building simple, decent homes in partnership with low-income families.</p>
<p>Environment</p>	<p>Through its Sustainable Development Investment Program (SDIP), the company indirectly reaches low-income segments of Latin American society as it targets private equity investment opportunities in the renewable energy, sustainable forestry, water resource management, waste management, and clean technology and energy</p>

	<p>efficiency sectors. Through Citi Alternative Investments, the bank's venture capital arm, Citi has invested USD 150mn in alternative energy, clean tech, and carbon sequestration technology since 2004. Within this division, Citi established the Sustainable Development Investment Program (SDIP) which has underwritten \$2 billion of environmental investments. Citi Capital has underwritten \$1 billion in energy upgrades, and Citi Consumer Finance has rolled out a variety of eco-friendly, green mortgage products.</p> <p>Overall, Citi's environmental investments are about \$3.15 billion. This number will presumably increase to \$5 billion with the implementation of the 10-year \$50 billion environmental investment program. Citigroup offers financial products that incorporate environmental criteria. While the company is a long way from systematically integrating environmental factors into security selection and asset allocation across all businesses, it nevertheless occupies a top tier position in this set.</p>
Final Score	3.42

Company:

COCA-COLA FEMSA, S.A.B. DE C.V.

Country:

Mexico

Sector:

Consumer Goods/Retail

Business Description:

Coca-Cola FEMSA, S.A. de C.V. (KOF) is now the second-largest Coca-Cola bottler in the world, accounting for almost 10% of Coca-Cola's global sales. KOF is the largest Coca-Cola bottler in Latin America, delivering approximately 2 billion unit cases a year and representing approximately 40% of Coca-Cola's volumes in the region. Coca-Cola FEMSA's principal activity is the production, distribution and marketing of certain Coca-Cola trademark beverages in Mexico, Central America (Guatemala, Nicaragua, Costa Rica and Panama), Colombia, Venezuela, Brazil and Argentina. Other activities include the distribution of beer, and the acquisition, holding and transfer of all types of bonds, capital stock, shares and marketable securities. For the year, consolidated total revenues grew 6.9% to USD 5336.23 million (Ps. 57,738 million) in 2006, compared to USD 4990.48 million (Ps. 53,997 million) in 2005. The Majority of the growth came from Brazil, Venezuela, and Mexico, accounting for 34%, 18% and 17% respectively of the total incremental revenues. The company's capital stock is owned 53.7% by a wholly-owned subsidiary of Fomento Económico Mexicano, S.A. de C.V. (FEMSA), 31.6% by wholly-owned subsidiaries of The Coca-Cola Company and 14.7% by the public.

Strategic Governance	<p>As the largest bottler in the region, the company sees the low-income segment as a key aspect to its growth. In line with the firm's market-segmentation strategy in Colombia, KOF successfully launched a more affordable 1.25-liter returnable glass bottle for Coca-Cola and Crush. This demonstrates KOF's ability to capture profit opportunities through new product development while reducing its environmental footprint and providing product accessibility to low-income segments. The company continues to capture growth in Mexico through its multi-serve returnable bottles, including its 2.5-liter returnable PET bottle of Coca-Cola and its rollout of a 1.25-liter returnable glass bottle. In Brazil, the company's introduction of its 1.0-liter returnable glass container improved sales volumes of Coca-Cola and Fanta. These packaging strategies have helped the</p>
-----------------------------	--

	<p>company sustain top- and bottom-line growth in diverse market environments that include the Majority. Such product development demonstrates the company's progressive management approach to creating environmental, financial, and social return through a more affordable, recyclable bottle.</p> <p>In December 2006, Coca Cola FEMSA acquired Jugos del Valle, one of the leading juice manufacturers in Mexico and Brazil, increasing the company's presence in Latin America. This growth also means a larger portfolio in the fast-growing, but under-developed, noncarbonated beverage segment. In Central America, the company has also expanded its portfolio of non-carbonated beverages. KOF's Minute Maid Mais brand continued to gain shelf space among its retail customers in Brazil, helping the non-carbonated beverage segment, excluding water, to grow more than 25% during 2006, almost tripling the company's non-carbonated volume compared with 2005. Non-carbonated beverages represent a healthier option for consumers, demonstrating that the company is working to mitigate the health risks of obesity linked to carbonated drinks, while reaching the lower income segments of society. The company's increased presence in the non-carbonated segment captures a growing market opportunity in response to a consumer shift toward healthier beverages. The company's strategy is better suited to the needs of this challenging political and economic market.</p> <p>The company has not indicated its rural/urban customer base. The company maintains a general code of ethics, which encompasses an understanding of working with/selling to the low-income segments of society. Key to its strategy is creating mechanisms for two-way sharing, especially because the company has been operating in high-risk emerging market regions of Latin America.</p>
Human Capital	<p>As it is the largest bottler in the region, the company is employing a high percentage of local individuals within its bottling factories and amongst its distribution trucking system.</p> <p>The company, however, lacks disclosure on policies surrounding key supply-chain management aspects such as human rights and labor conditions.</p>
Stakeholder Capital	<p>The company maintains a valued relationship with its customers and local communities. In recognizing the value-add that effective supply-chain management can bring in a particularly risky political territory, KOF has improved its efficiency across the value chain and positioned its supply chain to more effectively capture value. The company maintains a high standard of ethics through its code of ethics, which encompasses equal treatment and relation to all of its consumers and employees.</p>
Environment	<p>Coca-Cola FEMSA demonstrates leading water management across its market territories. In 2006, the company's water management initiatives enabled it to save more than 145,000 cubic meters of water across its territories. Additionally in 2006, the total water consumption per liter of beverage produced at the company's international benchmark Mexican operations was almost half the average of the Coca-Cola system. KOF's water stewardship demonstrates the firm's proactive approach to forthcoming key environmental issues and proves the company's alignment with The Coca-Cola Company's focus on active response to critical water use risks in emerging market regions.</p>
Final Score	3.28

Company: **COELCE (CIA ENERGETICA DO CEARA)**
Country: **Brazil**
Sector: **Infrastructure**
Business Description: Companhia Energetica do Ceara-COELCE's principal activities are generation, transmission, distribution, sale and supply of electric energy for public, industrial and private consumption. It operates in 184 municipalities of the state of Ceara. Revenues in FY 2006 exceeded \$792 million.

Strategic Governance	<p>COELCE includes a department of sustainability and environment responsible for developing all projects related to low-income sectors. This department reports to a senior executive who reports directly to the company's CEO. The company has the goal to supply electricity to all houses by 2008. Coelce offers special rates to low-income customers. Nevertheless, the company does this in order to comply with a national campaign called "universalization of the right to use electric energy". Strongly committed to environmental protection, the company offers low-income customers the opportunity to pay their bills with recyclable materials. The company provides these customers with a card which allows them to participate in the program. Coelce currently has 18 collection points of recyclable materials and has approximately 10,000 clients participating in this program. Moreover, the company provides training to people from low-income communities on the efficient use of energy. Through this measure, these people reduce energy consumption and are able to pay their bills.</p>
Human Capital	<p>COELCE does not differentiate employees for their income levels and does not have a formal program in place focused on hiring people from low-income sectors. In order to sensitize employees, the company encourages them to participate in volunteering initiatives and distributes an internal magazine which provides information on social initiatives.</p>
Stakeholder Capital	<p>According to a recent survey conducted by the Brazilian Association of Electric Energy Distributors, COELCE was perceived as the best company in the northeast region. Customers and people from the different places where the company operates participated in this survey. In order to maintain positive relationships with stakeholders, COELCE has a number of programs in place focused on supporting them. For instance, the company distributed 6,000 refrigerators and energy-efficient bulbs to low-income households, and 45,000 energy-efficient lamps, 7,000 air conditioning systems to public hospitals. Moreover, the company provides training to people from low-income communities on the efficient use of energy and renewable energies, and donates electricity to NGOs including Unicef. The company has an ombudsman unit in charge of dealing with customers and other stakeholders. This unit is supervised by the CEO. As an energy distribution company, it is difficult to engage entrepreneurs in the value chain. Nevertheless, COELCE includes contract clauses requiring that suppliers do not use forced and child labor.</p>

Environment	COELCE is aware of its environmental impacts and has implemented initiatives to reduce these impacts. The company's environmental management systems are certified with ISO 14001. The company also trains consumers on the efficient use of energy.
Final Score	2.53

Company: COLBUN (COLBUN, SA)
Country: Chile
Sector: Infrastructure
Business Description: Colbun SA's main activities are the production, transportation and distribution of electric energy in Chile. The company employs 150 people. Revenues in FY 2006 accounted for CLP 399,212 million.

Strategic Governance	Colbun's clients are regulated clients and clients that require large amounts of electricity. Therefore, low-income sectors are not considered important markets.
Human Capital	Colbun hires people from the communities where projects are undertaken; nevertheless, the company does not specify if these people are employees or contractors. The company also has a program that allows students to do professional practices at the company's facilities.
Stakeholder Capital	Colbun implements a number of initiatives especially in those communities living close to electricity transportation and distribution infrastructure. Areas of support include education, sports and recreation and social development. As part of its initiatives, the company supports Fondo Esperanza which provides micro-credits to low-income people. In 2006, 412 credits were provided. Projects supported include financing a health center and an agricultural program. The company also works permanently with local governments on diverse initiatives. For example, the company has agreements with the municipality of Quillota that are focused on granting scholarships to low-income students and financing sports contests.
Environment	Colbun is aware of its environmental impacts and complies with environmental regulations. As part of its environmental strategy, the company is committed to: (a) Integrate environmental variables to mitigate environmental impacts; (b) Use renewable resources; (c) Prevent pollution; (d) Maximize energy efficiency; (e) Sensitize stakeholders about the importance of environmental protection; (f) Establish environmental objectives and environmental management systems. It is worthwhile to note that the company measures GHG emissions.
Final Score	2.27

Company: **Companhia De Bebidas DAS Americas SA (AmBev)**

Country: **Brazil**

Sector: **Consumer Goods/Retail**

Business Description: The Group's principal activity is to produce, sale and distribute a wide range of beverages including beer, soft drinks, mineral water, isotonic beverages and fruit juices in both the domestic and the international market. The Group has the license to bottle, sale and distribute Pepsi, Lipton Ice Tea, Calsberg and Miller products in Brazil and other Latin American countries. The Group operates mainly in Brazil, Latin America and North America. Major brands are: Skol, Brahma, Antarctica, Bohemia, Original, Quilmes and Labatt Blue.

<p>Strategic Governance</p>	<p>The company produces alcohol and non-alcohol beverages; both are bought by the low-income communities. In 2006, 81% of sales were from alcohol. The vision of sustainability aligned to the company's culture: "Meet the economic, social and environmental needs of the present without compromising the possibility of future generations meeting their own needs"; in summary – to perpetuate the capacity for the generation of values. In the book "Profits with Principles", Ira Jackson and Jane Nelson (professors at Harvard) state that companies of the future are focused on the creation of values for their shareholders as well as for society through a combination of high economic performance with an emphasis on ethical, social and environmental performance as well, thus building a transparent relationship with its stakeholders.</p> <p>The company does not indicate its level of integration. AmBev is a company operating in various countries and expects its employees to act based on common values and objectives. This is reflected in daily attitudes adopted by everyone working at AmBev and they sign a statement of commitment to the standards outlined in our Code of Ethics.</p> <p>The Code of Ethics is AmBev's commitment to responsible, ethical, transparent performance, mutual respect among our professionals. Such value also includes the responsibility with consumers, reflected in the investment to place high quality products on the market and create effective channels for eventual complaints.</p>
<p>Human Capital</p>	<p>The company invests in the training and qualification of people, providing growth opportunities to everyone. In addition, AmBev offer tools and freedom in the unrestricted use of creativity, excluding the red tape, one of the words not appreciated by AmBev Culture. Such behavior reflects one of the most important Company's competencies: to discover, train and maintain the best talents, capable of overcoming challenges and contributing to the business growth in global scale. AmBev people do not hide how they feel gratified for working in a company with such a singular profile.</p> <p>The Company's culture, focused on results and meritocracy, has allowed to achieving short term goals, without jeopardizing the vision that every result should be sustainable in the long term. Our leadership is due to personal example and we enjoy to be where things happen, seeing everything with our own eyes at every step of work and close to operation. Every year, AmBev people follow the steps of sales officer and supervisors, visiting points-of-sale to closely recognize the reality of the market.</p> <p>Such management culture became so recognized as the quality of brands we produce and trade. This is the reason of real competitiveness of the</p>

	<p>Company, which maintains its leadership in the market and opens space to increase profitability, to respect consumer and environment and to reduce costs. It is based on principles broadly known and accepted in all production, administration, sales and distribution sectors.</p> <p>As a natural result, reward the talent and competence is a fundamental ingredient of AmBev culture, based on meritocracy, an expression which is incorporated in our daily activities. The variable compensation policy, based on achieving collective and individual targets, in which it is essential the ongoing evolution of EVA – Economic Value Added, i.e, the building of Company’s wealth, is a powerful tool to motivate and reward people’s performance.</p> <p>This system creates a healthy competition and makes the advances and well-succeeded innovations of either unit to be gradually adopted by the others, interested in achieving similar performance and improve their position in the ranking.</p>
<p>Stakeholder Capital</p>	<p>AmBev is founder and sponsor together with other companies of Recycling Corporate Commitment (Cempre), a non-profit association devoted to promote recycling, based on the garbage integrated management. Cempre was founded in 1992 and is maintained by private companies of various sectors. By means of publications, technical research, seminars and database, it works to make community aware of the relevance of waste reduction, reutilization, and recycling. The programs are mainly addressed to opinion makers, such as mayors, companies' executive officers, researchers and non-governmental organizations (NGOs).</p> <p>Since 1991, AmBev has sponsored the refuse selective collection in the district of São Francisco, in the city of Niterói (RJ), one of innovative initiatives in the country, and which motivated the adoption of similar programs in other cities. The work is a result of a partnership between Universidade Federal Fluminense (UFF), which provided technical support and assisted in the area residents' awareness and the communitarian center of such district.</p> <p>The program is considered the first systematic and documented program of such nature in Brazil and reaches, at least, 1.2 thousand residences, besides commercial establishments. The proposal is to promote the cooperation between the community and public and private entities for the development of a decentralized and self-sustainable work, ensuring the materials recovery for recycling and reduction of waste in the environment. By means of partnerships with associations, ONGs, local governments, universities and other companies, AmBev managed to implement relevant initiatives, in programs which also include the incentive to moderate consumption of alcoholic beverages.</p> <p>AmBev's initiatives have been consolidating the respect to life and environment among 18 thousand employees and communities where Company’s units are established.</p>
<p>Environment</p>	<p>The company focuses on leadership in the market and opens space to increase profitability, to respect consumer and environment and to reduce costs. AmBev seeks to combine the excellence of its products and its management with the development of social projects. The company supports communitarian projects focused on two areas: environment and education. In such programs, AmBev seeks to disseminate the recycling concept, improve life quality and social inclusion of diverse communities. The expansion of recycling market in Brazil is mainly a result of garbage</p>

	<p>self-employed collectors' organization. They are more than 80 thousand people, 2.5 thousand cooperative enterprises, which emerged as an alternative to transform such work into source of income for many low-income families. Despite growth, this activity faces structural problems, which hamper the expansion of existing infrastructure. In order to supply demand, AmBev created the Solitary Recycling Program – Cooperative Enterprises, which provides equipment (hydraulic press) and learning (courses and recycling workshops), to increase the volume of refuse collected and enhance the value of products destined to the plants. The Reciclarte Project was created with a view to supporting artists, who use garbage as raw material and incorporate the recycling into their work. Reciclarte is maintained at Recicloteca, with a permanent exhibition room and every two months it receives a new collection, always focused on recycling issues in positive practical ways.</p> <p>To reinforce AmBev's belief that a good example should be taught at home, AmBev launched in 2002, the campaign "Recicle Você Também" (Recycle you too), to disseminate concepts about environment conservation and solidarity, besides encouraging and propagating the volunteer action among AmBev People. This initiative involved all the units during June, when Environment International Day is celebrated and comprised of collection by employees and family members of aluminum cans and PET bottles. The result is converted into food baskets, distributed to charitable entities chosen by employees. In 2003, more than four thousand food baskets were donated.</p> <p>As a result of a partnership between AmBev and ONG Associação Ecológica Ecomarapendi, the Recicloteca was created in October 1993, with a focus on educating the population about environmental issues. Recicloteca is maintained by AmBev, and became one of the largest information and studies center about recycling and environment in the Latin America.</p>
Final Score	3.43

Company: **Compania de Telecomunicaciones de El Salvador SA de CV (Telefonica El Salvador)**

Country: **Salvador**

Sector: **Telecom & IT**

Business Description: Compania de Telecomunicaciones de El Salvador SA de CV (Telefonica El Salvador) is one of the leading fixed and wireless telecommunication companies in Salvador. The company is controlled by Telefonica SA, which principal activities are the provision and operation of a wide range of telecommunication services on a national and international level. The group operates through the following business lines: fixed-line telephony, wireless telephony, media and entertainment, integral data transmission services, Internet services, call-center business and directory services. For the year ending 31 December 2006, the company generated EUR 52.9 billion in revenue from the following geographic regions: Spain, 38%; Latin America, 35%; Europe, 26%; and other, 1%. At the end of 2006, the number of employees at Telefonica was 234,900.

Strategic Governance	<p>Telefonica El Salvador considers that there is strong potential in low-income markets. The company has a commercial department responsible for marketing, intelligence and exploring opportunities in BOP markets. The social responsibility area is responsible for supporting and engaging with local communities.</p> <p>Telefonica El Salvador offers prepaid telephone and internet services mostly to people from low-income markets. Moreover, aware of the circumstance that a large number of Salvadorians have relatives living in the US and Canada, the company offers special rates for those calling these countries.</p>
Human Capital	<p>Telefonica El Salvador hires people from the communities of operation in order to conduct construction activities. The company sensitizes employees through internal communication channels including an intranet.</p>
Stakeholder Capital	<p>Telefonica El Salvador reflects strong commitment to the communities of operation. The company provides connectivity to 70 educational centers, representing more than 40,000 students and 1,000 teachers. This service is free of charge during the first two years. In the following years, the company charges a symbolic fee with the idea to create a sense of belonging. The objective of this program is to not only improve educational quality, but also to create networks with the relatives of the students and neighboring municipalities. Through this initiative, the company creates an opportunity to access these markets.</p> <p>The company engages with local communities when installing antennas. If there is opposition, the company organizes open meetings aimed at listening to the concerns of local residents and explaining them about the implications of installations. Communities can raise their concerns at different "attention points" that serve as help desks. Through these attention points, the company makes itself aware of the concerns of the communities of operation. Moreover, the company engages with local governments in order to get licenses to operate. The company supports projects such as the construction of streets and parks. Programs to support the communities are focused on education. For example, the company also has a scholarship program to reward top students and a program to donate bicycles. With respect to the supply chain, the company contracts catering services from local suppliers.</p>
Environment	<p>Telefonica El Salvador is aware of its environmental impacts. The company follows international standards regarding radiation and cooperates with environmental NGOs in reforestation initiatives.</p>
Final Score	3.2

Company: **Compania Telecomunicaciones Chile SA (Telefonica Chile)**

Country: **Chile**

Sector: **Telecom & IT**

Business Description: Telefónica Chile is the leading integrated telecommunications company in Chile. The company is controlled by Telefonica SA, which principal activities are the provision and operation of a wide range of telecommunication services on a national and international level. The group

operates through the following business lines: fixed-line telephony, wireless telephony, media and entertainment, integral data transmission services, Internet services, call-center business and directory services. For the year ending 31 December 2006, the company generated EUR 52.9 billion in revenue from the following geographic regions: Spain, 38%; Latin America, 35%; Europe, 26%; and other, 1%. At the end of 2006, the number of employees at Telefonica was 234,900.

Strategic Governance	<p>Telefonica Chile considers that there is strong potential in low-income markets and includes a business unit responsible for low-income rents. The company has a management committee chaired by the company's CEO. All BOP-related initiatives are reported to this committee.</p> <p>The company offers prepaid wireless and fixed telecommunication services to low-income sectors. It also provides these sectors with access to telephone and internet services. In specific, the company installs information centers with internet access at low-income communities. The company also has special packages for small businesses. The company considers that if small businesses do well, they will demand more services from the company.</p>
Human Capital	The company does not have a formal program focused on hiring people from low-income sectors.
Stakeholder Capital	<p>Telefonica Chile works in cooperation with government entities in order to provide telephone and internet access to low-income sectors. The company relies on a foundation to support communities of operation. Regional managers are responsible for engaging with local authorities and communities.</p> <p>Areas of community supports have been focused on education. The company provided 5,400 public schools with free internet access. Some of these schools are now switching to broadband internet access. The firm also includes training programs for teachers aimed at improving educational quality. Moreover, in order to avoid the theft of copper cable, the company created a committee. This committee worked together with local communities in order to encourage them to protect the cable from theft.</p> <p>Telefonica Chile does not have a program directly aimed at engaging local entrepreneurs in the value chain. Nevertheless, the company has specific programs in order to support small businesses. The company supports these businesses by offering them telecommunication packages at attractive prices.</p>
Environment	The company is aware of its environmental impacts and has taken a few initiatives to reduce these impacts.
Final Score	2.54

Company: COPEL (COMPANHIA PARANAENSE DE ENERGIA)
Country: Brazil
Sector: Infrastructure
Business Description: Companhia Paranaense de Energia- Copel's main activities include the generation, transmission, and distribution of electric energy in the Brazilian state of Parana. The company is also involved in the telecommunications

business and holds interests in companies operating in areas including power generation and marketing, piped gas, sanitation, fixed and mobile telephone services, infrastructure projects, research and development, project management, and agribusiness.

Strategic Governance	<p>Copel considers that there is not a clear division between clients and communities. Targeting low-income sectors is part of company's overall strategy, which is developed by the administration council and board of directors. Nevertheless, the company does not include a special department focused on low-income sectors.</p> <p>Copel offers special rates to low-income sectors. In addition, consumers that consume less than 100 kw per hour do not pay bills. Around 8.3% of consumers benefit from these programs. The company believes that by supporting these sectors, it will eventually create a more profitable market.</p>
Human Capital	<p>Copel does not have a formal program focused on hiring people from low-income communities does not have a policy that requires it to hire people from low-income sectors. In order to sensitize employees, the company encourages them to participate on volunteering initiatives. Employees are given four paid hours per month in order to support communities.</p>
Stakeholder Capital	<p>Copel has a number of programs in place to engage with low-income communities and maintains constant dialogue with institutions and NGOs. The firm organizes public hearings around the provinces where it operates. Two board members attend public dialogues in order to take suggestions and determine needs. Between 50 and 100 events are conducted per year, depending on needs.</p> <p>In Brazil, people from low-income sectors invade areas that are private or state-owned. The company provides those people with free electricity. Moreover, the company has programs in place focused on educating low-income communities about the dangers and risks linked to electricity and about energy efficiency measures.</p> <p>With respect to the supply chain, Copel does not have specific programs to engage local entrepreneurs. Nevertheless, it includes clauses in all contracts requiring suppliers not to use child and forced labor.</p>
Environment	<p>The company is aware of the environmental impacts of its operations and takes measures to reduce these impacts.</p>
Final Score	2.25

Company: Cosan SA Industria E Comercio
Country: Brazil
Sector: Consumer Goods/Retail

Business Description: Cosan is one of the largest growers and processors of sugarcane in the world. Cosan turns its raw material into refined sugar and ethanol. Operating primarily out of Brazil's south central state of Sao Paulo, the company runs 17 mills, two refineries, two port facilities and numerous warehouses. The company is exploring ethanol, electricity generation

operations using sugarcane by-products.

Strategic Governance	<p>Cosan does not have products directly aimed at BoP. Its approach in that area is more about social and environmental projects. Cosan tries to promote some community well being through its foundation, Fundação COSAN, which helps in helping children and adults with education, and professional training - among other things.</p> <p>Cosan works with communities in which it has operations to improve basic living conditions. In addition, the company encourages employees to participate in its projects. Cosan's Foundation to help sponsor its projects, the Cosan Foundation, is primarily involved in sponsoring educational and development programs for youth in the communities where it operates.</p>
Human Capital	<p>Cosan does not discuss any matters related to employee relations and hiring practices; but Cosan claims to offer programs improving access to education and employment of members of the communities where it operates.</p>
Stakeholder Capital	<p>Cosan has no specific approach to BoP consumers; the focus is on employees where BoP is concerned. Cosan has a foundation and works with communities. Cosan sponsors technical education and other formation courses for children. Has its own operations, but works closely with communities.</p>
Environment	<p>No information available.</p>
Final Score	2.78

Company:

Credifactor

Country:

Nicaragua

Sector:

Finance

Business Description:

Credifactor S.A. is one of the most prominent factoring companies in Nicaragua. Factoring is a form of asset-based finance in which a factoring company (the factor) extends credit to his client (the borrower) on the basis of the value of the borrower's accounts. It was formed in 2000 and has been growing steadily since. It offers different factoring products including recourse factoring, non-recourse factoring, reverse factoring and maturity factoring

Strategic Governance	<p>In some countries, factoring is the only way for low-income citizens and businesses to access financing, because the system allows for high-risk businesses (small and medium enterprises - SME's) without guarantees and who have short credit histories to access credit. Factoring can be used by an SME which sells to large companies, enabling it to lower its cost of capital by leveraging on their customers' lower risk. In this sense Credifactor as one of the leading companies in the sector can benefit small businesses, in theory even informal ones. Credifactor's entire business revolves around factoring and as such it wants to grow. It is working to develop mechanisms to absorb higher risk. Factoring is very important for Nicaragua, because of the lack of available credit. However, factoring implies some level of formality, and growth of factoring depends on the development of mechanisms to check against default of credit. Factoring is not microfinance. Credifactor offers different forms of factoring, one of the most important is factoring related to export, which is expected to promote growth of SME's in Nicaragua. Nevertheless, while Credifactor is a small and young company, it has no employment mechanisms to promote diversity or access to BoP; in fact, senior management appears to be almost exclusively made up by the European descent minority.</p>
Human Capital	<p>There are no apparent human capital strategies in this area, and as noted earlier, the staff appears to be drawn almost exclusively from the European minority in Nicaragua.</p>
Stakeholder Capital	<p>Credifactor does not work closely with NGOs, but has worked on projects with the regional development bank Banco Centroamericano de Integracion Economica (BCIE). While Credifactor does not have an actual BoP strategy, in the context of Nicaragua, which needs development, the mechanism of factoring is very important. It seems that Credifactor considers its SME clients more as partners. As such, Credifactor aims to develop a public information campaign aimed at educating businesses on the mechanisms and benefits of factoring. In October, Credifactor secured a loan from the BCIE for USD 500.000 and USD 1 million from the IADB, funds which the companies says it will use to promote activities from SMEs. Expansion in public and private sector construction and investment relating to the Central American Free Trade Agreement (CAFTA) also supports exports, which is expected to raise demand for factoring. Banks have also started to use factoring, pushing rates down making the service available to more SMEs.</p>
Environment	<p>No information available.</p>
Final Score	2.67

Company: CRESUD 'B' (CRESUD, SA)
Country: Argentina
Sector: Consumer Goods/Retail

Business Description: Cresud is one of Argentina's largest agricultural companies and REIT (real estate investment trust), is also one of Argentina's largest landowners (some 258,000 hectares). It raises beef and dairy cattle and cultivates grains, including corn, soybeans, sunflowers, and wheat. The company is controlled by the Elsztain family.

Strategic Governance	Cresud has a very important position in the Argentine market for bovine products; the company says it is starting to develop some BoP approaches but this is still in the very early process. Cresud has a foundation, The IRSA Foundation, which encourages community and rural development through environment and community projects, as well as education. Through the IRSA Foundation, Cresud is developing its social responsibility approach, focused on community and rural development, no mention of BoP specific activities though. The IRSA foundation says it promotes donations and volunteerism from employees and education.
Human Capital	No specific mention; but says that it works to improve access to education and employment of community.
Stakeholder Capital	Cresud has no BoP approach. The IRSA Foundation substitutes for an ESG policy.
Environment	No information available.
Final Score	1.88

Company: Cuauhtemoc (CERVECERIA CUAUHEMOC-MOCTEZUMA)
Country: Mexico
Sector: Consumer Goods/Retail
Business Description: Cerveceria Cuauhtemoc Moctezuma SA de CV (CCM) is a beer producer and distributor with plants in Mexico and Brazil. The company is controlled by Femsa Cerveza SA de CV. The company employs people. Revenues in 2006 accounted for MXP 35,599 million.

Strategic Governance	CCM's strategy is focused on satisfying the needs of all consumers. The company conducts market research studies in order to identify opportunities. The commercial area and the marketing & innovation area are responsible for designing and implementing initiatives to target all markets. In this sense, there is not a unit exclusively responsible for BOP issues. The company has products that are especially consumed by low-income markets. An example of these products is a bottled beer in a large presentation.
-----------------------------	--

Human Capital	Although CCM forbids discrimination, there is no evidence that the company has a special program in place focused on hiring people from low-income sectors. The company's social responsibility philosophy is shared with all employees. Employees participate in initiatives to support communities in need.
Stakeholder Capital	Stakeholders are a priority for CCM. The company aims at having a two-way relationship with them in order to generate mutual benefits. As part of its initiatives to support low-income sectors, the company includes a program for the development of micro-entrepreneurs in 20 states. The objective of this program is to create a culture of quality and service, entrepreneurial attitude and higher income. Around 6000 small and medium-sized businesses have been benefited from this program. Moreover, in cooperation with the Inter-American Development Bank and Universidad Anahuac, the company granted scholarships to two small companies to get training on social responsibility topics.
Environment	CCM is aware of its environmental impacts and has taken initiatives to reduce these impacts.
Final Score	2.18

Company: **DESARROLLADORA HOMEX, S.A.B. DE C.V.**

Country: **Mexico**

Sector: **Homebuilding**

Business Description: Desarrolladora Homex SAB de CV (Homex)'s principal activities include the construction and selling houses in Mexico. The company's housing projects are divided into three sectors according to cost: entry-level; middle-income; and residential. As of December 2005, the company had land reserves of approximately 13.1 million square meters and had approximately of 14.3 million square meters of land for which it had signed purchase agreements and made partial payments. Homex operates in 28 cities and 18 Mexican states. The firm employs around 11,948 people. Revenues in FY 2006 exceeded \$1.15 billion.

Strategic Governance	<p>With the mission to improve the quality of living of communities through quality developments, Desarrolladora Homex SAB de CV has turned into one of the largest Mexican homebuilding companies for low-income sectors. As part of its organizational structure, the company includes a department of social housing responsible for business projects for low-income markets. This department has representation in the general management committee.</p> <p>Low-income market initiatives are part of the company's overall strategy. At least 30% of the houses built in the 30 markets where the company operates are targeted at low-income markets. The firm also has a special housing project for police officers and fire workers. In this case, the company offers discounts which are based on agreements with municipalities. Moreover, aware of the need of low-income markets for affordable furniture and electro-domestic products, the company includes</p>
-----------------------------	---

	the “amueblate” project, which promotes the use of “fonacot” government credits. These credits allow low-income customers to buy these products.
Human Capital	<p>Homex employs around 15,000 construction workers and plans to increase this number to 18,000 by the end of 2007. With the objectives to contribute to the personal and professional development of employees, and improve morale and retention over the long-term, the company supports employees by offering them the opportunity to study primary school, middle school and high school. As of June 2007, the accumulated number of employees enrolled in educational programs was 7,300 and 2,600 workers had completed high school studies. The company encourages suppliers to replicate this program.</p> <p>In order to sensitize employees, the firm encourages them to participate in initiatives to improve the communities of operations. Employees and their families participate in fundraising and volunteering initiatives.</p>
Stakeholder Capital	<p>Homex is aware of the benefits of stakeholder engagement. The company engages with local authorities to determine housing demands in low-income markets. The company also has agreements with municipalities in order to reduce the costs of the red tape involved in building houses. In order to access low-income customers, Homex helps these customers to take advantage of “INFONAVIT” government mortgages and subsidies. The company has agreements with government entities in order to reduce the red tape involved in getting mortgages. The group also includes special housing projects for police officers and fire workers from low-income sectors. At all new developments, the company hires a social worker responsible for working with the people living in those communities. The social worker organizes a neighborhood committee and assists this committee in order to build an identity for the community. Moreover, the company participates in the committee of “Accionarse”, an industry organization that encourages companies to adopt practices to foster gender diversity.</p>
Environment	<p>Homex has replaced the use of wood with substitute materials by 60 to 70%. The company uses high quality materials with thermal properties, which maintain adequate temperatures and reduce electricity consumption. In addition, water treatment infrastructure is included at all developments. Employees participate in environmental initiatives, such as ecologic campaigns and programs for the protection of biodiversity.</p>
Final Score	4.38

Company: Duratex SA

Country: Brazil

Sector: Homebuilding

Business Description: Duratex SA’s main activities are manufacturing and marketing wood products, sanitary vitreous chinaware and metal fittings. The company has eight industrial plants and owns approximately 90 thousand hectares of timberlands. Headquartered in Brazil, the company operates in Argentina, the United States in America and Europe. The company employs approximately 6,000 people.

Strategic Governance	<p>Although Duratex has programs in place to support low-income communities, there is no evidence that the company considers low-income markets as part of its business strategy. The company does not seem to include programs to ensure that low-income community issues have a voice in its senior management and board of directors.</p>
Human Capital	<p>Duratex includes innovative employee professional and personal development programs for low-income sectors of the population. The "education for a better future" project, aimed at adults, especially rural workers, gives these people the opportunity to go back to school. As part of this program, the company enables rescheduling of working hours and redefinition of bus routes, and designates employees to support and monitor the attendance and progress in the school. The company also gathers all the necessary paperwork and forwards it to schools in order to guarantee placement and enrollment. The program includes approximately 200 employees.</p> <p>In order to sensitize employees, the company encourages them to participate in volunteering initiatives.</p>
Stakeholder Capital	<p>Duratex is aware of the importance of having positive relations with stakeholders. The company has programs in place to support the communities adjacent to the company's units. As part of these programs, the company encourages formal education and personal development, and subsidizes accredited middle and high school supplementary courses. The company also has a program focused on developing an environmental conscience within the community and reinforcing the importance of preserving flora and fauna. Around 5,500 people participate in this program annually, including students, teachers, neighbor communities, senior citizens and groups with special needs.</p> <p>Moreover, in partnership with the Agudos municipality and the national service for industrial training, the company offers a two year cabinet-making course for students from low-income families. This program has the objective to prepare students for the working environment. The company provides the raw materials, equipment, uniforms and maintenance services. The municipality provides the teaching staff and administration personnel. The national service for industrial training provides the pedagogic material and monitors students' progress. The company also includes the "search of the future" program, aimed at orienting students about the job market.</p> <p>Duratex has a number of initiatives in place aimed at improving customer relations. The company conducts customer satisfaction surveys, includes a customer information service and organizes events for clients on a regular basis. In addition, the company offers training programs for engineers, architects, students, plumbers, furniture manufacturers, cabinet-makers, installers, and interior designers.</p>

Environment	<p>Duratex is aware of its environmental impacts and has implemented a number of initiatives to reduce these impacts. Operations are certified with ISO 14001 and the Forest Stewardship Council Green Seal.</p> <p>Duratex has 90 thousand hectares of land and timberland. New plantations are developed over previously harvested areas. The company utilizes natural pest control methods and implements measures for water management and solid waste management. Moreover, the company has a number of programs aimed at creating environmental awareness.</p>
Final Score	2.58

Company: **Eletropaulo Metropolitana Electricidade**

Country: **Brazil**

Sector: **Infrastructure**

Business Description: Eletropaulo Metropolitana Electricidade (AES)'s principal activity is to distribute electricity in the state of Sao Paulo. The Group operates as a concessionaire of electric power utility service as an electric power distribution company. The Group distributes electricity in the 24 municipalities including the Capital city. Revenues in FY 2006 exceeded 3,912 million.

Strategic Governance	<p>Eletropaulo Metropolitana Eletricidade's principal activity is the distribution of electricity in Sao Paolo. The company is aware of its role for socioeconomic development in the communities of operation and includes projects aimed at benefiting low-income sectors of the population.</p> <p>Eletropaulo Metropolitana Electricidade has a program to regularize electricity connections in low-income sectors. The program includes the renovation of electric installations at homes, the installation of public illumination, and a campaign on the rational use of electricity. Over the last 12 months, this program has increased the customer base by 164,000. Therefore, revenues have increased. Moreover, as part of its organizational structure, the company has a social committee. One of the roles of this committee is to support low-income sectors of the population.</p>
Human Capital	<p>Eletropaulo Metropolitana Eletricidade has a program in place to provide first work experience to recent graduates from low-income sectors of the population. Nevertheless, this does not mean that the company hires all these graduates on a permanent basis.</p>

Stakeholder Capital	<p>In order to gain local knowledge, Eletropaulo Metropolitana Eletricidade has programs in place focused on engaging community leaders. The company provides communities with training on the efficient use of energy and donates electric equipment and "entrance energy patterns" to these sectors. The firm also has a program focused on bringing medical doctors to these communities as well as volunteering campaigns. Other areas of support include education, arts and culture.</p> <p>Moreover, the company has a program to regularize electricity connections in low-income sectors. The program includes the renovation of electric installations at homes, the installation of public illumination, and a campaign on the rational use of electricity. As an energy distribution company, it has not been easy for the company to engage local entrepreneurs in the value chain. As part of its organizational structure, the company includes a social committee.</p>
Environment	<p>Eletropaulo Metropolitana Eletricidad has diverse initiatives in place to reduce the environmental impacts of its operations. As part of its organizational structure, the company includes an environmental department that deals with issues such as carbon credits. Moreover, the company trains consumers on the efficient use of energy.</p>
Final Score	2.98

Company: **Embotelladora Andina**

Country: **Chile**

Sector: **Consumer Goods/Retail**

Business Description: The company serves Argentina, Brazil, and Chile with Coca-Cola and other products; it enjoys a soft-drinks market share of 50% or more in each country. In addition to rolling out such Coke products as Coca-Cola, Fanta, Nordic Mist, and Sprite, Andina distributes beer (Kaiser and Heineken) in Brazil; fruit juices and mineral water in Chile; and ready-to-drink juices (Hi-C) in Argentina. Other operations make plastic bottles and manage vending machines. Chilean investment group Freire Inversiones controls more than 45% of Andina; The Coca-Cola Company owns about 11%.

Strategic Governance	<p>The company does not target the low-income market. In some instances, soft drinks are sold at lower prices to low-income communities. In Argentina, rising input costs and consumer price restrictions placed tremendous pressure on company margins. As a result, Embotalladora Andina implemented strategic price segmentation, based on geographic and socio-economic conditions, to ensure their products are still available to low-income markets. The company's focus remains on increasing sales volume in existing markets. There are no particular plans for scaling up Majority-focused activities.</p>
Human Capital	<p>No representatives on the company's board appear to have expertise with Majority communities and none are affiliated with NGOs. There does not appear to be specific training devoted to the training of staff on Majority issues or initiatives.</p>

Stakeholder Capital	<p>The company does not have low market initiatives and does not seem to have someone responsible for implementing these initiatives. No specific breakdown of the rural/urban split of the company's customer's is available; however, the customer base is centered around the most populated areas of Argentina, Brazil, and Chile. Specific breakdown available; however, the customer base is centered around the most populated areas of Argentina, Brazil, and Chile. The company welcomes customers/communities to contact them through the corporate website. Separately, individuals are given the opportunity to report fraud or illegal opportunities anonymously. All corporate communications are delivered in English and Spanish only, further demonstrating that the company is not directly recognizing Majority needs (such as literacy rates or indigenous language abilities) as part of its core business strategy.</p> <p>The company, however, does value strong local relationships. In 2006, it released "Andina y la Comunidad". This document outlines the Andina's contributions and interactions with social actors in the countries of operation.</p>
Environment	<p>The company is aware of its environmental impacts, but not specifically, in relation to low-income community needs or challenges. It has invested USD 1,246,428 to improve the industrial process, industrial waste metering equipment, laboratory analyses, environmental impact consultancy and other studies. There is concern that weather conditions will raise the commodity prices for various inputs and disrupt the cultivation of said goods.</p>
Final Score	2.32

Company: **ENERGIA DEL SUR S.A. - ENERSUR S.A.**
Country: **Peru**
Sector: **Infrastructure**
Business Description: Energia del Sur SA is a Chilean company specialized in the provision of thermal and biomass energy products.

Strategic Governance	<p>Although Energia del Sur SA does not serve low-income sectors, it considers that there are opportunities in these markets. The company is considering the possibility of developing thermal energy and heating systems for houses that are less than 100 square meters. Executive management is responsible for addressing community-related issues.</p>
Human Capital	<p>Energia del Sur SA hires machinery operators, mechanics, and technicians from low-income sectors. Around 70% of the company's employees belong to these sectors.</p>
Stakeholder Capital	<p>Energia del Sur SA is currently working with government entities in order to find ways to provide low-income sectors with the opportunity to access thermal energy. In addition, the company includes programs focused on improving customer satisfaction. For example, customers are offered free maintenance services.</p> <p>With respect to the supply chain, Energia del Sur SA aims at contracting from small and medium businesses. For example, electricity installations are made through a company comprised of people from low-income sectors. The</p>

	company requires that suppliers comply with social and environmental standards.
Environment	Energia del Sur SA specializes on environmentally-friendly technologies. The company follows international environmental standards in all operations.
Final Score	2.14

Company: **Energias Do Brasil SA**
Country: **Brazil**
Sector: **Infrastructure**
Business Description: Energias do Brasil serves as a holding corporation of a group of companies with activities including the generation, distribution, and commercialization of electric energy. The company operates in the Brazilian provinces of Sao Paolo, Espiritu Santo, Mato Grosso do Sul and Tocantis. Energia do Brasil is controlled by Energuas de Portugal.

Strategic Governance	Energias do Brazil considers the BOP as a market with strong potential and offers subsidized energy to low-income sectors. The company includes a sustainability and corporate governance committee responsible for overseeing BOP-related issues.
Human Capital	Energias do Brasil includes a program to train people from low-income communities. Nevertheless, this does not mean that the company has a program focused on recruiting people from low-income communities.
Stakeholder Capital	Energias do Brazil has a program to support communities of operation. Projects are chosen by community representatives. Moreover, the company has an agreement with Universidad de Portugal in order to conduct research and development on bio-electricity projects. One of these projects is focused on hydro-electricity.
Environment	The company is aware of its environmental impacts and has implemented initiatives to reduce these impacts, including energy efficiency programs.
Final Score	2.64

Company: **Enerisis, SA**
Country: **Chile**
Sector: **Infrastructure**
Business Description: Enerisis S.A. (Enerisis) is an electricity utility company. Through its subsidiaries and related companies, the company is primarily engaged in the generation, transmission and distribution of electricity in Chile, Argentina, Brazil, Colombia and Peru. Endesa S.A. owns 60.62% of

Enersis common stock. Enersis is Latin America's largest power holding company. The group's principal activities are generating, transmitting and distributing electric power and related activities in Chile, Argentina, Brazil, Colombia and Peru. Its distribution companies provide power to more than 11 million customers in these regions. Revenues in 2005 amounted to CLP 3,215.8 billion (USD figure if you can). By segment, 2005 revenues were broken down as follows: distribution 70.1%; generation 34.2%; head office and other 5.5%; energy and property services 1.0%; and eliminations -10.8%. By geographic region 2005 revenues were broken down as follows: Chile 33%; Brazil 27.5%; Colombia 18%; Argentina 12.4%; and Peru 9.1%. In 2005, the company's workforce totaled 11,653. As of December 2005, the company's installed capacity was 92,871MW, 77% of which is hydroelectric and 23% is nuclear and thermoelectric.

Strategic Governance	There is no evidence that Enersis considers low-income markets as part of its growth strategy. The company does not seem to offer products or services for these markets, nor does it seem to have a unit responsible for BOP issues.
Human Capital	There is no evidence that Enersis includes a formal program to recruit people from low-income sectors.
Stakeholder Capital	Enersis has taken initiatives to support communities of operation and works in cooperation with stakeholders in some projects. The company supports organizations that help people in need and elders. Organizations supported include Hogar de Cristo, the Miguel Kast Foundation and Rosas Foundation. The company also supports cultural activities and a program to illuminate historic monuments. Together with Endesa Chile and Chilectra, Enersis signed an agreement with the Faculty of Economic and Administrative Sciences of the Universidad de Chile in order to grant scholarships to students and professors of engineering, business and auditing. The company has also collaborated with Universidad Pontificia Catolica de Chile in the organization of a master and signed an agreement for the creation of a research course on energy technology. There is no evidence that the company has programs in place to engage local entrepreneurs in the value chain.
Environment	Enersis is aware of its environmental impacts and has implemented a number of programs to reduce these impacts. The company's environmental strategy covers climate change, resource use and biodiversity.
Final Score	1.29

Company: ENTEL (Empresa Nacional Del Telecomunicaciones)
Country: Chile
Sector: Telecom & IT

Business Description:

Empresa Nacional de Telecomunicaciones SA (Entel) is the largest telecommunication company in Chile. The company's principal activity is the provision of telecommunication services including mobile, local domestic and international long-distance, local telegraph, voice and data, prepaid card, and internet. Americatel, a company's subsidiary, provides prepaid direct dialing services in the United States. In addition, the group operates in Central America and Peru. On a consolidated basis, Entel employs approximately 3,930 people. Revenues in 2006 exceeded \$1.6 billion.

<p>Strategic Governance</p>	<p>Entel has a managing unit of corporate affairs and social responsibility. The company's CEO supervises this managing unit and leads social projects. Together with the technical area and the area of strategic planning and development, the managing unit evaluates the impact of projects as well as their sustainability.</p> <p>Entel aims at contributing to economic wealth and community growth, trying to meet the needs of those people in need. The company sells prepaid wireless telecommunications services to people from low-income markets. These paid phones can last up to five months without credit, allowing these previously unmet customers to receive phone calls. The company also offers internet access to small and medium-sized companies at low cost. In this case, the company expects these companies to do well in order to offer them additional services, which are more profitable for the company.</p> <p>In addition, the company invests in projects where there is no immediate return of investment. Specifically, the company provides wireless and fixed telephone services to people living in isolated areas, such as Isla de Pascua and the Antartide region. Projects are monitored every two months. "Zone managers" are responsible for monitoring the performance of projects and determine whether the services offered are used. In this sense, performance indicates the success of projects. This helps the company to identify opportunities and to take next steps.</p>
<p>Human Capital</p>	<p>Entel partners with the Jesuit university, which offers a course to train people to work at the company's call centers. The company also partners with suppliers and the John Paul II Foundation. This partnership has the objective to incorporate youngsters in technical schools of telecommunications. Suppliers hire graduates on a three-month contract basis and then hire them indefinitely. In order to sensitize employees, Entel makes them aware of the concept of corporate social responsibility and engages them in volunteerism projects.</p>
<p>Stakeholder Capital</p>	<p>Entel considers that by adopting initiatives to support low-income communities it improves its corporate reputation among stakeholders. Before undertaking a project, Entel engages with all the stakeholders involved. As part of its initiatives to support the communities of operation, Entel provides internet connectivity to schools located in isolated areas. In addition, Entel has a program in place to train teachers and students on how to use technologies and donates intelligent boards to schools that improve educational performance. This program is implemented in approximately 90% of Chilean cities. Moreover, the company plans to launch a project to provide fixed telephone access and internet to indigenous communities located in the country's north region. The program starts in December 2007 and is expected to be completed in seven months. Entel provides the government with information about its relationships with</p>

	customers (e.g. customer support programs and customer complaints). According to the last study conducted by the government, Entel was the “best perceived” company in the country.
Environment	Entel has an alliance with Universidad Catolica. The engineering center of the university measures the radiation from company’s wireless communications antennas, and provides this information to all the stakeholders involved. Moreover, at call centers, the company uses green machines with energy-saving benefits.
Final Score	3.51

Company: Farmacias SIMI
Country: Mexico
Sector: Consumer Goods/Retail
Business Description: Farmacias de Similares SA de CV’s main activity is drug retailing. The company operates through its own pharmacies and franchises, totaling 3553. Headquartered in Mexico, the company has operations in Guatemala, El Salvador, Honduras, Costa Rica, Ecuador, Perú, Chile and Argentina.

Strategic Governance	<p>Farmacias Similares SA de CV was created with the objective to provide health quality services “to those who have less”. The retail company offers generic medicines at low prices claiming to sell at 75% less than its competitors. As a major buyer, the company relies on its market power to buy cheaper, transferring this benefit to final customers. In order to expand, the company developed a franchising system and currently has 3533 pharmacies in Mexico, Guatemala, El Salvador, Honduras, Costa Rica, Ecuador, Peru, Chile and Argentina.</p> <p>The company’s whole business model and culture are focused on supporting low-income sectors of the population. The CEO is responsible for developing the company’s BOP strategy and often engages with people from low-income communities, indigenous people, and NGOs. Most of the company’s pharmacies are located in low-income communities. The company also has clinics for low-income people at diverse locations, provides free medical attention, and offers medical studies at low prices. Moreover, the company has the "special hours for those who have less" program, offering discounts on medicines at certain hours.</p>
Human Capital	Most of the company’s pharmacies are located in low-income communities and the people that work at those pharmacies are usually from these communities. In order to sensitize employees, the company encourages employees to participate in volunteering programs. The company organizes events to award those involved in initiatives focused on supporting low-income sectors.
Stakeholder Capital	Farmacias Similares conducts a number of stakeholder engagement initiatives. The company relies on Foundation Simi to support the communities of operation. The company supports around 2,000 community organizations, including NGOs. Initiatives implemented include mobile food banks, addiction treatment programs and human relief initiatives. The company provides free franchises to organizations that support low-income

	people, such as community development organizations and shelters for elders. In order to support customers, the company offers free medical advice at some locations.
Environment	Thee company has remained passive in terms of adopting a proactive environmental approach.
Final Score	4.12

Company: **GLORIA S.A.**
Country: **Peru**
Sector: **Consumer Goods/Retail**
Business Description: Grupo Gloria is an industrial conglomerate of Peruvian capitals formed by companies with a business presence in Peru, Bolivia, Colombia and Puerto Rico. The Company's principal activities are producing, preparing, packaging, manufacturing, purchasing, selling, importing, exporting and distributing all types of milk and yoghurt products.

Strategic Governance	Grupo Gloria is the largest dairy group in Peru and it is trying to lower the price of milk by increasing sources of supply throughout the country. This is the company's main strategy, which also aims to help distribute income more evenly. Previously milk came from Arequipa only. Now it comes from all over Peru. Company growth strategy does include the BOP insofar as it tries to diversify suppliers - finding sources in low-income areas - making products available at lower prices. To this effect, the IFC has worked with Gloria S.A. to provide technical assistance for Peruvian milk producers as well as to develop a pilot linkage project to provide micro/small scale loans to rural milk producers as a way to help improve their productivity and output quality. The company sees its BoP strategy as essential for future growth but it does not have a policy where management is concerned; its corporate strategy is to offer the best possible conditions for workers and providers. Its technical staff works to improve productivity in local communities.
Human Capital	Grupo Gloria is the largest dairy group in Peru and it is trying to lower the price of milk by increasing sources of supply throughout the country. This is the company's main strategy, which also aims to help distribute income more evenly. The company sees importance both in addressing the ethical issues related to the wide regional income gap in Peru and in diversifying its sources and distribution networks. Improving opportunities for communities outside the main cities can help curb the phenomenon of urban migration, which often leads to higher poverty and degradation.

Stakeholder Capital	<p>Grupo Gloria does not see its customers as objects necessarily; however its strategy has definitely higher profitability targets. It aims to increase range of suppliers as well as customers, by spreading processing plants to more areas of the country. It has also gotten a USD 85 million loan for this purpose. Before, milk was sourced almost exclusively from Arequipa; new policy aims to increase sources. Spread of income also creates more demand and more customers. But policy focused more on increasing income possibilities than low-price strategies for consumers. Grupo Gloria does not see its customers as objects necessarily; however its strategy has definitely higher profitability targets. It aims to increase range of suppliers as well as customers, by spreading processing plants to more areas of the country. It has also gotten a USD 85 million loan for this purpose.</p> <p>Before, milk was sourced almost exclusively from Arequipa; new policy aims to increase sources. Spread of income also creates more demand and more customers. But policy focused more on increasing income possibilities than low-price strategies for consumers. Grupo Gloria has worked with IFC project to develop geographic re-distribution project. Grupo Gloria has had some individual initiatives by high level staff such as Ing. Jorge Muroya. The company has promoted his work in improving cow productivity (without BGH) which has had a direct effect in increasing the income of milk producers and the quality of the product - also raising the quality of life in rural areas. This is at the heart of Grupo Gloria's strategy; increase geographic reach to lowest income areas of the country to source milk and build more factories in these areas. This also extends to company's sugar and cement businesses.</p>
Environment	<p>The IFC loan secured by Grupo Gloria, apart from helping the expansion and upgrading of its core dairy business operations and raw milk collection activities also aims to make environmental improvements in the plants themselves. As a milk producer, Grupo Gloria also incurs the risk of bovine growth hormone (BGH) as the company is decentralizes supply sources; the risk is that suppliers could start using potentially risky hormones to increase milk production.</p>
Final Score	2.93

Company:

GOL (LINAS AEREAS INTELIGENTES, SA)

Country:

Brazil

Sector:

Infrastructure

Business Description:

GOL Linhas Aereas Inteligentes S.A. (GOL) is a low-cost Brazilian airline operating domestic routes between all of Brazil's major cities as well as international routes to Argentina, Paraguay, Uruguay and Bolivia. GOL aims to capture a growing demand by South American business and leisure passengers for affordable air travel. It started operating in 2001, launched a successful IPO in 2004, and has already been used by over 36 million passengers steadily increasing its share of the Brazilian domestic aviation market to achieve 40% in 2006 based on revenue passenger kilometers. GOL's model is the US regional airline Southwest, relying on a single aircraft type to keep maintenance and operation costs low. GOL's fleet is made up of 42 of the latest-generation Boeing 737-700. In 2007, GOL started to take delivery of the first of 34 new series Boeing 737-800 aircraft. The final planes are expected to be delivered by 2011. As of January 2007, GOL's main destinations outside Brazil are Asuncion, Paraguay, and

Montevideo, Uruguay, Buenos Aires, Rosario and Cordoba in Argentina and La Paz in Bolivia. GOL is also expanding its business interest having participated in creating a joint venture to establish a low-cost Mexican airline. In 2006, GOL's revenues were BRL 3.8 billion (USD 1.7 billion, resulting in a 42% increase since 2005 - growth pushed by the launch of international services since 2005) and operating profit was BRL 608 million (USD 285 million).

Strategic Governance	There is no evidence that GOL considers low-income markets as part of its business strategy. Nevertheless, the company has implemented initiatives to support low-income communities and local entrepreneurs.
Human Capital	GOL has programs in place to promote staff diversity. As part of these programs, the company includes projects to hire elders and youngsters between 14 and 24. This does not mean that the company hires people from low-income sectors; nevertheless, but elders could be considered people in need.
Stakeholder Capital	GOL has a number of programs to support the communities of operation. Areas of support include social inclusion, economic development, public administration innovation, community participation, and environmental protection. For example, the company supports CARE, an NGO focused on helping communities through initiatives to generate income and combat poverty. Although the company does not include programs to directly engage local entrepreneurs in the value chain, it supports the Ashoka Institute, which supports social entrepreneurs in the areas of health, environment, education and human rights.
Environment	GOL is aware of its environmental impacts and has taken measures to reduce these impacts. Programs include residue treatment, recycling programs and forestry efforts. Moreover, the company is using an efficient fleet, the new generation Boeing 737, which reduces fuel costs and emissions.
Final Score	2.06

Company: GRAÑA Y MONTERO S.A.A.

Country: Peru

Sector: Homebuilding

Business Description: Grana y Montero (GyM)'s principal activities include carrying out investments through its subsidiaries and affiliates and providing consultation services for businesses, financial, managerial and commercial companies. The company is composed by five companies covering engineering and infrastructure services. GyM provides construction services and is divided into 4 divisions: electromechanical construction, public work construction, building construction and property or real estate construction. GMP provides petroleum services by carrying out drilling works for petroleum wells. It operates 2 petroleum areas in the north of Peru and has formed the terminal

consortium with Oiltanking of Germany for the operation of fuel terminals in Peru and Bolivia. GMD provides information technology services for outsourcing systems. Concar operates and maintains highways in concession. GMI is the consultation engineering company. It also develops real estate and personal property. Revenues in FY 2005 exceeded \$260 million.

<p>Strategic Governance</p>	<p>Grana y Montero's strategy responds to the opportunities in different market segments and sectors. The company considers that low-income sectors demand basic services. The company responds to these demands according to the payment capacity of these sectors and the financial support received from the financial system and the government as a promoting party. Usually, the team of professionals of the commercial area and the budgeting team of the technical area are attentive to business opportunities in low-income sectors. The company also has a team of social assistants and community relations, responsible for providing education and training on health, nutrition and basic production activities to low-income communities of operation. The objective of these initiatives is to give these communities the opportunity to improve family income.</p> <p>Grana y Montero is currently developing the real estate project called "Los Parques de El Agustino". This project includes the construction of 3,300 houses which will be sold to low-income sectors. The company has also projects focused on providing potable water and draining infrastructure to marginal urban areas in the country.</p>
<p>Human Capital</p>	<p>Grana y Montero hires people from the communities of operation for construction activities. The company organizes specialized training courses that allow job candidates to perform adequately as labor workers in civil construction. In 2006, 6,000 people received training. The company sensitizes employees through making them aware of internal policies, internal training programs and volunteering initiatives focused on educating communities. The team of social assistants and community relations contribute to the objective of sensitizing employees.</p>
<p>Stakeholder Capital</p>	<p>Grana y Montero has a team of social assistants and community relations. In order to maintain positive relations with the communities of operation, the team provides these communities with education and training on health, nutrition and basic production. The objective of these initiatives is to give these communities the opportunity to improve family income. This strengthens formal institutional channels for dialogue and execution of activities that respond to the real expectations of the population while conducting projects. The company's link with clients is developed within a client-partner relationship in the sense that there is a structured and monitored process that formalizes this relationship for mutual benefit. The company has a "post" sale service that allows it to verify products according to quality standards. In addition, the processes of internal training include developing the capacity of listening to clients. The company engages local providers, which could be small or medium companies.</p>
<p>Environment</p>	<p>GyM is aware of its environmental impact and aims at being perceived as an organization that respects the environment. The company has an environmental policy in place and has taken initiatives to reduce its environmental impacts.</p>
<p>Final Score</p>	<p>3.5</p>

Company: GRUMA, S.A.B. DE C.V.
Country: Mexico
Sector: Consumer Goods/Retail

Business Description: Gruma is the world leader in the production of tortillas and also makes corn and wheat flour. Its brand names include Maseca, Mission, and Guerrero. Almost half of Gruma's sales come from US subsidiary Gruma Corporation, which sells to large grocery chains and restaurants such as Taco Bell. The company also has operations in Central America and Venezuela, which owns about 27% of Gruma itself. Chairman Roberto González Barrera and family own almost 47%; Archer Daniels Midland owns about 27%.

<p>Strategic Governance</p>	<p>Gruma does not make specific products for the low-income market, but it has many low-income customers (in the United States also) because it makes a very popular food staple. Gruma's business and its relation to poverty is not free of controversy. Traditionally, tortilla production in Mexico has been heavily subsidized by the government in order, in theory, to provide cheap food for the poor. Gruma grew rich on these subsidies, and the vast growth of its industrialized tortilla production put thousands of small producers out of business. Gruma has no specific BoP (or otherwise named) strategy; however, it claims to be concerned about social sustainability and promotes projects to elevate living standards in some of the poorer areas of Mexico and other Latin American countries, where it has operations, such as Costa Rica. The company's chairman, Roberto Gonzalez Barrea, is very active in promoting private sector, as opposed to government, investment in improving social and environmental conditions in the main areas of operation.</p> <p>Gruma has a social and environmental committee, which has been very involved in organizing events to promote 'sustainability' practices in areas where its production facilities are located. However, this process appears to be very top-down, driven. However, Gruma has sponsored projects and uses its foundation to spread some wealth to the community. The main beneficiary of Gruma's efforts has been education. The case of Cerralvo is the most prominent. Gruma says it has been sponsoring various education programs there for the past 20 years. The company has no BoP markets per se; however, given the overall sustainability strategy any such move would likely take a philanthropic nature. There are no barriers for low-income communities to have a voice with senior management and Gruma sponsors education projects in poorer areas; there are no special mechanisms to include them either.</p>
<p>Human Capital</p>	<p>Some of Gruma's factories are located in low-income areas, where much of the staff including middle managers are hired directly from those communities. There are no specific policies to hire staff from low-income communities however. Gruma's philanthropy does have an important poverty reduction focus and the company is keen on promoting education as the way out of poverty. Gruma also offers benefits to employees, favoring use of public transport by giving free annual rail/bus passes in some areas (Costa Rica - Incofer). Indigenous communities are represented, but company's operations are located in very 'mixed' areas, so there are no specific policies as such. There are reports suggesting that</p>

	Gruma has a union unfriendly policy, as migrant workers at one of Gruma's US subsidies went on strike to protest the union unfriendly atmosphere rather than protest over pay.
Stakeholder Capital	Gruma has no special approach to low-income customers, but past evidence suggests that it might consider low-income customers more as 'objects' given that tortilla production in Mexico has been typically heavily subsidized by the government in order, in theory, to provide cheap food for the poor. Small ma was one of the main recipients of these subsidies, while smaller producers have gone out of business in the wake of Gruma's growth. It might be said that Gruma's business model is inherently against the small rural producer, as Mexico itself is seeing pressure to transform itself into a modern agricultural producer, abandoning the notion of traditional farm culture. Recently, mechanized and export-oriented agrobusinesses have flourished while small farmers have struggled. Gruma has benefited, expanding internationally, even in the United States. Meanwhile, the Mexican campesino, especially grain farmers (those in Gruma's business) have been displaced by products from large Mexican and foreign industrial concerns. Prices for consumers have fallen, but producers and rural communities have suffered.
Environment	No information available.
Final Score	1.69

Company: Grupo ACP

Country: Peru

Sector: Finance

Business Description: Mission: "To develop a range of complementary activities that provide business leaders in small and microbusinesses and emerging segments with the tools they need to overcome their social and economic exclusion." Grupo ACP is a private Peruvian financial institution that maintains a social mission linked to serving the poor by bringing services to the small- (90%) and micro- enterprises (10%). Using the socio-economic scale of A-E (A- high-income, E- lowest income/very poor), Grupo ACP identifies that its primary client base are the individuals who are in C and D socio-economic levels. Grupo ACP is focused on developing organizations that "contribute to broadening the scope of support to microbusiness entrepreneurs to fight exclusion in different areas."
 Grupo ACP is the principal shareholder for Mibanco (Peru) for Forjadores (Mexico); and participates as a shareholder in BancoSol (Bolivia) - all financial institutions that target the BOP market as part of the key strategy. "One of ACP Group's main concerns is to develop organizations that contribute to broaden the scope of support to microbusiness entrepreneurs to fight exclusion in different areas." Entirely integrated throughout organization. ACP is a group of companies and complementary organizations aimed at the same target audience. In Peru, ACP comprises the following organizations: Mibanco, the leader of microfinance in Peru, Secura (formerly AC Corredores de Seguros S.A.), to provide access to microfinance, Aprenda (formerly Instituto de la Microempresa), to provide

training and education, Vivencia (formerly ACP Vivencia S.A.), to provide potable water, sanitation and decent housing, Futura (formerly Acción Comunitaria del Perú), to develop new projects and manages Peruvian and foreign investments.

Grupo ACP is a private Peruvian financial institution that maintains a social mission linked to serving the poor through by bringing services to small- and micro-businesses. Using the socio-economic scale of A-E (A-high-income, E- lowest income/very poor), Grupo ACP identifies that its primary client base are the individuals who are in C and D socio-economic levels.

<p>Strategic Governance</p>	<p>The company's growth strategy is fully related to the low-income market segmentation, as its only source of income is from serving the small and micro-enterprises. Grupo ACP is the principal shareholder for Mibanco (Peru) for Forjadores (Mexico); and participates as a shareholder in BancoSol (Bolivia) - all financial institutions that target the BOP market as part of the key strategy. Grupo ACP has a been serving this market for 38 years, reaching 35,000 microenterprises.</p> <p>ACP Group is active in microfinance elsewhere in Latin America. In addition to its Majority interest in Mibanco, it holds a 13.99% interest in Banco Sol, from Bolivia.</p> <p>In Peru ACP Group has organized Secura Insurance Brokerage, formerly AC Insurance Brokers, to give microbusiness entrepreneurs the tools to access microinsurance. The company's clients are in both urban and rural areas: 80% urban; 20% rural. The company's code of ethics encompasses an understanding of working with/selling to the low-income segments of the population. Grupo ACP has been serving this market for 38 years - they serve 35,000 microenterprises - 1 million dollars (90% micro-businesses and 10% small businesses).</p>
<p>Human Capital</p>	<p>Grupo ACP maintains a competitive advantage relative to peers as it hires class 'D' within the organization. These individuals are sensitive to Majority issues because they are the Majority. The firm is, particularly, focused on hiring those from level D who ran their own small businesses as those are the individuals best able to form relationships with small business owners as they understand the low-income market needs/demands. The staff speaks the local indigenous language (Quechua) so they are able to reach a deeper concentration of the base of the economic pyramid.</p>
<p>Stakeholder Capital</p>	<p>The company maintains a strong relationships with a range local NGOs. ACP is linked primarily to two NGOs (Senati and Ceo) and one private group, IPAE. Grupo ACP maintains successful relationships with all three. Developing relationships with this clientele is key to Grupo ACP's advancement.</p> <p>Because its market is the low-income segment so its advancement is based on developing key strategic relationships with its clients and local groups that impact its clients. The company maintains a respectful relationship with customers and does not see them as objects to whom they sell products. The company values its low-income clients as it would others. If it does not serve them well, the company loses its business niche and develops a negative local and national reputation. The company serves urban and rural clients ranging from those who are distributors to those who are vendors.</p>

Environment	<p>The company is aware of regional environmental impacts like water shortage and earthquakes.</p> <p>The company studies the issues of the BOP communities (like lack of water) to understand what external issues/needs impact/affect the potential development of microenterprises so that Grupo ACP can best serve its clients (like insurance for earthquakes). It is the only bank in Peru that insures its clients against the damage of earthquakes.</p> <p>The company is the only financial institution in Peru to provide 'earthquake' insurance. In Peru, Grupo ACP has organized Secura Insurance Brokerage, formerly AC Insurance Brokers, to give microbusiness entrepreneurs the tools to access microinsurance.</p> <p>It serves communities that lack water needed to run some businesses. It serves businesses in earthquake-prone areas. ACP is working to address needs for clean water either as part of products/insurance or at a minimum in its mentality of how to best serve its low-income client knowing that lack of clean water is a challenge for low-income clients who are developing businesses. Vivencia has been recently established to provide access to dignified housing and water and sanitation. Finally, ACP Group has created Futura, to develop new projects and provide technical and management services to all its units.</p>
Final Score	4.8

Company: **GRUPO CEMENTOS DE CHIHUAHUA, S.A.B. DE C.V.**

Country: **Mexico**

Sector: **Homebuilding**

Business Description: Grupo Cementos de Chihuahua's main activities are the production and commercialization of cement, concrete and aggregates in Mexico and the United States of America. The company also has participation in a leading cement Bolivian company. Revenues in FY 2006 accounted for MXP 7,169 million.

Strategic Governance	<p>Grupo Cementos de Chihuahua considers that low-income sectors have strong potential. The company approaches customers through local distributors and promoters, and sales representatives serve as a contact points with these sectors. By these means, the company makes itself aware of customers' needs. Sales representatives report to the direction of commercialization, which reports to executive management. Corporate social responsibility is discussed at a board level.</p> <p>The company has a program to support communities from low-income sectors by helping them to attract federal and local government resources and by providing them with technical construction assistance. In addition, the company supports these people through preferential prices. The company implements these initiatives in order to promote its products and benefit communities of operation. The company seems to support these communities as a philanthropic gesture, but also as a potential market.</p>
-----------------------------	---

Human Capital	Although Grupo Cementos de Chihuahua has employees from low-income sectors, it does not have a recruitment strategy focused on recruiting staff from low-income communities. In order to sensitize staff, the company has volunteering initiatives in place. The company also sensitizes employees by making them aware of its initiatives to support the communities of operation. The company publishes this information through intranet. In addition, the company recently started publishing a sustainability report.
Stakeholder Capital	Grupo Cemento de Chihuahua is aware of the benefits of undertaking stakeholder engagement initiatives. The company is in contact with authorities in order to implement sustainable development programs. These governments identify undeveloped communities. The company supports these communities with tools to develop draining infrastructure and water distribution systems. The group also helps these communities to improve their houses. In addition, the company has a program to promote administrative and educational quality in schools. The company works with 500 schools. Grupo Cementos de Chihuahua has a policy in place focused on developing local providers in the communities of operation. Nevertheless, this program does not seem to be focused on sourcing from local entrepreneurs from low-income sectors. The company has a training program in place for distributors. This program covers topics such as management and accounting.
Environment	Grupo Cementos de Chihuahua is aware of its environmental impacts and has taken initiatives to reduce these impacts. The company has a waste recycling program in place, which benefits include the reduction of CO2 emissions and pollution. The company is also conducting a study focused on the development of renewable energy.
Final Score	3.19

Company: GRUPO FINANCIERO BANORTE, S.A. DE C.V.
Country: Mexico
Sector: Finance
Business Description: Grupo Financiero Banorte is one of Mexico's leading bank groups, providing a variety of banking, lending, investment, and money exchange services through more than 1,000 branches and 3,500 ATMs. It offers its services to the retail, corporate, and government markets.

<p>Strategic Governance</p>	<p>Banorte is a large independent banking group in Mexico. It has grown in recent years, offering a variety of services such as credit cards and mortgages, which the bank claims, have attracted a large share of lower income consumers due to low interest rates. Banorte is also pursuing direct BoP markets through micro-lending. The bank sees this as its biggest social business opportunity. It offers working capital loans for businesses that have less than 5 employees or sell less than 1 million pesos per year (around 100,000 dollars). The loans provided by this business unit range between USD 2,500 and USD 5,000, with maturities between 6 and 24 months. Banorte works with a government guarantee program that seeks to develop micro businesses and in some cases, help them to enter the formal economy. The business unit started with a pilot program in 2005, and it currently has almost 100 branches in many of the main low-income urban areas in Mexico. Banorte says it is very committed to microlending and expects to expand the program in the next year.</p> <p>Banorte considers the BoP to be one of the business areas slated for more development; Banorte can rely on a very large base to expand this market. The Bank's microlending activity has a somewhat higher income target than some of its counterparts in other Latin American countries. It can not be compared to a Cajasur for instance. Nonetheless, Banorte's microlending unit started with a pilot program in 2005, and it currently has almost 100 branches in many of the main low-income urban areas in Mexico. Banorte has generated competitive advantages by introducing products which have allowed the 'non-banking' population to access banking services (enabling many to escape more unscrupulous and usurious forms of lending). Since this market segment is usually represented by low-income individuals, Banorte's international competitors (very active in Mexico) are usually not attracted to these clients, which provide an important competitive edge to Banorte. Technical innovation and greater geographic distribution of customers and suppliers.</p> <p>A good example of banking products for poorer clients is the introduction of the "Banorte Facil" product, which is a deposit account that charges no commissions and also does not require a minimum balance. The account provides the client with a debit card which can be used in any commercial establishment that accepts visa. Through this product, Banorte has been able to attract over 2 billion Pesetas in deposits since its introduction. Banorte has also introduced a similar product for Mexicans that receive remittances from their families in the USA. An important validation of Banorte's vision of developing an entry product for this market segment was the recent decision of the authorities to obligate all financial institutions in Mexico to offer a similar entry level account to the 'un-banked' population. Banorte's offerings in the microlending already has a competitive advantage, as Mexican authorities have recently decided to obligate all financial institutions in Mexico to offer a similar entry level account to the 'non-banking' population.</p>
<p>Human Capital</p>	<p>Banorte works with Foundations. The non-profit organization called "Fundacion Banorte", which provides funds to special educational, health and disaster relief programs, especially in poor communities.</p>

Stakeholder Capital	Over the past years, many banks have pulled out of “non target” sectors because of decisions taken at their international headquarters. This has provided Banorte with the opportunity to build a relationship with clients in those sectors, such as tourism or agriculture, and develop and understanding of their financial needs and the risks of lending to those sectors, which are often 'under-banked' or require smaller size loans. Banorte works through ' Fundacion Banorte' . The foundation works thorough donations to help victims of natural disasters and with rebuilding infrastructure. In 2007, it donated 2 million Pesos to the Yucatan state to help with malnutrition. Banorte is targeting local entrepreneurs - tourism and agriculture - and focuses on increasing the extent of the population using banking services.
Environment	No information available.
Final Score	3.44

Company: GRUPO MINSА, S.A. DE C.V.
Country: Mexico
Sector: Consumer Goods/Retail
Business Description: Grupo Minsa is the second-largest corn flour producer in Mexico (after Grupo Industrial Maseca (Gruma)). It owns and operates six plants in Mexico, two in the US, and one in Guatemala.

Strategic Governance	<p>Minsa does not make specific products for the low-income market, but it has many low-income customers. Because of their considerable cultural and practical significance, tortillas and corn flour have been subsidized by the Mexican government. Price controls have also been instituted to ensure the affordability of tortillas. The subsidies have been cut since the mid-1990's though some mechanisms to ensure the poor have access to this basic staple still exist. The subsidies helped sustain small tortillerias, which are failing under the weight of the big tortilla makers such as Gruma, which are able to offer a cheaper product, one that the poorer population finds it easier to afford.</p> <p>There is no specific BoP strategy - though the products are attractive to the poor, given their lower relative price to tortillas made by small producers. Minsa has a limited ESG strategy - a statement of commitments - and it does not have any specific strategies for low-income markets. Other than a short statement in the introduction, MINSА has no code of ethics and no apparent mechanisms to share benefits with local communities. Lately the price of corn has risen, partly as a result of its popularity in the making of ethanol as well as the monopoly situation created by the fact that corn processing is now the domain of a handful of large scale operators such as Minsa. The company has no specific BoP markets, identified as such, but the BoP is a key consumer of tortillas and corn price fluctuations are felt directly by BoP consumers Minsa has no specific policies in this area.</p>
-----------------------------	--

Human Capital	There are no specific policies to hire staff from low-income communities, indigenous communities are represented, but there are no specific policies as such.
Stakeholder Capital	<p>Tortilla production in Mexico has been typically heavily subsidized by the government in order, in theory, to provide cheap food for the poor. Given the recent wave of so-called 'tortilla wars'. Mexicans eat lots of tortillas-- 3,650 a year on average, but tortilla eaters are often poor and of Indian and mestizo lineage. It is difficult to say then, if the company considers its customers as objects; Minsa certainly relies on the poor, as the upper classes in Mexico are consuming greater amounts of wheat products and white bread.</p> <p>Like other tortilla makers, Minsa's expansion has come at the expense of small rural producers because of the gradual withdrawal of subsidies favoring large scale mechanized and export-oriented production. Under free trade (NAFTA) Mexico has also been importing subsidized US corn, making life more difficult for local producers. Small mestizo and Indian farmers are being driven out of the domestic corn market and pushing them off their land. Minsa has no policies yet to address this situation.</p>
Environment	No information available.
Final Score	1.1

Company: GRUPO NACIONAL DE CHOCOLATES

Country: Colombia

Sector: Consumer Goods/Retail

Business Description: Grupo Nacional de Chocolates is largely engaged in producing, distributing and selling chocolates; roasted and milled coffee; cereals; pasta; meat; food for human and animal consumption; sausages; candies; sugar; honey; and crackers.

Strategic Governance	<p>Grupo Nacional de Chocolates (GNC) has no specific BoP strategies as far as marketing is concerned; however, it has some products aimed toward children from 2-5 years old such as Pastas Doria, which the company helps to distribute through a foundation to selected areas of the country. The foundation sponsors activities to improve communities through nutrition, education culture, arts, health programs and volunteerism. GNC has supplied computers in remote villages and its managers have been encouraged to offer their time in various programs especially in the area of nutrition - this is seen as a very important part of the contribution to the poorest and most vulnerable sectors of society. Company claims to have brought benefits to 616,369 people through investments valued at USD 7.6 million. Volunteers help in nutrition programs - target children mostly in poorer areas of the country. Company does not have a specific code of ethics aimed at sales to poor people. The focus is largely on improving conditions for suppliers of cocoa through fair trade mechanisms and investment in areas of interest. In that sense the company has many mechanisms to ensure higher benefits to</p>
-----------------------------	--

	local populations. GNC works with the ministry of agriculture to improve cocoa farmers' conditions and practices - also leading to a higher quality product. GNC has worked to improve the education and formation of its suppliers and worked with foundations and the ministries of labor and agriculture to improve conditions in rural areas through programs such as GNC's Programa "Nacional de Chocolates Quiere a los Niños".
Human Capital	GNC's programs are aimed almost entirely to helping cocoa producing communities in rural areas. It works through a network of several thousand suppliers and invests considerably in agricultural improvement techniques. GNC has also worked with Universidad Católica de Oriente and Fundación Universitaria Católica del Norte to improve university education access for rural people, through long distance / internet education programs. GNC helps sustain such programs directly and through the Foundation.
Stakeholder Capital	GNC maintains strong relationships with NGOs and universities. It does not necessarily consider its customers as objects, but most practices are aimed at wealth and societal improvement rather than customers. Grupo Nacional has a number of volunteer activities in areas where it sources cocoa to improve education and local infrastructure.
Environment	No information available.
Final Score	2.94

Company:

Grupo Nueva

Country:

Chile

Sector:

Homebuilding

Business Description:

Masisa SA's activities include the production and trade of wood boards for furniture and interior architecture in Latin America. Business operations are conducted through three business units: Forestry; wood; and retail. The forestry unit manages 244 thousand hectares of certified FSC plantations located in Chile, Argentina, Brazil and Venezuela. The wood unit processes forestry resources to create wood products and sub-products. The retail unit operates a network of approximately 300 stores offering carpentry products and services throughout Latin America. Headquartered in Chile, the company has operations in Argentina, Brazil, Chile, Colombia, Mexico, Panama and Venezuela. As of December 2005, the company employed 4,782 people. Revenues in 2006 exceeded \$887 million.

Strategic Governance	<p>Masisa's strategy is aimed at targeting low-income sectors of the population. Masisa is committed to having 10% of sales coming from low-income markets by 2008. The CEO is directly responsible for achieving this goal and managers are offered bonuses for meeting this objective. The persons directly in charge of reaching this goal are the corporate commercial manager and the country commercial managers. Masisa's approach to benefit low-income sectors of the population is to create capitalism throughout the value chain. The company sources from carpenters coming from these sectors and incorporates women from these sectors as part of its distribution retail channels.</p>
Human Capital	<p>Masisa is committed to local hiring, and aims at having 30% of all employees coming from local communities. These local employees do not necessarily need to come from low-income sectors. In order to sensitize staff, the company relies on employee volunteerism programs.</p>
Stakeholder Capital	<p>Masisa is aware of the importance of maintaining positive local relationships with stakeholders. Although the company has not advocate for BOP communities, it has implemented important initiatives to support these communities. The company's strategy is aimed at creating capitalism throughout the value chain. The company promotes the creation of micro-entrepreneurs, having the goal to increase the number of suppliers from low-income markets by 5%. The company also supports carpenters from low-income markets and incorporates women as retail distributors. It is worthwhile to note that the company requires that suppliers comply with social and environmental standards. In order to better understand the needs of the bottom of the pyramid, the company engages people from low-income sectors in the design of the products sold to these sectors. The company recently organized a furniture design contest with the participation of people from low-income sectors.</p>
Environment	<p>All company's plantations are FCC certified. Masisa is rare among all companies surveyed in its stated commitment to environmental initiatives.</p>
Final Score	4.33

Company: GRUPO NUTRISA, S. A. DE C. V.

Country: Mexico

Sector: Consumer Goods/Retail

Business Description: Grupo Nutrisa S.A. de C.V. is a Mexican company. Nutrisa is dedicated to the sale and production / processing of products made with natural ingredients. It operates stores in major commercial centers across the Republic of Mexico through franchises of its Nutrisa brand. It offers two types of business franchise: Type A, which is located in a shopping or commercial center, is of a departmental, self-service design, and offers both frozen foods and fresh goods, and Type B, which is located in a commercial center or close to busy routes, and offers frozen yogurt and popsicles. Nutrisa also offers beauty products and moisturizers.

Strategic Governance	Nutrisa does not aim at the low-income market; it specifically targets medium-high to high income markets and has distributed its retail locations accordingly. BoP is not part of any strategy for the time being. Nutrisa's only low-income initiatives, if they can be called as such, are those related to donations and collections for emergency relief. However, such donations are made through government networks 100% urban. No code of ethics or mechanism exists to address or share benefits with low-income communities. While there are no barriers for low-income communities to have a voice with senior management, there are no special mechanisms to include them either.
Human Capital	There are no restrictions on low-income communities from working, but staff for Nutrisa tends to be drawn primarily from urban centers.
Stakeholder Capital	Customers are offered high-end healthy and nutritious products, which tend to be more expensive than the fare typically available to low-income markets. Nutrisa, however, does not appear to be interested in low-income markets for the time being. Nutrisa works with Foundations and government where it can to help the community. Nutrisa has a small section on its suppliers, which could benefit from elaboration, given the company's emphasis on health and natural ingredients; it would be useful to understand how it deals with the supply chain. Moreover, while Nutrisa donates food when necessary, it selects from a series of products that have not sold well in its traditional market - the rejects essentially - and manages to get fiscal advantages in the process.
Environment	Nutrisa makes it a point to stress the natural origin of its products and ingredients, but it does not discuss the related risks.
Final Score	1.15

Company: **IMPULSORA DEL DESARROLLO Y EL EMPLEO EN AMERICA LATINA, S.A.B. DE C.V.**

Country: **Mexico**

Sector: **Homebuilding**

Business Description: Impulsora del Desarrollo y el Empleo en America Latina SAB de CV (IDEAL)'s main activities are the construction of energy, transport and water infrastructure and real estate. Headquartered in Mexico, the company also has operations in Panama.

Strategic Governance	As an infrastructure company, IDEAL considers that all its projects create social benefits and development, thereby benefiting low-income sectors of the population. Nevertheless, there is no evidence that the company includes BOP variables into decision-making and operational processes.
-----------------------------	---

Human Capital	IDEAL hires construction workers from low-income sectors of the population.
Stakeholder Capital	IDEAL claims to engage with stakeholders; nevertheless, it does not seem to have formal policies and programs in place in order to do this. The company claims to have initiatives in place to support education and promote healthy lifestyles in the communities of operation. Nevertheless, there is no evidence that the company has an organizational structure responsible for implementing these initiatives.
Environment	IDEAL is aware of its environmental impacts. Nevertheless, there is no evidence that the company has formal environmental programs and policies in place. The company seems to have a compliance-oriented approach.
Final Score	1.99

Company: Inca Kola
Country: Peru
Sector: Consumer Goods/Retail

Business Description: The Coca-Cola Company focuses on the non-alcoholic beverage market, producing a range of drinks around the world, many of which are tailored to specific local tastes. It is active in over 200 countries. The company sells over six million beverages every day.
 The company groups its products into four business divisions: Refreshment, Rejuvenation, Health & Nutrition, and Replenishment, each of which is distributed in North America, Africa, Asia, Europe/Eurasia & Middle East, and Latin America. The company has created other products designed to meet the needs of local consumers and communities. For example, in Chile, it developed Bibo (Kapo) because mothers wanted a healthy, noncarbonated drink for their children.
 Inca Kola, a Peruvian made soft drink is 60% owned by the Coca Cola company. The company produces and distributes its Inca Kola in Peru and in some areas of the northeast, U.S. In Peru, currently, Inca Kola is the leader in terms of market segmentation and Coca-Cola second, with the Añaños Group and their Kola Real as a close third. Overall, the Coca-Cola system leads the market. Currently, in Peru, the market segmentations are as follows: Inca Kola, 31%; Coca-Cola, 26%; Kola Real, 17%; Pepsi (AmBev), 8%; Sprite 4%; Others, 14%.

Strategic Governance	Historically, the company has always had a strong presence in the low-income segments of society for two reasons: one- a Majority of Peru's society is made up of indigenous low-income consumers; 2- in an effort to carve out a niche market fort itself to trump the Pepsi competition the company reduced its prices. Along these lines the company to the company also launched locally intriguing marketing that introduced that Inca Kola had a 'local' flavor and was 'Peru's drink.' In fact, as early as the 1940s the company introduced innovations in its bottling volume and positioned itself as a traditional Peruvian drink, using national and indigenous iconography and images. Additionally, Inca Kola began a marketing campaign that offered money and marketing assistance to small and medium-sized restaurants. In an effort to continuously outperform multinational firms in Peru Inca Kola
-----------------------------	--

	<p>pushed to maintain a significant market share in low-income sectors of the country with down-home advertising which appealed to those families. By selling its product at a lower price, the company did not lose out in sales because it was reaching the literal Majority of the population, which happened to be the low-income segments of society.</p> <p>Distribution and market execution is one of the company's strengths, just in Peru the company serves over 170,000 Mom & Pop Customers. The company has plants from the South to North and trucks that travel over 20 hours to get our products into the highlands and rain forests of Peru. The company's success is so closely related to its reputation, that it is asked to act in every instance with honesty, integrity, accountability, and respect.</p> <p>Products cover a wide range of price points. The company maintains a refillable glass bottle (personal consumption) at S/. 0.5 (USD 0.17). Refillability is the company's best option to provide its low-income consumers with affordable products. Growing countries are as relevant as developed ones and are a key corner stone of KO strategy.</p> <p>The company is structured in Region Franchise Units, which report to a Division. Inca Kola is part of the South Latin Division including Argentina, Chile and TFU (Peru, Uruguay, Paraguay, and Bolivia). Most initiatives, low-income and other, go through a division first. Marketing and Operations teams are formed around most initiatives.</p> <p>The company's business plan process is its main vehicle for integrating low-income individuals, followed by regular visits to the local areas, and business reviews of senior executives to the region.</p>
<p>Human Capital</p>	<p>Diversity is applied at all constituencies. Recruitment is a strong part of the company's human capital management. In every community that the company serves the Coca-Cola Foundation and Inca Cola foundation in Peru aim to improve the quality of life in the community and enhance individual opportunity through education. The company's programs support scholarships for aspiring students; encourage and motivate young people to stay in school; and foster cultural understanding.</p>
<p>Stakeholder Capital</p>	<p>The company is committed to the communities in which it serves. It is not just a good business practice or competitive advantage, but also part of its values. To effectively reach low-income consumers the company operates through its customers with whom it looks for a collaborative, long-term relationship, from large retailers to small family grocery stores (M&P). There is a great level of respect given to its customers - its business succeeds through them. The company maintains programs to support the local family groceries help run their business through formal classes at its sites, material support at point of sales enhancing their offer, cold drink equipment and value relationship programs among many other initiatives to foster their success (and therefore the company's). Over 170,000 families benefit from these types of relationships.</p> <p>The Inca Kola Foundation was created to promote the development of education in the country through two projects: delivery of knowledge boxes (educational aid modules for teachers) and teacher training workshops called "An alternative to improve the educational quality in Peru". The first one is focused on one-teacher schools where children of all ages study in one classroom under the direction of one teacher, and the basic educational materials for children are not available. The second one is a creative project based on games to improve the quality of teachers in the</p>

	<p>country.</p> <p>The Coca-Cola Foundation of Bolivia is working on two educational projects. The first one, named "Forjando Futuro", carried out together with Universidad Católica Boliviana (Bolivian Catholic University) provides college scholarships to students from low-income families but with outstanding academic performance. The program invests in educating qualified human resources by granting scholarships to attend a prestigious private University that guarantees an excellent education.</p> <p>The second program (started in May, 2005) "Escuelas Amigas" carried out in association with UNICEF and different Town Halls, contributes to giving quality education to thousands of children, preventing school dropout and repositioning the school as a friendly and interactive institution. In this project, students, teachers, parents, neighbors and town hall authorities interact to offer a healthier, safer environment and to improve the quality of knowledge and reduce school dropout.</p>
Environment	<p>Inca Kola's commitment to protecting and preserving the environment is seen as good citizenship and good business. Environmental stewardship has become an integral part of its business planning and decision-making processes. As a beverage company, it focuses its environmental efforts on three areas where it has the greatest impact:</p> <ul style="list-style-type: none"> • Global Water Stewardship: Implementing and enhancing effective wastewater treatment and conservation processes, and reaching beyond to create solutions addressing the global challenge of water scarcity. • Sustainable Packaging: Enhancing the efficiency of packaging by reducing raw material usage, using materials compatible with recycling systems and supporting projects that encourage greater and more efficient recycling. • Energy and Climate Protection: Developing sustainable refrigeration technology, introducing energy management solutions in new equipment, implementing effective long-term waste management and minimizing waste generation. <p>The company has developed specific initiatives and programs that address these core issues in sustainable, measurable ways. Despite Coke's unique global strategy, its local business is naturally biased to serve with the best offer we have (product, logistics, and distribution) given the reality and challenges of the Peruvian demographics: socio-economically, politically, and environmentally.</p>
Final Score	3.57

Company: INTEL CORPORATION

Country: Salvador

Sector: Telecom & IT

Business Description: Intel Corp is the leading manufacturer of semiconductor chips in the world. Intel provides chips, boards, systems and software building blocks to the communication and computing industries, with OEMs Dell and Hewlett Packard as the company's biggest customers. Intel's main products include microprocessors, chipsets, boards and networking and communications products. The company's operating segments consist of

the Digital Enterprise Group (DEG) (65% of 2005 revenues), the Mobility Group (29%), and the Flash Memory Group (6%). In 2006, with 94,100 employees worldwide (and with more than half of all employees located in the U.S.), the company realized net sales of USD 35,382 million, which amounted to an 8.87% decrease in sales in comparison to the previous year.

Strategic Governance	<p>Intel considers that there is strong potential in BOP markets. The company considers that the use of information technology can help emerging markets. As part of its organizational structure, the company includes an emerging markets platform group. This group reports to the vice-president of the enterprise group who reports directly to the company's CEO. Products specifically designed for low-income markets include PCs and multi-functional chips.</p> <p>The company has programs in place with the objective to support low-income communities through education. The objective of this program is to raise educational levels at low-income markets. The company considers this approach to be "strategic investment thinking" since at some point in the future these people will have technology knowledge and will be a potential market.</p>
Human Capital	<p>Intel has a program focused on hiring local residents. Nevertheless, this does not imply that this program is focused on hiring people from low-income communities.</p>
Stakeholder Capital	<p>Intel undertakes a number of initiatives in order to engage with stakeholders. The company's chairman visits government authorities from emerging markets. Moreover, the company has offices in Latin America which responsibilities include managing local stakeholder relations. At larger sites, the firm has community advisory panels that advice the company on community-related issues. At smaller sites, the firm establishes a direct relationship with community opinion leaders and government agencies. It is worthwhile to note that the group includes an awareness training program for people traveling to emerging markets. The objective of this program is to make these people understand cultural differences.</p> <p>Intel partners with USAID and educational institutions in order to implement programs to support low-income communities. Furthermore, the company has an excellence program with the objective to gain input from customers. Part of employees' remuneration is based on customer satisfaction.</p> <p>With respect to the supply chain, the company trains suppliers in order to raise their capabilities. In Costa Rica, the company supports small and women-owned businesses by providing them with training on technology use and general management. The company sources maintenance, cleaning, and facility services locally.</p>
Environment	<p>The company is aware of its environmental impacts and implements initiatives to reduce these impacts.</p>
Final Score	2.82

Company: **Interconexion Electrica SA**
Country: **Colombia**
Sector: **Infraestructure**
Business Description: Headquartered in Colombia, Interconexión Electrica SA operates through eight subsidiaries which activities include the transmission of electricity in Colombia, Brazil, Peru and Bolivia, and the provision of telecommunication services in Colombia.

Strategic Governance	As an energy transportation company, Interconexion Electrica SA does not provide services to low-income sectors directly and does not have a unit responsible for low-income market initiatives. Nevertheless, the company is aware of BOP issues and has implemented initiatives in this respect.
Human Capital	Interconexion Electrica SA is planning to hire people from local communities for jobs such as maintenance; nevertheless, it has not implemented initiatives in this respect. In order to sensitize employees, the company relies on internal communications channels.
Stakeholder Capital	Interconexion Electrica SA is aware of the benefits of having positive relations with stakeholders. The company has processes in place in order to engage with the local communities of operation and has a program aimed at addressing their concerns. The company also works with local governments and communities in order to implement development programs. Communities contribute with workforce and the company donates money. Projects include infrastructure for electricity distribution. Moreover, the company works with local municipalities on the organization of training programs on the implications of living close to electricity transportation infrastructure. With respect to the supply chain, the company relies on local contractors in order to build infrastructure for electricity transportation.
Environment	Interconexion Electrica SA is aware of its environmental impacts and takes measures to reduce these impacts. The company has reforestation and waste management programs, and is in the process of certifying its environmental management systems with ISO 14001.
Final Score	2.27

Company: **Inversiones Aguas Metropolitanas**
Country: **Chile**
Sector: **Infraestructure**
Business Description: Inversiones Aguas Metropolitanas is the controller of Aguas Andinas SA. The company's main activity is the operation and provision of potable water services in Chile. The company employs 1,440 people. Revenues in FY 2006 exceeded CLP 232 million.

Strategic Governance	Inversiones Aguas Metropolitanas's core business benefits BOP sectors. In order to support low-income sectors, the company provides clients that have large water bills with alternative ways to pay for these bills. As part of its structure, the company includes a special team responsible for visiting neighbor groups in order to renegotiate their debt schemes.
Human Capital	Inversiones Aguas Metropolitanas seems to include workers from different income sectors. Nevertheless, there is no evidence that indicates that the company has a formal program in place focused on hiring people from low-income sectors.
Stakeholder Capital	Inversiones Aguas Metropolitanas has a number of stakeholder engagement initiatives in place. In coordination with six other companies, the company is promoting sustainable development through projects on education, environment, the creation of small businesses, health, and culture. The company also works with different NGOs on initiatives for the protection of biodiversity. For example, in cooperation with Protege NGO and government institutions, the company built a natural park (3,330 hectares). The company also includes a program to create green areas in cooperation with municipal authorities and neighbors from communities of operation. Moreover, the company includes a "good neighbor policy" program. This program has the objective to establish trustful relationships with the communities of operation, especially those that live close to residual water treatment facilities. The firm has conducted workshops with neighborhood groups in diverse communities, aiming to know their concerns. The company also designed a program with the objective to improve the atmosphere in the areas of operation, aiming to improve the quality of life of the people living in those areas.
Environment	Inversiones Aguas Metropolitanas has programs in place to protect water sources and the environment. Programs include providing environmental training to households. The company works with low-income communities to promote the responsible use of water and draining systems. The company partners with local municipalities and provides training to neighbor leaders.
Final Score	2.88

Company: Inversiones Argos SA

Country: Colombia

Sector: Homebuilding

Business Description: Inversiones Argos SA's principal activities are producing, distributing, and retailing concrete mixes and other materials used in cement manufacturing. Products include cement, concrete, aggregates, and prefabricated products such as wall dividers, paving stones, gravel, granular bases, and pedestals. Other activities include acquiring and transferring minerals and mineral deposits such as lime and clay, which are then used in the manufacturing of cement and other related products. It has several concrete and cement plants located in the Costa Atlantica Colombiana. It also has investments in Panama, Haiti, Venezuela, Dominican Republic, and United States of America. Operating income in FY 2006 exceeded COP 3,526.9 billion.

Strategic Governance	<p>Argos is aware of the needs of low-income sectors of the population and has developed some products and services for these markets. The company has a commercial area which acts in coordination with the social responsibility area, and relies on a foundation in order to implement initiatives to support the communities of operation. The company also includes a social responsibility committee responsible for assuring that BOP issues are addressed.</p> <p>Argos includes a program called "Constru-ya". Through this program, people from low-income sectors can buy construction materials at low interest rates. In order to access these credits, consumers need to demonstrate that they have a job or perform an economic activity. In general, a collateral or guarantor is not necessary, but there could be exceptions. Procedures to get this credit are quick. Since construction workers are the main targets of these products, the company offers these people courses, diplomas and seminars.</p>
Human Capital	<p>Argos aims at recruiting people from the local communities of operation. Approximately 80% of operative employees belong to local communities.</p>
Stakeholder Capital	<p>Argos relies on a foundation in order to implement initiatives to support the communities of operation. In order to be aware of the needs of the communities of operation, the company works with social nets and community leaders. Projects have the objective to improve the quality of life in these communities and are focused on education, construction of libraries, and sanitary infrastructure such as draining systems. The company has commercial advisors who engage with customers and conducts market studies. In addition, the company works with governments in the construction of housing projects for low-income sectors of the population. The government provides subsidies and the company donates cement. The company includes a program aimed at creating local suppliers throughout value chains. For example, if a company has a food provider, this food provider is expected to source from providers from the communities of operation.</p>
Environment	<p>Argos is aware of its environmental impacts and the importance of sustainable practices. Compared to sector peers, the company's environmental approach is average.</p>
Final Score	3.3

Company: IRSA 'B'

Country: Argentina

Sector: Homebuilding

Business Description: IRSA is the largest Argentinean real estate company. Its activities include the acquisition, development and operation of office, shopping centers and other non-shopping center retail properties; the acquisition and

development of residential properties primarily for sale; the acquisition of undeveloped land reserves; and the acquisition and operation of luxury hotels. Revenues in 2006 accounted for ARS 577.7 million.

Strategic Governance	IRSA does not have products or services targeting low-income markets, and does not see the BOP as part of its growth strategy. Although the company does not offer products and services to low-income sectors, it has initiatives in place to support these sectors.
Human Capital	Around 50% of IRSA's employees belong to low-income sectors of the population. Jobs conducted by these employees include maintenance, security, and parking lot operations. The company also includes a program to hire students. Approximately 60% of these students end up working for the company. In order to sensitize employees, IRSA invites them to submit projects focused on community support. The company multiplies employee donations.
Stakeholder Capital	The IRSA Foundation is the unit responsible for undertaking initiatives to engage with low-income communities. These initiatives include dialogue with local associations and communication channels such as radio stations. The objective of these initiatives is to know about the needs and concerns of the communities of operation. The company also conducts focus groups and customer surveys. At shopping centers, the company maintains dialogue with store operators. Moreover, IRSA includes programs to support the communities of operation. Programs include matching employee donations. With respect to the supply chain, the company relies on local contractors in order to conduct some of its construction activities. Nevertheless, there is no evidence that low-income sectors have interests in these businesses.
Environment	IRSA is aware of its environmental impacts and undertakes initiatives to reduce them. The company conducts environmental impact assessments before undertaking new projects. Moreover, before acquiring or selling properties, the company conducts due diligence processes under the consideration of environmental variables. Environmental management systems are based on ISO 14001.
Final Score	2.41

Company: ITAUBANCO (BANCO ITAU HOLDING FINANCIERA, SA)
Country: Brazil
Sector: Finance
Business Description: Banco Itau's principal activities are those of a commercial bank, such as investment banking, consumer credit, real estate financing, leasing, foreign exchange and foreign trade financing. The Group also provides services within sectors of underwriting, securities brokerage, investment fund management, insurance, private pension plans and other banking related activities.

Strategic Governance	Itau has some BoP products and initiatives; some aim to control over indebtedness of consumers, others are directly related to BoP as it has microfinance products as well as other sustainable products and services. Itau has launched the Itaú social excellence fund. Itau also helps funding of NGOs through specialized products. Itau's micro-lending business covers all of Brazil. Loans range from 1340 to 1800 Reais (USD 650 to 1100). Itau also runs a foundation with health, education and environment programs. More interestingly, Itau has special products for NGOs - as well as microlending facilities throughout Brazil. Itau is a signatory to the Equator Principles and it helps address environmental and social issues in Brazil and elsewhere, for example, in providing financial services to underserved communities or preserving environmental resources and has microlending facilities all over Brazil.
Human Capital	No specific mention of diversity, but it can be assumed that its microlending activity allows Itau to make banking available to communities that had no access to such products just years ago.
Stakeholder Capital	Itau considers the BoP as a valuable market for growth and its approach to increase access to banking for microentrepreneurs throughout Brazil suggests that the BoP is more a partner than an object.
Environment	Itau adheres to Equator Principals since 2004, it has responded to the CDP twice and is listed in the Dow Jones Sustainability World Index since 1999. Additionally, Itau evaluates loans over US\$ 5 million in terms of environmental risks
Final Score	3.92

Company: Johnson & Johnson
Country: Salvador
Sector: Consumer Goods/Retail
Business Description: Johnson & Johnson (JNJ)'s principal activity is to manufacture and market a range of products in the health care field. JNJ has three operating segments - Pharmaceuticals, Medical Devices and Diagnostics, and Consumer. Sales in 2006 were USD 53,324 million of which 56% were generated in the US and 44% internationally. Employees in 2006 totaled 122,200. In June 2006, JNJ acquired Pfizer's Consumer Healthcare for USD 16.6 billion in cash.

Strategic Governance	A limited number of JNJ's products on the market target diseases prevalent in Latin America (the company produces some products for infectious diseases and gastrointestinal ailments, but these products are not necessarily made affordable for the low-income communities likely most heavily impacted by such diseases). Its subsidiary, Tibotec Pharmaceuticals, provides Tibozole, a treatment for a common infection within HIV patients, at cost to not-for-profit pharmaceutical distributors supplying hospitals and other medical facilities. In preparing for the approval of HIV/AIDS drugs, Tibotec established a Global Access Program
-----------------------------	---

	<p>to enhance access to medicine in collaboration with local and international organizations such as the Global Fund To Fight HIV/AIDS, TB and Malaria. Even though such initiatives are commendable, the company releases limited information on the type of programs it is going to implement to facilitate access in other developing countries.</p> <p>In 2004 Tibotec granted a royalty-free license to the International Partnership for Microbicides (IPM) to develop, manufacture and distribute an anti-retroviral as a microbicide in developing countries. A microbicide refers to substances intended to reduce or prevent transmission of HIV and/or other sexually transmitted diseases when applied topically to genital mucosal surfaces. Tibotec continues to provide technical assistance to the IPM for further clinical development of microbicides. JNJ states that it is learning from this effort and may apply elements of this approach in the future.</p> <p>The company is beginning to incorporate R&D pharmaceutical efforts focused on emerging markets diseases, which would likely not only reach low-income health needs, but will be capped at lower-costs. The company does not indicate its level of integration. In 2006 the company spent 13.4% (12.5% in 2005) of its revenues on R&D.</p> <p>The company's sustainability function, which includes some discussion of 'developing nation needs' is represented at executive management level, a sign of the company's growing commitment to the low-income segment of society. The company has not indicated its rural/urban customer base.</p> <p>The company maintains a general code of ethics, which encompasses an understanding of working with/selling to the low-income population.</p> <p>The company claims to be conducting research into pediatric formulations for its products in development which is a positive initiative. Ortho Biotech Products (a JNJ subsidiary) has developed a treatment for anemia in HIV patients called Procrit. Finally, Virco BVBA (a JNJ subsidiary) is donating its expertise to R&D groups to enhance research in HIV/AIDS. The company is working in collaboration with EuroSIDA, UNAIDS and the WHO to evaluate the evolution of the HIV pandemic in an attempt to avoid the emergence of HIV drug resistance. Virco's scientists also support doctors making personalized therapy regimens for their HIV-positive patients by providing diagnostic services for the management of HIV infection. By disclosing key performance indicators on R&D programs, JNJ will more clearly demonstrate its willingness to address the lack of treatment for diseases prevalent in the developing world.</p>
<p>Human Capital</p>	<p>Central America's HIV prevalence (the proportion of the population who are living with HIV) is now estimated to be at least 1% in Belize, Guyana, Honduras and Suriname. However, in most countries HIV is not generalized but is highly concentrated in populations at particular risk. Despite a national prevalence below 1%, in South America, Brazil (by far the region's most populous country) accounts for around 40% of people living with HIV in Latin America. In some Brazilian cities, more than 60% of drug users are HIV positive.</p> <p>Understanding its prevalence in Latin America is critical to understanding the value of its introduction in 2005 of an HIV/AIDS workplace policy, which requires that all employees have access to treatment and support services. JNJ is a member of the Global Business Coalition on HIV/AIDS, which is dedicated to combating the AIDS epidemic through business skills and expertise. JNJ claims to provide numerous training sessions including e-learning classes on diversity benefits, workshops on healthy lifestyle and</p>

	on-site training on safety practices.
Stakeholder Capital	<p>JNJ is also involved in projects with suppliers in emerging markets such as Brazil and Mexico to help them adopt cleaner production processes. Recently, the company included a commitment to the International Labor Organization Convention as a requirement for suppliers, but it does not provide details on its process to ensure suppliers comply with social principles. The company also has an audit system in place to ensure adherence to the company's environmental, social, and governance principles.</p> <p>JNJ is committed to fostering a diverse supplier base, which is common practice for a US-based company. JNJ Supplier Diversity Program is designed to ensure that businesses of diverse backgrounds and ownership have the opportunity to become valued suppliers. The total spending with minority-owned and women-owned businesses reached USD 846 million, an increase of 20% over the previous year.</p>
Environment	<p>JNJ is one of the foremost companies amongst its peers compared for this study to address environmental challenges, which implies that indirectly these efforts, low-income communities will likely be beneficiaries of the company's improved environmental footprint. However, at this time there is no specific product or strategy that focuses on linking its environmental management to the improvement of low-income livelihood. The company has developed sound programs to reduce its energy use and promote renewable sources of energy.</p>
Final Score	2.45

Company: Lojas Renner

Country: Brazil

Sector: Consumer Goods/Retail

Business Description: The Group's principal activity is to manage department stores. It sells a wide range of products such as clothes, domestic electrical appliances, articles of sport and others products sold in department stores. It imports goods from other countries. The Group acquired Dromegon Participacoes Ltda and Renner Administradora de Cartoes de Credito Ltda in 2005. In 2006, the Group inaugurated 15 new stores with a total of 81 stores and a total selling area of 178 thousand square metres nation-wide.

Strategic Governance	<p>Lojas Renner manages department stores, which do not sell products to low-income markets specifically. Most recently, Lojas Renner has shifted from department store chains to now include financial services. The growth strategy does not appear to specifically include low-income customers; but it should be noted that of the sectors financial services does have the greatest reach to the low-income segments of society, therefore, through Lojas Renner's financial services the company may reach some aspects of the Majority, but, certainly, not through a deliberate strategy. Of their 87 department store locations, the vast Majority of them are located in urban areas.</p>
-----------------------------	---

Human Capital	It is not apparent whether the company seeks to increase its staff diversity by actively recruiting staff from low-income communities. The company does not disclose specific human capital indicators or management policies. As one of the largest retailers in Brazil, however, it maintains a code of ethics. However, the code of ethics does not specifically focus on ethically managing relationships with low-income segments of society.
Stakeholder Capital	Though not specifically Majority focused, the company does engage positively with key local suppliers and sees them as central to the company's product development.
Environment	The company does not indicate a direct understanding of the link between key environmental issues and low-income society's needs or risks.
Final Score	0.98

Company: Microsoft

Country: Mexico

Sector: Telecom & IT

Business Description: Microsoft Corp. develops, manufactures, licenses and supports a range of software products for a multitude of computing de-vices. Its software products include scalable operating systems for servers, personal computers and intelligent devices; server applications for client/server environments; information worker productivity applications; business solutions applications; and software development tools. The company provides consulting services and product support services, and trains and certifies system integrators and developers. Micro-soft has 76,539 employees. Its 2006 revenues were \$44.28 billion.

Strategic Governance	Microsoft considers low-income sectors as markets with strong potential. As part of its organizational structure, the company includes an area of business development. This area reports to the direction of social businesses, which reports to the CEO. The company offers Microsoft office licenses at preferential rates to schools and government programs that are focused on supporting low-income sectors.
Human Capital	Microsoft does not include a program specifically focused on hiring people from low-income communities. In order to sensitize employees, the company relies on an employee committee. The company also encourages employees to participate in volunteering programs.
Stakeholder Capital	Microsoft includes an area of community affairs responsible for engaging with BOP sectors and civil associations. The company undertakes initiatives focused on training school teachers on the use of information technologies. The company also participates in a program focused on the professionalisation of NGOs. This program has the objective to provide NGOs with management tools.
Environment	As a software company, Microsoft's environmental impacts are minimal.
Final Score	1.89

Company: NATURA COSMETICO, SA

Country: Brazil

Sector: Consumer Goods/Retail

Business Description: The group's principal activities are the distribution and marketing of cosmetics personal hygiene and perfumery products. It operates through consultants and the products emphasize natural ingredients from Brazil's Amazon and other regions. It also operates as holding company, investing in local and foreign companies. It operates in South America, Argentina, Chile, Peru and Bolivia. In Brazil over 4,500 cities are covered by it. Manufacturing: Integrated developer, manufacturer, distributor and seller of cosmetics, fragrances and personal hygiene items. Products are distributed through direct sales by independent sales representatives.

<p>Strategic Governance</p>	<p>The company reaches the low-income segments of society primarily through its product production. In particular, its Natura Ekos line of fragrances, personal care and ambience products draws from Brazil's biodiversity inspired by traditional uses of plant ingredients. Through this line, the company not only utilizes natural (environmentally sustainable) ingredients for its products, but it stimulates the development and quality of life of the communities that cultivate or extract those ingredients and simultaneously reaps substantial financial returns. In order to incorporate strategies that are more likely to impact the Majority into the day-to-day business management, the company established a Sustainability Committee. Additionally, Natura created the area of Corporate Responsibility, which coordinates and supports the search for better responsible management practices. Its goals are the following:</p> <ul style="list-style-type: none"> • To identify and expand the opportunities of responsible and sustainable management of the business; • To warn about decisions and situations endangering the management coherence as far as the sustainability is concerned; • To align and give coherence to the internal and external actions for a more sympathetic and sustainable society. <p>Currently, the company maintains operations in Brazil, Argentina, Chile and Peru, and exports to Bolivia. In Brazil over 4,500 cities are covered. It began serving Chile in the 80's and then it expanded its actuation to Argentina, Peru and Bolivia. The company plans a major expansion in Bolivia for the next years. Given that a Majority of Bolivia's population is indigenous low-income individuals, the company will likely serve a higher portion of low-income individuals (as a greater portion of its market share will be low-income).</p>
<p>Human Capital</p>	<p>The company's Human Resources Committee is responsible for the definition of the employee development strategies. It supports the Board of Directors in evaluating the performance of the officers, as well as in recommending their remunerations</p>
<p>Stakeholder Capital</p>	<p>The company is focused on the promotion of sustainable development – whether local, in a specific region, or promoting diversity, education, quality of life and culture. The company maintains a central focus on its relationships with its customers, employees, sales representatives,</p>

	<p>suppliers and many other partners. The company has developed and keeps developing a number of initiatives quite representative of how it understands its role in society. Among them, the "Crer para Ver" (Believing is Seeing) program is outstanding, which is carried out since 1995 in partnership with "Fundação Abrinq" (Abrinq Foundation), the purpose of which is to finance projects contributing for improving the quality of the public education: the ethical and transparent relationship with its relationship publics: collaborators, suppliers, communities, advisers, consumers, governments, society and stockholders. The company goals are compatible with the advancement of low-income individuals and the creation of a sustainable society. The company maintains an ethical and transparent relationship with its collaborators, suppliers, communities, advisers, consumers, governments, society and stakeholders.</p>
Environment	<p>The company's Natura Ekos line of fragrances, personal care and ambience products draws from Brazil's biodiversity inspired by traditional uses of plant ingredients. Through this line, the company not only utilizes natural (environmentally sustainable) ingredients for its products, but it stimulates the development and quality of life of the communities that cultivate or extract those ingredients and simultaneously reaps substantial financial returns.</p> <p>In keeping with the concept of sustainability, Natura Ekos products are biodegradable and use bottles and packaging that contain recycled material. The company offers refills for each product, which both reduces the firm's environmental impact and increases the price competitiveness of its products.</p> <p>The Natura Ekos line extends across most of the market segments in which the company operates, including soaps, shampoos, conditioners, moisturizers and perfumes.</p> <p>In the 80's, Natura was a pioneer in launching the refill concept in the Brazilian market of hygiene and cosmetics, benefiting both the environment and low-income consumers.</p> <p>The company maintains significant disclosure on key environmental performance indicators: water use, water reuse, energy use, Life Cycle Analysis, waste, environmental management, environmental management of suppliers. 67% of its suppliers delivered all of its environmental documentation.</p>
Final Score	3.32

Company: Paralife

Country: Mexico

Sector: Finance

Business Description: ParaLife, with the support of the World Bank (IFC) and the Andean Development Corporation (CAF) and with the strong endorsement by the UN Development Program, has initiated a movement which provides unique opportunities to people with disabilities and offers benefits to them and their families. ParaLife reaches out to these communities and to people in the low-income and poor sector of the society in emerging markets. ParaLife has created a unique capability to efficiently deliver affordable life

insurance products to people in the low-income and poor sectors, to micro entrepreneurs and in particular to people with disabilities. ParaLife is based in Switzerland. It enters into joint ventures and partnerships with leading local organizations.

<p>Strategic Governance</p>	<p>ParaLife is a microinsurance group. The company's primary client base is low-income disabled individuals in emerging markets. ParaLife has created a unique capability to efficiently deliver affordable life insurance products to people in the low-income and poor sectors, to micro entrepreneurs and, in particular to people with disabilities. ParaLife also creates opportunities of employment and entrepreneurship for people with disabilities. ParaLife, the social responsibility enterprise, provides the products and engages people with disabilities as employees and entrepreneurs. ParaLife recognized that mainstream insurance providers were not meeting an unmet societal need and, therefore, missing out on a key strategic profit opportunity. ParaLife assessed the market's needs through on the ground assessments. The low-income market is the key to the company's growth strategy, as this segment makes up for its entire client base. The company sees great opportunity in this market space. ParaLife's strategy focuses on creating accessible insurance. ParaLife employs strategies to reach this challenging population in ways that regular insurance companies do not. Microinsurance products are present across urban areas. The company does reach rural segments through 'small banks' and indicates that in that area it applies a more 'individualized' product. The urban zone, however, is its largest market segment in terms of revenue generated. The company is in daily contact with its clients, all of whom are from the low-income segments of society. Through its daily access it explores unmet needs within the microinsurance capacity.</p> <p>FUTURA: The insurance contract for people with disabilities covers two lives, the life of the person with disabilities and his/her care person. This product FUTURA addresses, in particular, the need of the disabled person for economic protection in case of the death of the care person. Additionally, it provides for compensation in the case of death of the disabled individual, with the intention to cover the funeral expenses.</p> <p>FAMILIA: The second product is designed to insure additional members of the disabled family as well as, more generally, people in the low-income and poor sectors. A disabled person can be included as beneficiary under such policies.</p> <p>The ParaLife Foundation funds the development and training of people with disabilities and offer subsidies to those who otherwise cannot afford the products. The complementary activities of these two systems enable ParaLife to serve the unique financial needs which are faced by people with disabilities and by their family members. Beyond satisfying financial needs, however, ParaLife contributes to the personal development of underprivileged and underserved people, and towards their inclusion into the social and economic fabric of society. All employees are trained to be sensitive to the BoP market. Every day employees are in contact with the most vulnerable segments of its client base. The company offers training courses, as well.</p>
------------------------------------	--

	<p>ParaLife's operations are management by local managers within each country. Currently, the primary operations are in Mexico. Mexico employs a local strategy for reaching the low-income segments. The company maintains plans to expand into much of Latin America. ParaLife maintains a global strategy that is employed throughout its local operations.</p> <p>The company maintains a general code of ethics, which encompasses an understanding of working with/selling to low-income segments of the population. The company works to understand where its clients can and do work; what is required for rehabilitation and reintegration. The company studies the issues of the low-income communities and integrates them into the core strategy. The sales employees at ParaLife are trained by knowing this marketspace. It enters into joint ventures and partnerships with leading local organizations. 100% of revenues come from the low-income market segmentation.</p> <p>The company was founded by Rolf Huppi, formerly the CEO and Chairman of Zurich Financial Services. "The ParaLife business concept is based on the concept of a socially responsible enterprise," said Mr. Huppi. "We have seen enormous interest from microfinance networks, retail outlets, and other possible distribution channels to work with ParaLife in distributing our insurance products as well as participating in the training and employment of people in the disabled community. We are delighted that multilateral institutions such as IFC and IDB, as well as socially responsible investors such as Grey Matters Capital and Omidyar Tufts, have joined us in making this project a reality."</p>
Human Capital	<p>100% of its employees are trained to be sensitive to the low-income market. Every day the employees are in contact with the most vulnerable segments of its client base. The company offers training courses, as well.</p>
Stakeholder Capital	<p>Developing relationships with this clientele is key to ParaLife's advancement. Its market is the low-income/disadvantage segments of society so its advancement is based on developing key strategic relationships with its clients. The company maintains a respectful relationship with customers and does not see them as objects to whom they sell products. The company values its low-income clients as it would others. If the company doesn't serve them well, it loses its business and develops a negative local and national reputation.</p> <p>The company has strong relationships with a range local NGOs. Additionally, the company builds relationships with local retailers, small banks that are in this sector. In this way, ParaLife is able to understand what niche within the low-income segments of society needs to still be filled.</p> <p>ParaLife serves both urban and rural microenterprises/clients (though primarily focused on urban). It is able to reach these segments by engaging up and down its value chain with retailers - all of whom are considered direct clients. The Majority of its distribution is between local retailers and banks.</p> <p>In order to efficiently access local markets, the ParaLife Management Company enters into joint ventures with local insurance distribution</p>

	<p>organizations. These joint ventures, in the form of local management companies, act as ParaLife representations, which, in turn, partner with leading local insurance companies and local banks. Under representation agreements, the central ParaLife Organization provides the insurance and saving products, secures the underwriting capacity through the reinsurance vehicle, supplies the technology platform and administration systems, as well as the marketing concepts and training material.</p> <p>Local Management Companies implement countrywide ParaLife programs, build innovative distribution systems and conduct marketing and sales. Under general agency agreements with the local insurance company partners, the company accepts risks and pays the claims.</p> <p>Local Management Companies organize and administer personal development and professional training programs for people with disabilities with the objective of preparing them for employment and entrepreneurship. Local ParaLife representations will engage people with disabilities as employees and as independent distributors or insurance products, thus enabling them to reach economic independence.</p>
Environment	<p>While the company is aware of regional environmental impacts like water shortage and earthquakes, ParaLife indicates its strategy is farther from this area of concern. It would like to increase its understanding of the way in which its products could abate environmental impacts. In the future the company would like to incorporate products that respond to environmental challenges facing its lower income debilitated population. The company is working to address newly identified environmental risks that may impact its clients, but has yet to implement this into its strategy. It hopes to focus on insurance plans that cover individuals following earthquakes or facing severe health risks and it would like to figure out how to respond to the grave challenges of pollution.</p>
Final Score	4.7

Company: PARAUCO (Parque Arauco S.A.)
Country: Chile
Sector: Homebuilding
Business Description: Parque Arauco SA's main activities are the ownership and operation of commercial centers in Chile.

Strategic Governance	<p>As a mall operator, Parauco does not offer products or services to low-income sectors directly. There is no evidence that the company includes BOP considerations in its business strategy and decision-making processes.</p>
Human Capital	<p>Parauco does not seem to have a formal program focused on hiring people from low-income sectors.</p>

Stakeholder Capital	In order to support low-income communities, Parauco provides foundations and charities with physical spaces at the malls for the promotion of their activities. The company supports foundations that support elders, children and people in need. There is no evidence that the company has programs to engage local entrepreneurs in its value chain.
Environment	There no evidence that the company includes environmental considerations in its operational processes.
Final Score	0.62

Company: PepsiCo

Country: Salvador

Sector: Consumer Goods/Retail

Business Description: PepsiCo operates as a global food and beverage company that manufactures, markets, and sells a variety of salty, convenient, sweet and grain-based snacks, carbonated and non-carbonated beverages, and foods. The company is organized in four divisions; Frito-Lay North America (31% of revenues in 2006), PepsiCo Beverages North America (27%), PepsiCo International (37%), and Quaker Foods North America (5%). Frito-Lay North America (FLNA) manufactures, markets, sells and distributes branded snacks including Lay's potato chips. PepsiCo Beverages North America (PBNA) manufactures or uses contract manufacturers, markets, and sells beverage concentrates, fountain syrups and finished goods under the brands Pepsi, Mountain Dew, SoBe, Gatorade, and Tropicana and licenses the Aquafina water brand. PepsiCo International (PI) manufactures its products through consolidated businesses and through non-controlled affiliates and also manufactures and markets beverage concentrates, fountain syrups and finished goods to franchise bottlers, independent distributors and retailers. Quaker Foods North America (QFNA) manufactures or uses contract manufacturers, to market and sell cereals, rice, pasta and other branded products. International divisions operate in over 200 countries, with its largest operations in Mexico and the UK. Net revenue for 2006 was USD 35,173 million; the company had 168,000 employees.

Strategic Governance	While PepsiCo has a number of products specific to Latin America, none of them appear to target low-income consumers explicitly. Brazil, however, is among those countries identified as key to growth. It is the only Latin American company noted.
Human Capital	While it is unclear whether the company directly seeks to increase its staff diversity by actively recruiting staff from low-income communities or whether it actively sensitizes its staff to the needs of low-income communities, PepsiCo has an excellent reputation in the industry for its employee development and diversity programs. The company's diversity initiatives were recognized again in 2005 by leading organizations. The National Association for Female Executives (NAFE) named PepsiCo among the "NAFE 2005 Top 30 Companies for Executive Women." PepsiCo also achieved a perfect score of 100 on the Human Rights Campaign 2005 Corporate Equality Index, which rates large corporations on policies that affect their gay, lesbian, bisexual and

	<p>transgender employees, consumers and investors. The company's two ethnic advisory boards, the African American and Latino/Hispanic Advisory Boards, are made up of non-staff advisors and provide PepsiCo with external insight to enable the company to respond to its employees and its consumers on diversity-related issues. Starting in 2005, each of PepsiCo's employee groups are represented at the most senior levels by an executive reporting to the chief executive officer. The company continues to set concrete goals for recruiting a diverse workforce, and also links executive compensation to their efforts to achieve these goals. In 2005, PepsiCo's minority employees comprised 28% of the workforce, down from 29% in 2004. However, the percentage of female managers rose to 25% from 24% in 2004.</p>
Stakeholder Capital	<p>The company has a Code of Conduct and a Supplier Code of Conduct. Low-income communities are not specifically addressed. With demand falling in developed markets, PepsiCo is looking more and more to the likes of Brazil, Russia, India and China to increase business. There is no mention of PepsiCo targeting low-income communities as a philanthropic gesture or defensive positioning. However, PepsiCo's Board of Directors includes Alberto Ibarguen, CEO of the John and James Knight Foundation, which invests heavily in underserved US communities. PepsiCo does have strong local knowledge in that many of their Latin American facilities are operated by local licensees. It licenses the Majority of its bottling operations to local firms, which leaves the company vulnerable to human rights violations, product contamination, etc. Depending on who has controlling interest of the local facilities, precautions may be taken to uphold brand integrity and preserve global supply chain standards.</p>
Environment	<p>PepsiCo's environmental priorities include water use, energy use, and packaging. The parent company expresses a commitment to using more alternative energy sources and recyclable materials around the world. Water use and the impact of changing weather patterns on crop yields are concerns for the industry, but no direct linkage is noted between water as its key ingredient to its product and the scarcity of it, in particular, for those it serves in Latin America.</p> <p>Following the challenges the company faced in Kerala, India along with competitor Coca Cola, the company has made investments in community development and freshwater projects in the region.</p>
Final Score	1.22

Company: PERDIGAO SA

Country: Brazil

Sector: Consumer Goods/Retail

Business Description: Perdigao is a leading Brazilian processor of poultry and pork; it owns farms, slaughterhouses, animal-feed factories, incubators, and meat-processing facilities. In addition to its sales of fresh poultry, pork, and beef, the company has made a push to create and sell more processed and frozen foods, including sausage, frozen vegetables, cheese bread, pies and pastries.

Strategic Governance	<p>Perdigao, like other food companies, has not yet approached the BoP consumer market; rather, it runs some programs aimed to promote the human development of its employees, suppliers and their communities. In some areas Perdigao is the main source of income for the population; the company has an interest in providing the population with basic needs that cannot be fully satisfied under the public sector umbrella.</p> <p>The company works closely with 'integrated outgrowers' (producers that supply the Company's raw material). This partnership system has been instrumental in providing the outgrowers with work, technology and guidance on how to manage their properties with quality and productivity. The Company ended the year with a total of nearly six thousand integrated outgrowers, spreading work and earnings among thousands of families. Thanks to this partnership system, it has been possible to intensify the economic turnover of the cities where Perdigao is located and contribute to the distribution of the country's wealth. Perdigao also helps, through Prohab – Perdigao Housing Program - employees acquire their own homes, the Majority of these employees being hired in the region where the industrial unit is located. Since its inception in 1997, the program has already realized the dream of home ownership for 2,500 people. BoP initiatives are aimed at improving community conditions and lives of employees. Perdigao has a code of Ethics and social sustainability commitment. Perdigao also has a sustainability institute to investigate social and environmental improvements it can apply to its business. It works with communities and workers to improve social & environmental performance.</p>
Human Capital	<p>Perdigao hires from local communities and recognizes its role. Generations of workers are employed at Perdigao, which makes the company pay special attention to local community needs.</p>
Stakeholder Capital	<p>No specific approach to consumers; focus is on employees where BoP is concerned. Perdigao has its own sustainability institute and works with local communities. It has partnerships with the integrated outgrowers (producers that supply the Company's raw material). This partnership system gives outgrowers work, technology and guidance on how to manage their properties with quality and productivity. The Company ended the year with a total of nearly six thousand integrated outgrowers, thus dispersing economic activity among thousands of families.</p>
Environment	<p>No information available.</p>
Final Score	3.45

Company: Pfizer Inc.
Country: Salvador
Sector: Consumer Goods/Retail

Business Description:

Pfizer Inc is a research-based global healthcare company that discovers, develops, manufactures, and sells products primarily in pharmaceuticals (93% of 2006 revenues) animal health (5%) and other (2%). Pharmaceutical products include treatments for cardiovascular diseases, infectious diseases, central nervous system disorders, diabetes, erectile dysfunction, allergies, arthritis and other ailments. Animal health products include antiparasitic, anti-infective & anti-inflammatory medicines, and vaccines for livestock. Sales in 2006 were USD 48,371 million, of which 57% were generated in the US. The company's international operations accounted for 43% of total revenues in 2006, and the workforce totaled 98,000 people. In 2006 Pfizer sold its Consumer Products segment to Johnson & Johnson. The company's international operations accounted for 43% of total revenues in 2006, and the workforce totaled 98,000 people.

<p>Strategic Governance</p>	<p>While there is no direct information disclosed about Pfizer's Majority reach in El Salvador or Latin America at large, it is noted that the company has instigated, supported, and developed numerous programs that provide aid to those in need across emerging markets. Evidence includes the 'International Trachoma Initiative', the Diflucan Partnership, the Global Health Fellows, and the Southern HIV/AIDS Prevention Initiative in the US. Very few of the company's current products, however, are focused on diseases of the developing world (i.e. diseases likely to impact low-income communities).</p> <p>In 2006 Pfizer did improve its contribution to access to medicine for low-income communities through its collaboration with the Special Program for Research and Training in Tropical Diseases under the WHO providing access to its library of medicinal compounds. Of note, however, Pfizer is mostly involved in product donations and not in differential pricing. Additionally, in the area of access to medicine for the low-income, it should be noted that the pharmaceutical industry has been criticized for selling animal drugs at a price too high for farmers in poor countries to afford resulting in diminished herds and more impoverished living conditions for local communities.</p> <p>Central America's HIV prevalence (the proportion of the population who are living with HIV) is now estimated to be at least 1% in Belize, Guyana, Honduras and Suriname. However, in most countries HIV is not generalized but is highly concentrated in populations at particular risk. Despite a national prevalence below 1%, in South America, Brazil (by far the region's most populous country) accounts for around 40% of people living with HIV in Latin America. In some Brazilian cities, more than 60% of drug users are HIV positive.</p> <p>Understanding its prevalence in Latin America is critical to understanding the value of its introduction that Pfizer could bring if it developed R&D programs to address HIV/AIDS and neglected tropical diseases. In 2006 Pfizer entered into an agreement to acquire PowderMed Ltd., a company specializing in the emerging science of DNA-based vaccines for influenza and chronic viral diseases. PowderMed's vaccines are being developed in formulations that are stable at room temperature, potentially eliminating the need for cold storage of vaccines. The company's delivery device requires minimal medical training and may allow for self-administration. These features would be welcomed in developing countries.</p> <p>The company maintains a corporate code of conduct, however, it does not appear to directly address conduct with low-income populations.</p>
------------------------------------	--

Pfizer's standards of business conduct include the company's policies on business ethics, employment, conflict of interest, intellectual property and confidential information, international business practices and corporate citizenship. Pfizer has created a comprehensive network designed to support legal and ethical actions throughout the company. The system principally encompasses the corporate compliance officer, the corporate compliance committee, the corporate compliance group, and local compliance liaisons.

In 2004, 92% of employees were trained and certified in the code of conduct in the US. Of note, in 2005 Pfizer adopted a global policy on interactions with healthcare professionals including sales, marketing, medical and R&D operations. In addition, the company changed its Direct-To-Consumer advertising policy based on Pharma guidelines. The Corporate Governance Committee Charter requires directors to 'consider the perspectives of stakeholders in the company's decisions regarding current and emerging political, social and public policy issues'. However, there is no focus or incentive in place at the Board level to reach specific Majority-related issues. The company's lack of focus on affordable drugs in developing countries could lead to criticism and campaigns which might undermine the company's intellectual property (IP) systems in these markets.

Yet the company does not seem willing to grant licensing agreements to drug makers in developing countries, which counteracts its commitment to expanding treatments to those in need. In the area of malaria, Pfizer is researching a combination of Zithromax and existing malaria drugs Chloroquine, Artesunate and Quinine. Additionally, the company is currently studying different applications for Zithromax to treat rare diseases including typhoid, cholera and syphilis also common to low-income communities. Despite a weak pipeline relating to diseases prevalent in the developing world, Pfizer recognizes that it is still in a position to contribute to R&D activities and donates its expertise to research groups. Pfizer contributes to the development of the necessary infrastructure and technological knowledge to adequately conduct clinical trials in developing countries. It also donated data from the studies it conducted on malaria to the Gates Foundation.

Finally, in October 2006 the company announced collaboration with the Special Program for Research and Training in Tropical Diseases under the WHO that gives access to its library of medicinal compounds and also brings scientists from developing countries into Pfizer's laboratories for training in drug discovery techniques. This valuable practice will most likely enhance research on neglected diseases and in particular on Chagas disease, Dengue fever and Trypanosomiasis. While Pfizer is mostly involved in product donations and not in differential pricing, it is of note, that donations programs can make major contributions to eradicate diseases in developing countries. However, there are concerns that donations are ultimately unsustainable and hinder the development of viable markets. In addition, Pfizer's donations program and strong emphasis on philanthropy indicates that the company does not consider the business rationale behind the development of a direct low-income access to medicine strategy.

<p>Human Capital</p>	<p>Pfizer does not disclose whether it hires individuals from low-income individuals or is specifically focused on improving its human capital diversity. However, the company does encourage its employees to volunteer their time in the local communities it serves through the Pfizer Global Health Fellows program. Employees have the opportunity to volunteer for four to six months at non-profit health organizations. Because of this initiative, healthcare professionals and patients in developing countries receive education from professionals on how to deal with HIV/AIDS and how to prevent the risks of a pandemic. Since 2003, more than 100 employees have been selected to work with 23 NGOs in 29 countries.</p>
<p>Stakeholder Capital</p>	<p>Pfizer's foundation has worked for 50 years in partnership with community-based organizations to ensure access to quality healthcare for those individuals most in need. However, specific examples within Latin America have not been noted. The company does run philanthropic projects in various Latin American countries including Argentina, Venezuela, Brazil and Chile to enhance local farmers' technical skills and animal husbandry. One of the major components of Pfizer's policy in emerging countries is education, however, specific information on Pfizer's contribution to health care in Latin America is limited. The second-floor wing of Mulago Hospital in Kampala, Uganda, is the temporary home of the Infectious Diseases Institute (IDI), the centerpiece of a sponsorship effort by Pfizer and The Pfizer Foundation to train thousands of healthcare professionals to prevent and treat HIV/AIDS throughout the region. The IDI is the creation of the Academic Alliance for AIDS Care and Prevention in Africa, a partnership of Ugandan and North American infectious disease doctors, and is staffed by both local clinicians and experts from abroad. Since 2004, the IDI has trained more than 1,000 healthcare providers from 22 African countries.</p> <p>Through the Clinton Global Initiative (CGI), Pfizer will partner with governments, local and international organizations like UNICEF and the WHO, the President's Malaria Initiative (administered by USAID), and NGOs to help develop and strengthen programs for the effective treatment and management of malaria, a common health care challenge for the low-income communities of many regions of Central and South America. Through the five year malaria initiatives, the company will provide grants and Pfizer Global Health Fellow expertise to support programs that improve patients' understanding of appropriate treatment and patient care. Pfizer has a wide range of programs in place concentrating on areas of core expertise, health, education and science. Pfizer integrates Health and Safety issues into purchasing decisions, and health and safety experts conduct onsite reviews of the company's key suppliers. In the corporate literature there is no mention of programs to raise suppliers' awareness related to labor standards or human rights. Pfizer has a diversity policy for its supply chain. The company claims to work with minority and women-owned businesses. In support of this, the company spent USD700 million in 2004 for supplies and services in minority- and women-owned businesses.</p>

Environment	<p>Pfizer is working with local communities to implement conservation programs like the so-called Restoring a Local Habitat project in Cape Town, South Africa; however, no specific projects are noted in Latin America. In 2005 19% of Pfizer’s total energy use came from renewable sources of energy.</p> <p>Because pharmaceutical operations are resource intensive and produce a large amount of chemical and hazardous waste, the company may be responsible for contaminated land and water. Given that access to potable water is one of the greatest environmental challenges facing low-income communities in Latin America, it is note worthy that Pfizer could do more to improve its understanding of environmental management and local community impact. The company indicates that it is working to reduce its footprint by changing its manufacturing process and using green chemistry. In addition, it may boost research in this area and reduce the company’s exposure to environmental and local community liabilities. Pfizer is addressing the issue of pharmaceuticals in the environment by supporting research to properly assess the impact of chemical traces found in waterways on humans and the wildlife. The company also participates in pharmaceutical product take-back programs in several European countries. There is no evidence to suggest that the company is a signatory of the Convention on Biological Diversity (CBD), which states that the advantages gained from the use of natural resources must be distributed equitably through a joint venture with the country of origin.</p>
Final Score	2.32

Company: Procter & Gamble Co.

Country: El Salvador

Sector: Consumer Goods/Retail

Business Description: Established in 1837, P&G has grown into a global company that markets more than 300 products in over 180 countries around the world. P&G’s worldwide headquarters is located in Cincinnati, Ohio, U.S.A. The company has 115 operations in 80 countries and employs nearly 140,000 people. Leading brand names include Pampers, Tide, Ariel, Always, Whisper, Pantene, Bounty, Pringles, Folgers, Charmin, Downy, Lenor, Iams, Crest, Actonel, Olay and Clairol. During 2004, P&G expanded into the female beauty products arena acquiring Wella, and in January 2005 it announced a USD 57 billion buyout of rival Gillette. In FY2007, P&G had worldwide sales of USD 76.5 billion; regionally this breaks down to 46% in North America, 4% in North East Asia, 27% in Developing Geographies and 23% in Western Europe. Of the global business units, fabric and homecare products accounted for 24% of FY2007 net sales; baby care and family care 16%; beauty care 30%; pet health, snacks and coffee 6%; health care 12%; blades and razors 7%; and Duracell and Braun 5%.

Strategic Governance	<p>P&G is a leader in addressing key Majority issues through its business segment. P&G’s strategy in Latin America is to build leadership in fast growing developing markets such as the low-income segments of society. Procter & Gamble is directly involved in product development and brand creation that specifically targets the low-income Latin</p>
-----------------------------	---

	<p>America consumers. Its newest innovation is a simple, affordable, household-level water treatment, PUR Purifier of Water. The technology has tremendous potential, as it treats even heavily contaminated drinking water and assists those living in poverty without access to clean drinking water. The innovation is a significant business opportunity for P&G and demonstrates the company's inclusion of key low-income environmental challenges into its intellectual capital and business strategy. The technology has provided safe drinking in over 30 countries through P&G's Children's Safe Drinking Water program. A four-gram sachet of powdered PUR treats 10 liters of water effectively killing bacteria and viruses and removing parasites and solid materials. Five clinical studies show that use of PUR can reduce diarrhea illness in children under the age of five by an average of 50 percent. During the last four years, more than 860 million liters of safe drinking water have been provided which have helped avert more than 35 million days of diarrhea. At the 2007 Clinton Global Initiative, P&G announced a new goal of providing two billion liters of safe drinking water by 2012. Children's Safe Drinking Water has provided PUR Purifier of Water sachets in nearly every major natural disaster in the last few years, including the Southeast Asia tsunami, hurricanes in the Caribbean, floods in the Philippines and Bangladesh, and earthquakes in Pakistan and Indonesia. Most recently, PUR has been provided to victims of flooding in Ethiopia, Kenya and the Dominican Republic. Additionally, in April 2007, P&G introduced its new laundry detergent in smaller packaging, 2X. The new containers will use 43% less packaging and plastic materials, and are therefore cheaper to produce and more environmentally friendly. The detergent also requires 44% less water in a washing machine. As these containers are smaller and lighter, they can be shipped in smaller cardboard boxes and require less warehouse space.</p> <p>The consumer products business is driven significantly by three basic demographic factors: population growth, household formation and household income growth. These factors have driven developed-market growth for decades, and are now driving strong growth in many developing markets. China, for example, is now one of P&G's largest markets. The company has market development organizations in all regions, where it is engaging in local market strategy development, customer development, external relations development, and recruiting. In 2006, the company earned 27% of its revenues from emerging markets. In 2006, P&G had a number of policies governing issues specific to its low-income segment business such as environmental quality, climate change, forest resources, health & safety, HIV/AIDS and a number of human resource policies.</p>
<p>Human Capital</p>	<p>In South America all groups report to a manager within the Sustainable Development department focused on low-income initiatives. The company was the first in the sector to create a sustainable development department. The entire board is responsible for sustainability management and program implementation including reaching low-income markets.</p> <p>The company has leading diversity efforts with regional initiatives promoting diversity and has created partnerships with a number of multicultural community organizations. Efforts to improve diversity resulted in 39% of management being female in 2006.</p>

	<p>The company aims for fair remuneration and conducts benchmarking to ensure employees receive a competitive salary. Other benefits include healthcare, vacation and a number of work/life balance arrangements such as flextime and childcare. The company has been proactive in rolling out its 'Open Job Posting System' globally, and by 2003 the system was functioning throughout the world. The system gives employees a chance to match their skills and aspirations with available positions across P&G and provides management with access to a wider talent pool. The company has a major partnership with the World Health Organization (WHO) in which new recruits to P&G complete an internship with the WHO. These individuals are placed in key initiatives, such as the Stop Tuberculosis (TB) program in Africa, Roll Back Malaria in Egypt and Polio Eradication in Ethiopia.</p> <p>The experiences are expected to help employees develop expertise in areas such as research, marketing and management. P&G is also uniquely involved in programs to address HIV/AIDS awareness, training, benefits and assistance to its HIV/AIDS infected employees. Because the Majority of the world's and Latin America's population infected with HIV/AIDS come from the low-income segments of society, P&G's program expands the company's ability to maintain socio-economic diversity within its human capital. It also demonstrates that the company is keenly aware of one of the major health challenges that face the low-income segments of society.</p>
<p>Stakeholder Capital</p>	<p>P&G requires all employees in its Latin American offices to visit communities once a month for a week to understand low-income community needs. The company discovered that it was critical not only for the marketing staff to immerse themselves in the local communities, but also the R&D/engineers so that the teams could work together to create and market products specifically for low-income segment consumers.</p> <p>There is a very respectful relationship with its low-income clients. P&G has a set of publicly disclosed guidelines for vendor selection, which state that all suppliers are expected to follow its policies on child and forced labor, working conditions, environment, health and safety standards, workplace practices and data privacy. These expectations are discussed in supplier meetings and occasional site visits by P&G staff to ensure suppliers are meeting standards. The guidelines help the company identify suppliers that conduct business in a socially responsible manner. The company notes that it has been supporting minority suppliers since 1972 in the U.S and that this initiative is common practice within its Latin American operations. The program has grown in size over the years, and the supplier diversity program in the U.S. is currently staffed by six full-time employees, with the goal of improving business opportunities for women and minorities. This initiative demonstrates that P&G is committed to diversity and further demonstrates its commitment to low-income segments of society. While the company does integrate low-income needs into its core strategy, it is also notable that the company is involved in global philanthropic contributions. In 2006, the P&G fund and corporate contributions donated USD 150 million (0.1% of annual revenues), a significant improvement from USD 84.5 million in 2003 and USD 77.7 million in 2002. P&G supports local charities and encourages local volunteers to spend time contributing to such causes as Operation Smile</p>

	in Morocco (to provide free facial surgeries to children with facial abnormalities) and Disabled Children’s charities in Malaysia. P&G has more than 28,000 patents worldwide. Through the company’s global licensing group, P&G identifies non-strategic technologies and donates them to universities and research institutions, which can more fully develop their potential.
Environment	According to the company, it is critically focused on three primarily low-income linked issues: water, health, and hygiene. Its environmental protection measures are centered on water and resource use and on waste reduction and its social responsibility initiatives focus on health, hygiene and education. Although the company does not offer organic or natural products at this time, they are working towards eco products and products, as the company sees an opportunity to positively impact its business and local communities. At this time, such products include concentrated detergents (less packaging, lower water temperature), thinner diapers, and reduced packaging via refills. The company is addressing various cost saving and eco product initiatives. For example packaging for Pampers was recently changed to reduce packing weight by 90%, eliminating use of cardboard.
Final Score	3.24

Company: PROMIGAS, S.A. E.S.P
Country: Colombia
Sector: Infrastructure
Business Description: Promigas’s main activity is the transportation of natural gas in Colombia. Revenues in FY 2006 exceeded COP 410.2 billion.

Strategic Governance	Promigas does not serve low-income markets directly. Nevertheless, company subsidiaries have programs in place to support these markets. The company has gotten government subsidies and offers credits in order to allow people from low-income sectors to access natural gas services. For example, the company got EUR 1 million from the Dutch government and \$ 5 million from the World Bank. Once credits are paid, the company offers these people additional credits to buy home products. The company also provides credit to small businesses that are likely to use natural gas. The units responsible for identifying business opportunities at the BOP include a commercial vice-president and an investment vice-president. These units report to the CEO.
Human Capital	Promigas has a program focused on creating employment and strengthening local economies. The program is designed to support small entrepreneurs from low-income communities. Entrepreneurs are provided with training, assistance, and credits at low interest rates.

Stakeholder Capital	Promigas is constantly looking for partnership opportunities with governments in order to provide local communities with access to natural gas services. The company supports businesses that are based on the use of natural gas. The firm also works in cooperation with government entities in order to provide health services and improve the quality of education. Moreover, the company works in cooperation with the Colombian Institute of Family Welfare, responsible for protecting children's rights. The company manages 100 orphanages. Promigas relies on a foundation to support educational institutions, libraries, educational programs for teachers and families, and health initiatives. The foundation manages 100 orphanages. With respect to the supply chain, the company contracts people from local communities in order to conduct security and cleaning activities.
Environment	Promigas is aware of its environmental impacts and has taken a number of initiatives to reduce these impacts. The company's management systems are certified with ISO14001.
Final Score	2.87

Company: **PROMOTORA AMBIENTAL, S.A.B. DE C.V.**

Country: **Mexico**

Sector: **Infrastructure**

Business Description: Promotora Ambiental's activities include waste management, private and residential collection services, landfill operation, recycling and services to the oil industry. The company operates in 47 Mexican cities. As of 2006, the company employed 5,283 people. Revenues in FY 2006 exceeded \$198 million.

Strategic Governance	<p>Promotora Ambiental is committed to adapt its projects to Mexico's current circumstances and aims at promoting sustainable development. The company considers that BOP communities are a market niche that is not being served. Therefore, the company considers that there is strong potential in this market. The company's board of directors and executive management are committed to including initiatives to support the BOP and oversee all initiatives. The company has a department of social responsibility, which includes 40 local divisions. Each division has its own social responsibility committee.</p> <p>Promotora Ambiental notices that the collection of solid waste is not practiced in low-income communities for being economically unviable, and realizes that the accumulation of waste affects local economic sectors such as eco-tourism. In order to address these issues, the company developed a project aimed at offering collection services in low-income communities. The project involves offering waste collection services to households living in these communities for approximately a USD \$2 monthly charge. This project creates the possibility to add value through the collection of recyclable materials.</p>
Human Capital	Promotora Ambiental recognizes that there are talented people at the base of the pyramid. The company's operations imply hiring from low-income communities. Approximately 40% of employees belong to low-income sectors. There are some cases of employees from these sectors who started doing entry-level and basic jobs that now are in management positions.

	The company's waste collection project at low-income communities implies hiring or contracting personnel from these communities to collect the waste. This project creates the possibility to add value through the collection of recyclable materials.
Stakeholder Capital	Promotora Ambiental has a number of programs in place to engage with local stakeholders. The company's foundation, Fundacion Mundo Sustentable, has formed alliances with environmental NGOs, research institutions and community leaders. For example, in coordination with "Mundo Verde" NGO and industry chambers, the company offers sustainable education to community leaders. The company communicates with consumers through radio programs, and also has a department focused on supporting clients. The company is promoting a project to include "pepenadores" (informal waste collectors) in the recollection of recyclable materials such as PET. The idea is to provide these pepenadores the opportunity to be company suppliers. The company has already implemented initiatives to engage with these pepenadores. For example, in Tijuana, the company opened an educational center for the children of these pepenadores. The company also conducts environmental and social projects in coordination with municipalities.
Environment	Promotora Ambiental offers waste management services. The company adheres to the Letter of the Earth and conducts a number of environmental projects. For example, in the states of Tabasco, Michoacan, Nuevo Leon and Mexico, the company offers courses on environmental education, recycling and the adequate use of products to avoid improper disposal. In Coahuila state, the company conducts environmental campaigns and reforestation projects.
Final Score	4.02

Company: Republic Bank Limited
Country: Trinidad & Tobago
Sector: Finance
Business Description: One of the major commercial banks in the Caribbean. Offering a full range of financial services. Headquartered in Port of Spain, Trinidad. Republic Bank is the leading bank in Trinidad and Tobago and one of the largest in the Eastern Caribbean. It has branches in Grenada, Guyana, Barbados, the Dominican Republic and offshore banking operations incorporated in the Cayman Islands. Formerly a division of Barclays Bank in Trinidad and Tobago. On April 1, 1972 it became Barclays Bank International Limited. In the 1970s, with pressure for local control of the banking industry, Barclays Bank began a process of divestment of shares, resulting in the formation of Barclays Bank of Trinidad and Tobago Limited. By 1977 Majority shareholding was in the company was in national hands. This prompted another name change, to Republic Bank Limited on April 1, 1981. Republic Bank offers a full range of financial services.

Strategic Governance	While Republic Bank is not currently involved with services like microfinance that would impact the low-income segments of Trinidad's society, it does support small and medium-sized businesses. However, the company notes that it is the first bank examining the possibility of integrating a microfinance branch to its services. The general manager indicates that while they would like to be focused on the Majority both for
-----------------------------	--

	<p>business and society reasons, he admits that additionally, entering the microfinance field, would help for the future as to how the bank positions themselves as a bank. The firm indicates that even if less than 1% of profits for the year are tied to microfinance it would like to become involved. The company is looking at how it gives back to the community. Currently 1.5 million are put toward various charities, but the firm is interested in giving back in a more financially sustainable manner and is currently in the initial research stages with the IDB to see whether it could be a good investment to introduce microfinance services. While the general manager believes that there is a market as he sees micro-business owners in the urban and rural settings, who currently receive loans from loan sharks, the bank is undertaking a formal study to understand exactly what the low-income market is, what its financial needs are, and how those can be served. The company is investigating how to form a separate division or perhaps a separate company. The firm is looking into how much equity it would need, what products it would create. Currently, the bank does not offer any insurance products. The bank sees that in order to reach this market it would need to offer more investment-type products.</p> <p>The firm also needs to establish an avenue through which to package things in such a way based on a new product line. For example, currently the firm does not offer an insurance product to face the hurricane challenges that annually hit the region and, certainly, the low-income segments of its society, but in the future, it sees that type of product as a possibility. One of their major shareholders is an insurance firm, therefore the bank envisions gaining some key insights from that firm.</p> <p>The bank directly indicates, however, that while it has this vision, it is not an area it understands and would, therefore, need to hire an individual who not only understands microfinance quite well, but also understands the Caribbean market and wants to create a pan-Caribbean microfinance firm from the scratch, as none exists. This individual would help train its current staff to understand Majority issues and to encompass the management of low-income related initiatives. The problem, at this time, is that the bank sees themselves as an advisory and financier and realizes it needs to find someone who wants to run business.</p>
Human Capital	<p>The company hires individuals from the local community, but the company is not strategically hiring low-income individuals to increase staff diversity.</p>
Stakeholder Capital	<p>The company maintains a very respectful relationship with its customers. The company representatives go out and meet people. Additionally, the company offers training to its smaller business (businesses that have been audited, therefore, likely businesses not of low-income individuals) clients to ensure that they utilize the loans effectively. However, the company has not yet reached the lowest-income segment of society/the micro-businesses, so it does not have relationships with those individuals. The bank is known in the community, however, as it has been in existence for 70 years. The company does have a positive relationship with the local university to help train its small business clients. The company engages small business clients- but not microentrepreneurs in its value chain.</p>

Environment	The company is aware that products could be linked to environmental impacts, but at this time has not created any products (i.e. insurance for hurricanes) to respond to this need.
Final Score	2.17

Company: **SADIA OESTE SA**

Country: **Brazil**

Sector: **Consumer Goods/Retail**

Business Description: Sadia is one of Brazil's largest pork and poultry processors (chicken and turkey), it added beef processing in 2005. Sadia supplies about 100 domestic and export markets. Sadia is also one of Brazil's leading makers of convenience frozen foods (such as hamburger patties, pizzas, and ready-to-eat meals) and processed foods (frankfurters and sausages). The company operates 13 production plants in Brazil.

Strategic Governance	<p>Sadia is well aware of the BoP principles and while it does not have any products aiming at this market, it has started to work with specialized agricultural organizations on projects to improve their product (pork) as well as bring actual social and environmental benefits to the communities in the producing area. In January 2007, after six months of negotiations, a Technical and Financial Cooperation Agreement was signed by Sadia with AVINA, the Permaculture and Ecovillage Institute of the Cerrado, the Permaculture Institute of the Amazon, APEL Consulting, and the AMANCO Brazil. Sadia recognizes the need to address the BoP. For the time being, through its sustainability institute, the company is focusing on projects to help promote the farms and communities from where it sources its pigs. The main example is the Irno Preto Farm, which has 400 sows to produce on average 9,000 weaned piglets yearly for SADIA. It has 2 digesters of 50m³ each to treat all the wastes, with settling tanks, oxidation basins, fish ponds, and crops. It is self-sufficient in energy and fertilizer, but receives the feeds from SADIA. The farm now does not use any artificial feed and has reduced the number of work hours needed to run it, allowing the family to have other income opportunities. The BoP initiatives are primarily aimed at rural areas and farms that have been SADIA suppliers. Sadia has a code of Ethics and social sustainability commitment. More importantly, Sadia has a sustainability institute to investigate social and environmental improvements it can apply to its business. Sadia has worked extensively with independent farmers to improve their productivity and environmental efficiency. Sadia recognizes that BoP is not about cheaper products; its current approach is based on BoP as a way to improve the quality of their product and the efficiency of their operations, while also benefiting the suppliers - particularly from the environmental perspective.</p>
-----------------------------	--

Human Capital	The Sadia Sustainability Institute is a public interest civil society organization (OSCIP), founded in December 2004 for the purpose of contributing to promote the sustainable development of society. The Institute accomplishes its goal through strategic planning, co-implementation and internal and external management of two of its main programs: Private Social Investment and the 3S Program 3S – Sadia Sustainable Swine Breeding Program
Stakeholder Capital	Sadia does not yet have a BoP approach to customers - it has one for its suppliers for the time being. Sadia works with various institutes (at local and wider even international level) - including its own sustainability institute - to develop approaches aimed at the BoP. Sadia engages local entrepreneurs; this is the focus of the approach in rural areas.
Environment	No information available.
Final Score	3.53

Company:

Techint

Country:

Chile

Sector:

Homebuilding

Business Description:

The Techint Group (Techint) is a group of companies participating in diverse industry sectors. These companies are Tenaris, a supplier of tubular products and services; Ternium, a Latin American supplier of steel products and steel mills, with facilities located in Argentina, Venezuela and Mexico; Techint E&C, involved in the and construction of pipelines, petrochemical plants, oil and gas facilities, power plants, transmission lines, mining complexes, and other projects, and with operations in Italy, Argentina, Mexico, other Latin American countries, the Middle East and Africa; Tenova, a supplier of direct reduction plants, melt shops and secondary steel making for industrial operations; Tecpetrol, involved in gas exploration and production, and natural gas transportation and distribution in Latin America; and Humanitas, which manages health care institutions in Italy. The group employs 69,600 people. Revenues in FY ended on June 30, 2007 accounted for USD 19.8 billion.

Strategic Governance	Techint E&C's overall strategy reflects commitment to low-income sectors. The company supports communities so that they develop their own potential. Ternium Venezuela includes a program that allows low-income families to acquire gas cylinders at low prices. Nevertheless, there is no evidence that the group's strategy is aimed at taking advantage of opportunities in low-income markets.
Human Capital	Tenaris claims to promote employment in the communities of operation; nevertheless, there is no evidence that the company includes formal programs to recruit people from low-income communities. Tecpetrol includes a program with the objective to improve work skills; nevertheless, there is no evidence that indicates that the company hires those people that receive training.

<p>Stakeholder Capital</p>	<p>Techint E&C aims at establishing collaborative relationships in order to improve the quality of life of those populations living close to the areas where projects are developed. The company maintains constant dialogue with the communities of operation.</p> <p>Tenaris works with local institutions to identify priorities. The company aims to maintain transparent relationships with stakeholders and working with local authorities and non-governmental organizations to promote education. The company works with Mexican and Brazilian cultural institutions to promote local exchanges at local communities of operation. Programs to support these communities include alphabetization, training on construction specialties, and improvement of hospitals and school infrastructure.</p> <p>Ternium has developed strong relationships with Mexican communities. The company supports fire departments, the red cross and other organizations focused on supporting low-income communities.</p> <p>Tecpetrol also has programs to support low-income communities. Areas of support include nutrition, education, health, culture, and skills improvement. With respect to the supply chain, there is not evidence that the group has programs to engage local entrepreneurs in the supply chain. Nevertheless, the company understand that sustainable performance must be transferred to subcontractors and suppliers involved in the company's projects.</p>
<p>Environment</p>	<p>Techint is aware of its environmental impacts. The company includes an environmental management system that complies with ISO 14001 standards. The system is aimed at detecting, evaluating, mitigating and controlling environmental impacts through the training and commitment of employees.</p> <p>Ternium implements initiatives aimed at reducing CO2 emissions, improving energy efficiency, and recycling steel. The company is also evaluating energy projects based on the clean development mechanism. Tecpetrol has environmental programs on water management, oil spills prevention, erosion control, environmental education and restoration.</p>
<p>Final Score</p>	<p>2.64</p>

Company: TELECOM ARGENTINA.'B'

Country: Argentina

Sector: Telecom & IT

Business Description: Telecom Argentina SA's principal activities include the provision of fixed-line public telecommunication services and fixed telephone services, international long-distance service, data transmission, Internet services, and directories publishing services in Argentina. The company also provides wireless telecommunication services in Argentina and Paraguay.

Strategic Governance	Telecom Argentina offers prepaid wireless telecommunication services to low-income sectors. The company also offers fixed telecommunication services to these sectors; nevertheless, these services are subsidized by the government. Regulations oblige the company to provide these services. The company does not classify and segment clients on an income basis and its organizational structure does not include a unit responsible for addressing opportunities in low-income markets.
Human Capital	In cooperation with technical schools, the firm has a program focused on supporting top students. The company helps these students to enter the labor force. In some cases, the company hires these students.
Stakeholder Capital	Telecom Argentina understands the benefits of stakeholder engagement and has implemented a few initiatives in this respect. The company is part of a telecommunication industry chamber. As part of this chamber, the firm collaborates with the parliament in order to develop regulations related to battery disposal. Telecom Argentina also includes a program to respond quickly to customer concerns and has taken some initiatives to support low-income sectors of the population. For instance, the firm includes a program focused on training teachers on the use of informatics tools.
Environment	Telecom Argentina is aware of the potential impacts of radiation and battery disposal. The company follows the standards required by the World Health Organization and measures radiation levels to demonstrate that these are below required levels. Moreover, the company implements measures to assure the adequate disposal of batteries. The company is currently working with the parliament to develop a regulation related to battery disposal.
Final Score	2.34

Company: The Coca Cola Company

Country: El Salvador

Sector: Consumer Goods/Retail

Business Description: The Coca-Cola Company (TCCC) is the largest manufacturer, distributor and marketer of nonalcoholic beverage concentrates and syrups in the world. Products include carbonated soft drinks, noncarbonated beverages (juices, sport drinks, teas), and water that are sold in more than 200 countries. The company sells its beverages, concentrates and syrups to bottling and canning operations, distributors, fountain wholesalers and retailers. TCCC also has ownership interests in numerous bottling and canning operations. During 2005, sales were split among the five geographic strategic business units: 5.5% (an increase of .5% from the prior year) Africa; 24.9% Asia (an increase of almost 4% from the prior year); 29.4% Europe Eurasia & Middle East (a decrease of 0.6%); 10.9% Latin America (a 0.9% increase from the prior year); and 28.9% in North America (a decrease of about 1% from the prior year). Net revenues for 2005 were USD 21,962 million, with approximately 70% coming from outside the US, and employees numbering 55,000 people worldwide (compared with 50,000 at the end of 2004 – the increase primarily due to an increase in bottling operations activity in Brazil) (10,400 employees are

in the US). TCCC has three types of relationships with its bottling partners ranging from no ownership interest (25%), a non-controlling ownership interest (58%), and a controlling ownership interest (7%).

<p>Strategic Governance</p>	<p>TCCC's products reach the low-income segments of El Salvador and other local Latin America regions. TCCC, El Salvador does take into consideration the social-economic reality in El Salvador. The prices need to be in line with the income conditions of the consumers. However, it is critical to note that setting those prices is different than pricing the products to a specific socio-economic group.</p> <p>The company does produce returnable glass bottles, which can be bought at a lower price, creating greater accessibility to the low-income community. The low-income segment also benefits from the operations from the company. TCCC is the largest sugar consumer in the country and sugar growers are mostly individuals from the low-income segments of society. Overall, TCCC, El Salvador is operating within the TCCC global policy, which maintains 10 priorities. The top three reflect how the company has integrated the needs of the low-income population into its core business strategy:</p> <ol style="list-style-type: none"> 1) To bring benefits to the communities that the company serves and the communities located in close proximity to TCCC's operations. 2) Environment - In particular, TCCC is focused on its management of water, as water is the base of its product and one of the world's scarcest resources. 3) Education <p>Furthermore, the Majority of its secondary clients are low-income individuals.</p> <p>The company indicates that a person within the corporate affairs department takes care of all of the community projects. The Corporate Social Investment Officer takes care of getting together with the community and prioritizes projects to community and national coverage. The company indicates that its community reach is structured by channels through what they call 'consumption occasions (on premise- means consuming the beverage in a restaurant and off-premise means consuming it at home)'. Coca Cola primarily serves consumers who consume 'off-premises'. TCCC reaches stores located in economy level A (upper class) to 'mom and pop' stores located in D and E that primarily serve low-income consumers. The average "drop" size is very low - 3 to 4 cases on average - make up 10% of customers, who generate 85% of sales. The company notes that it services even small purchases even if it is expensive. 90% of its customers represent 15% of sales. TCCC has been serving the area for 70 years.</p>
<p>Human Capital</p>	<p>TCCC hires low-income individuals who work for the distribution trucks within its Latin American operations. Most of the sellers are from low-income areas. As a policy the minimum salary in Latin America is by far higher than the legal requirement. All employees are provided with additional benefits. TCCC generates direct employment to 3,000 local individuals, one of the main direct employers.</p>
<p>Stakeholder Capital</p>	<p>The company maintains a strong relationship in the local community as it has been in existence for 70 years. TCCC works with other institutions to implement community projects, notably, governmental authorities, and NGOs. The company engages with local distributors. Its primary client is the local distributor, not the large restaurants or supermarkets.</p>

Environment	Through TCCC's Green Brigades program, the company provides education to schools in order to teach children to respect environment. The company focuses on communicating specific environmental messages to students in its local communities, i.e. about recycling. In this way, the company is reaching many of its low-income indirect consumers. Over the last five years, TCCC has reached more than 80,000 children, who share the information with their families. Therefore, through the programs targeted at children, the company believes it is reaching a significant portion of its local community homes about key environmental issues. Additionally, in some of its operating areas the company is providing rainwater harvesting systems to the schools.
Final Score	3.23

Company: TIM Part SA
Country: Brazil
Sector: Telecom & IT
Business Description: TIM Participações SA's main activity is the provision of wireless telecommunication services in Brazil and is the largest global system for mobile communications operator in Brazil. The company employs 9,854 people. Revenues in FY 2006 exceeded R\$ 9.97 billion.

Strategic Governance	TIM Participacoes considers that there is potential in low-income markets and offers prepaid wireless telecommunication services. As part of its organizational structure, the company has a Direction of Finance, Management and Sustainability and a sustainability management committee. The company also includes a unit responsible for community engagement.
Human Capital	TIM Participacoes hires youngsters from low-income sectors of the population. The company assigns these youngsters to clerk positions and call centers. In order to sensitize employees, the company relies on an internal communication program aimed at creating a culture of sustainability.
Stakeholder Capital	TIM Participacoes is aware of the benefits of having positive relations with stakeholders. In coordination with NGOs, the company launched a program focused on providing cellular phones to small businesses from low-income communities and training them on the use of computers. The company also has a program to develop poor communities through the use of music and works with local governments in order to implement this program.
Environment	The company is aware of its environmental impacts and takes measures in order to reduce the level of radiation of antennas. The installation of antennas is always discussed with environmental authorities.
Final Score	3.14

Company: **Tractebel Energia SA**

Country: **Brazil**

Sector: **Infrastructure**

Business Description: Tractebel Energia SA's principal activities include the generation, transmission, and distribution of electricity. The Group operates in the southern region of Brazil. Eleven of the thirteen plants are wholly owned by the company. The other two are operated as a consortium with other companies. In 2006, the group acquired Delta Energetica SA. The firm employs 905 people. Operating revenues in FY 2006 exceeded R\$ 2,632 million.

Strategic Governance	Tractebel produces and sells electricity to industrial companies. Although the company does not have products and services directly targeted at low-income sectors of the population, it has a framework for corporate social responsibility initiatives. Every subsidiary undertakes projects in line with this framework.
Human Capital	Tractebel has a program focused on hiring young people from low-income communities. In order to sensitize employees, the company provides company executives with training on CSR-related issues.
Stakeholder Capital	Tractebel is aware of the business benefits of having positive relationships with stakeholders. The company engages with local governments and communities during a project. All activities involved in a project are explained to local communities as a way to ensure licenses to operate. Initiatives to support communities of operation include building schools and supporting poor people through literacy initiatives. The company also includes a program to support students. Moreover, the firm works together with universities on research and development programs focused on hydro energy. Tractebel selects suppliers under the consideration of ethical and social variables. Nevertheless, the company does not have a formal program aimed at involving local entrepreneurs in the value chain.
Environment	Tractebel is aware of its environmental impacts. Most of the electricity generated by the company comes from hydro power. Therefore, CO2 emissions are very low. The company is currently developing a biomass plant.
Final Score	2.78

Company: **UNIBANCO (Unibanco-Uniao de Bancos Brasileiros S.A.)**

Country: **Brazil**

Sector: **Finance**

Business Description: Unibanco is the third-largest Brazilian private bank and offers retail, wholesale, insurance, pensions and wealth Management. The retail division serves individuals and companies, and operates in the consumer finance segment and credit card segment. The wholesale division serves companies with annual sales greater than R \$150 million and institutional investors. The insurance group, Unibanco AIG Insurance and Pensions, offers life insurance to individuals and companies, auto insurance, pension and retirement plans and related products and services.

Strategic Governance	<p>Unibanco is the third largest bank in Brazil, with 17 million clients, and operations throughout the country. Brazil is ideal for microfinance and Unibanco has been one of the first major banks in Latin America to develop this product. In 2003 its Fininvest division introduced microcredit. Unibanco has worked with the IFC to develop further products and it is reaching out in large urban areas - where BoP market is very large, offering special savings accounts tied to small credit lines called 'conta salario residencia' giving access to a series of other financial products. These accounts are open to the lowest income earners and are based on those of higher income ones. This is important as less than a third of Brazilians have checking or savings accounts; and the country has a well developed financial market in retail banking. While the vast Majority of microcredit in Brazil is offered through NGOs, Unibanco is the main Brazilian private bank offering microcredit services: Unibanco, has worked with the IFC to offer microcredit in poor communities in Rio de Janeiro, Sao Paulo and Porto Alegre.</p> <p>Unibanco's growth does not rely on BoP, but it is an important source of future growth, given the extent of the market. It is important to offer services to this large segment. Unibanco is meeting growing demand for credit by small entrepreneurs that do not have formal proof of income, a group that has grown considerably in recent years as the informal economy continues to thrive at the expense of formal employment. The number of microenterprises is growing, and while traditional banking products fail to address their needs, Unibanco's microfinance programs have started to offer credit to this group. The targets are very large considering the number of people in Brazil that are still left out of the banking system, the BoP market is sure to grow. Unibanco uses non-traditional methods of modeling and credit scoring, relying on the opinion of the individual loan officer, who inspects the microenterprise in question to help determine the viability of the business and actual risk of default. Unibanco has proven its commitment to the communities in which it operates through charitable contributions, corporate support and employee volunteerism.</p> <p>At the community level, Unibanco works through two institutions, the Unibanco Institute and the Moreira Salles Institute. The Unibanco Institute was founded in 1982 with the aim to coordinate Unibanco's social activities focusing on education, backing projects directed to disenfranchised youngsters, initiatives to improve teaching methods, and environmental programs. The company sees its BoP strategy (microcredit) as important (if not essential for future growth); the goal is to fully integrate its microfinance activities. The main benefit of Unibanco's microcredit approach is that small entrepreneurs without formal business plans and models can still get the attention they need and finance. Accordingly, a small 'entrepreneur' can express his needs directly to the loan officer (and the company) in a way that did not exist before. The growing popularity of microenterprise, as a poverty alleviation mechanism, makes this all the more necessary from the perspective of social responsibility.</p> <p>Unibanco has gained insights into the needs (and habits) of microenterprise customers and given its increasingly dominant position as the main Brazilian bank for microcredit products; it has an important advantage over others. Unibanco has been able to provide over 4,700 entrepreneurs with financing that helps them grow their businesses. Furthermore, some business projects are supported where the goal is to simply break even and contribute to the improvement of the welfare of neighboring communities and the preservation of the local environment. Unibanco is learning how to measure its micro-lending performance with experience; the type of microcredit client it targets</p>
-----------------------------	--

	makes for difficult statistical modeling because of the difficulty in understanding the purposes of the loan after the disbursement and because most clients have no formal income or proof of such. Unibanco's system relies on the human relationship between the loan officer and the entrepreneur.
Human Capital	Unibanco works with foundations to improve education levels. Unibanco and other Brazilian banks have also been urged by the government to serve poor people and rural areas. This suggests that more low-income communities are being sourced to staff Unibanco's branches.
Stakeholder Capital	Unibanco considers the BoP as a valuable market for growth and its approach based on minor formalities and respect for the microentrepreneur suggests that the BoP is more a partner than an object. There is no doubt, given the growing importance of microfinance within Unibanco, that the BoP is for the time being a source of insights. Unibanco is testing the market in order to develop solutions that will enable it to expand the range and scope of services to this segment. Demonstrating Unibanco's commitment to responsible products, the bank is working with the Federation of Latin American Banks, the Women's World Banking Association and various other leading banking associations from Brazil, Colombia, Mexico, Peru and Venezuela to develop guidelines for responsible and profitable banking practices for commercial banks. Another 'responsible' product is the bank's credit card program, where certain cards offered by Unibanco donate their annual fees and/or a percentage of their charges to NGOs and institutes such as Greenpeace, Aqualung, and the Fundacao Unibanco is targeting local entrepreneurs and focuses on the relationship that develops between the loan officer and the borrower.
Environment	Unibanco was the first emerging market firm to sign the Equator Principles, a set of guidelines established to aid financial institutions to manage environmental and social risks in project financing. Through the application of these principles, Unibanco is able to decrease its environmental and social risks related to its lending activities.
Final Score	4.68

Company:

Unilever

Country:

Mexico

Sector:

Consumer Goods/Retail

Business Description:

Unilever's principal activities are carried out through two categories: Foods, and Home and Personal Care. Under the Foods division it includes savory and dressings, ice cream and frozen foods, spreads and cooking products, and beverage segments. Products included in this division are soups, bouillons, sauces, snacks, mayonnaise, salad dressings, olive oil, margarines, spreads, liquid margarines, tea, ice cream and frozen foods. Brands under this division are Knorr, Lipton, Slim-Fast, Becel, Flora, Bertolli, Blue Band, Dorigana, Country Crock and Rama. Through its Home Care and Personal Care operations it provides products relating to skin and hair care and home care products. Products included in this division are deodorants, anti-perspirants, oral care, laundry powders and liquids,

and a range of cleaning products. Brands under this division are Axe, Dove, Lifebuoy, Ponds, Rexona, Signal, Sunsilk, Vaseline, Cif, Comfort, Omo, Radiant and Surf. In 2005 the firm had 337 manufacturing sites and about 206,000 employees across its global operations. The group's products have achieved significant growth in the emerging markets of Africa, Asia, Middle East, and Latin America. The company's turnover for 2005 was €39,672 million. Sales are split geographically as follows: Europe 41%, the Americas 33%, and Asia and Africa 26%. Product segments are divided into Foods 56%, and home and personal care 44%. In February 2006 Unilever announced plans to sell its European frozen foods business. The sale was completed on 3 November 2006. Unilever sold its Unilever Cosmetics International unit to Coty for about \$800 million in May, 2005.

<p>Strategic Governance</p>	<p>Unilever, an international manufacturer of leading brands in foods, home care, and personal care recognizes the low-income market of Mexico, in particular, by lower its prices while maintaining its high quality within its 'Foods' division. The company works to try to create specific products that meet the low-income needs, while meeting the company's bottom line. Because the company's core strategy has fully integrated a low-income-oriented strategy, Unilever no longer maintains a management position focused solely on targeting/reaching the low-income market. The company's low-income strategy is now integrated across the organization. All staff are trained on understanding that the BoP market is a different market than the middle or upper class consumers and the company gains a competitive advantage by employing that understanding through its product creation. Because Unilever has been serving the Mexican area for a number of decades and it is directly focused on the socio-economic make-up of its clients.</p> <p>Unilever is also involved in a partnership with Wal-Mart: through which they develop sustainability and vitality-related programs that drive "CSR in areas like Health & Wellness as well as Business Sustainability around the world."</p>
<p>Human Capital</p>	<p>The Majority of the staff comes from the local areas that Unilever serves. Many are from low-income areas, but the percentage has not been released.</p> <p>Beyond commitments that direct first-tier suppliers be required to comply with Unilever's Business Partner Code, the company has not published data that allow stakeholders to assess suppliers' social performance. Unilever did not meet the original target due to the firm's ongoing restructuring. By the end of 2005, the company had contacted approximately 80% of these suppliers requesting that they acknowledge the principles of the Code and provide positive assurance, namely evidence of relevant policies and operating standards used in manufacturing operations supplying Unilever. Currently, 70% of those suppliers contacted have replied. Until more transparent supplier audits are disclosed stakeholders may not be convinced that Unilever's efforts to require suppliers to comply with its Business Partner Code are proving fruitful.</p> <p>Of note, ongoing staff reductions and streamlining continue to be ongoing at Unilever. Employee numbers have been reduced by 25% since 2001. During 2005 the number of people employed by Unilever fell by 17,000, a 7.6% reduction over the past year, as a result of internal restructuring and</p>

	business divestment. The company's restructuring involves outsourcing of transactional, admin, and support functions (such as HR and IT) to third-party companies, some of which are in emerging markets. The company claims it is making every effort to treat those affected fairly, with the offer of help to find alternative employment if redundancy is necessary. This reduction is so large that it could have repercussions on employee morale.
Stakeholder Capital	The company maintains a strong relationship in the local community. In particular, of note, the company is in partnership with Wal-Mart. One of the focus areas within this partnership is Build Sustainability & Focus on Vitality Themes. The company develops programs that drive corporate social responsibility in areas like Health & Wellness as well as Business Sustainability around the world. The company maintains respectful relationships with its clientele. The company does not see them as 'objects' to sell. The company is engaged with local NGOs and community groups.
Environment	Unilever's focus on reformulating its current food products is critical to meeting its low-income consumer needs; however, the strategy has neglected the development or acquisition of new products that are more sustainable (such as organics). The company works to create recyclable foods and packaging. Additionally, Unilever's eco-innovation strategy has led to the reformulation and creation of new products with reduced environmental footprints. An example is its laundry powder, Surf Excel, launched in India, which claims to save two buckets of water per wash. In 2005, sales grew by 50% in the water-stressed states in southern India.
Final Score	4.07

Company: Wal Mart (WAL - MART DE MEXICO, S.A.B. DE C.V)

Country: Mexico

Sector: Consumer Goods/Retail

Business Description: Wal-Mart de Mexico S.A. (Walmex) – The Mexico-based retail chain operator is an indirect subsidiary of Wal-Mart Stores, Inc., holding a 62% stake in Walmex. The company has a presence in 103 cities across Mexico, operating 783 commercial units in total. Those are comprised of Sam's Club, a wholesale members warehouse chain of 69 stores; Bodega Aurrera, a chain of 203 discount stores; Wal-Mart Supercenter, a chain of 105 hypermarkets; and Superama, a chain of 55 supermarkets. The company also operates a chain of restaurants including Vips, El Porton and Ragazzi, and totals 298 units. At fiscal year-end 2005 total sales were MXN 167,979.6 million (USD 15,455 million, 2004 USD 13,599 million). The company is the largest private employer in Mexico, employing 99,881 members of staff.

Strategic Governance	Wal-Mex primarily serves individuals within three socio-economic levels: 1- Individuals making between US \$1,047 to 3,036 per year (15% of Mexico's population); 2- Individuals making between US \$628 to \$904 (29% of Mexico's population), and 3 - Individuals making between US \$0 to \$523 (43% of Mexico's population). Given that the largest percentage of Wal-Mex's clients come from segments 1 and 2, it can be concluded that Wal-Mex's strategy does include targeting low-income individuals, who, within
-----------------------------	--

	Mexico's society, would, in particular, fall within categories 2 and 3. Additionally, the company strives to set prices that meet low-income customer needs.
Human Capital	The company does not note specifically whether it is hiring individuals from low-income segments of the population, but does note that it has implemented good human resources policies, offering employee training and career development opportunities to all employees. The company also supports continued education for its staff by paying for employees to complete high school degrees and Wal-mex has negotiated lower tuition fees for its employees with local universities. The result of these policies and Wal-mex's reasonable wages has decreased staff turnover by 40% over the last year. As a result, the company is limiting its operational and training costs, aiding business sustainability.
Stakeholder Capital	Wal-mex has identified its stakeholders and has implemented policies to meet the expectations of non-governmental organizations, local communities, government agencies, and customers. While Wal-mex is constantly affected by local communities protesting the construction of new stores, the company's stakeholder policies are likely to facilitate reasonable communication. In addition, the company has shown a good level of self-awareness, understanding the root of many criticisms. As such, Wal-mex works to ensure transparency by making company information available to activist groups, non-governmental organizations and customers. The company is working to improve its relation to local customers. Wal-mex works with suppliers, helping vendors to improve production plants and overall management. In addition, the company's support of local suppliers and small and medium-sized businesses promotes local economic development. These practices will support longer-term relations with suppliers. However, the company does not disclose a supplier code of conduct or details of its auditing and monitoring procedures.
Environment	Wal-Max is aware of environmental impact of products. Wal-Mart, the parent company, has undertaken particular initiatives to improve the environmental management of its products.
Final Score	2.97