

INCORPORATING CORPORATE SOCIAL RESPONSIBILITY IN THE INFRASTRUCTURE SECTOR

IMPLEMENTATION GUIDE



THIS GUIDE HAS BEEN DEVELOPED THANKS TO:



THE EMERGING MARKET MULTINATIONALS (EMM) NETWORK FOR SUSTAINABILITY

This guide has been prepared for the Emerging Market Multinationals (EMM) Network for Sustainability. The EMM Network consists of more than 100 level C¹ sustainability managers and directors of multinational companies from more than 10 emerging markets, which are committed to the development, implementation and dissemination of solutions as part of the sustainable business model of their companies. Most members come from Brazil, Chile, China, Mexico and other emerging markets of South and Southeast Asia. The main mission of the Network is to convert challenges of environmental and social sustainability, into successful business solutions that benefit companies, their customers and the environment.



DEUTSCHE GESELLSCHAFT FÜR INTERNATIONALE ZUSAMMENARBEIT (GIZ) GMBH

The secretariat of the EMM Network is hosted by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). Furthermore, the EMM Network cooperates with selected partners to combine cutting-edge research and solutions on sustainability standards, policy and business solutions with the needs of the members of the network.



EMPRESAS ICA, S.A.B DE C.V.

One of the members and partners of the EMM Network in Mexico is ICA, a leading construction and infrastructure development company in Latin America. ICA is a company with decades of experience serving the Mexican construction industry. During its time, the Company has earned the trust of its customers by providing them with innovative and comprehensive solutions to meet their infrastructure needs. The projects that ICA has undertaken have been critical to both, the performance of the economies where it operates and to improve the quality of life of people. Some projects undertaken by the company include: subway systems, highways, bridges, airports, hydroelectric projects, combined cycle power plants, offshore oil rigs, hospitals, hotels and resorts, aqueducts and deep drainage projects, refineries, natural gas processing plants, mining facilities, universities, convention centers, sports stadiums and residential developments. In addition to Mexico, ICA has a presence in the United States, Costa Rica, Panamá, Perú, Colombia, Chile, Portugal, Spain and Morocco.

ABOUT THIS GUIDE...

Over the past years, ICA has developed and incorporated a successful corporate social responsibility (CSR) strategy into its core business. Therefore, in the context of the relationship between the EMM Network and its members, the following guide uses best international practices and the experience of ICA to convey essential guidelines on how to incorporate the aforementioned strategy in the infrastructure sector.

THE GUIDE CONSISTS OF THE FOLLOWING SECTIONS:

1. Corporate Social Responsibility and Management of the Social Environment in the infrastructure sector, what does it imply, importance and impact.

2. Steps to Build a successful Corporate Social Responsibility Strategy:

STEP 1. Design a comprehensive sustainability strategy

STEP 2. Identify the company's stakeholders

STEP 3. Promote the professional development of human capital

STEP 4. Understand the personnel's needs

STEP 5. Manage the social environment during the life of the project

STEP 6. Environmental optimization of the company's operations

STEP 7. Report your company's social responsibility actions

3. Self-Assessment: Is your company socially responsible?

4. Additional Resources

At the end you will find a section containing supplementary information, with key sources to implement a strong corporate social responsibility strategy. However, readers are encouraged to communicate directly with relevant specialized agencies, industry associations and other experts to get the latest information on these and other initiatives.

1. CORPORATE SOCIAL RESPONSIBILITY AND MANAGEMENT OF THE SOCIAL ENVIRONMENT IN THE INFRASTRUCTURE SECTOR, WHAT DOES IT IMPLY, IMPORTANCE AND IMPACT.

WHAT IS CSR IN THE INFRASTRUCTURE SECTOR?

Within the infrastructure sector, CSR operates on the recognition of the various stakeholders with which a company interacts, denoting the importance of managing the social environment towards the success of a project. It is a vision of business, not philanthropy, which includes respect for people inside and outside the company, links to the community and environmental protection, generating added value to all its stakeholders. As a result of the adoption of CSR practices, quality standards throughout the infrastructure sector increase.

As a final goal, CSR should aim towards the creation of shared value. This means closely examining economic and social ties with the stakeholders of a company in order to create a new economic and social benefit (rather than redistributing the existing value). It is part of a different vision of corporate philanthropy. Instead of considering how a portion of the profits of a company can be used to address social problems; a shared value model analyzes how business strategies can be used to find solutions to social problems that, if successful, can simultaneously advance the economic interests of the company².

The shared value model suggests that companies can create shared value through the following³:

- **RECONCEIVING PRODUCTS AND MARKETS:** Improve service to existing markets, access to new ones, and development of innovative products and services that meet social needs.

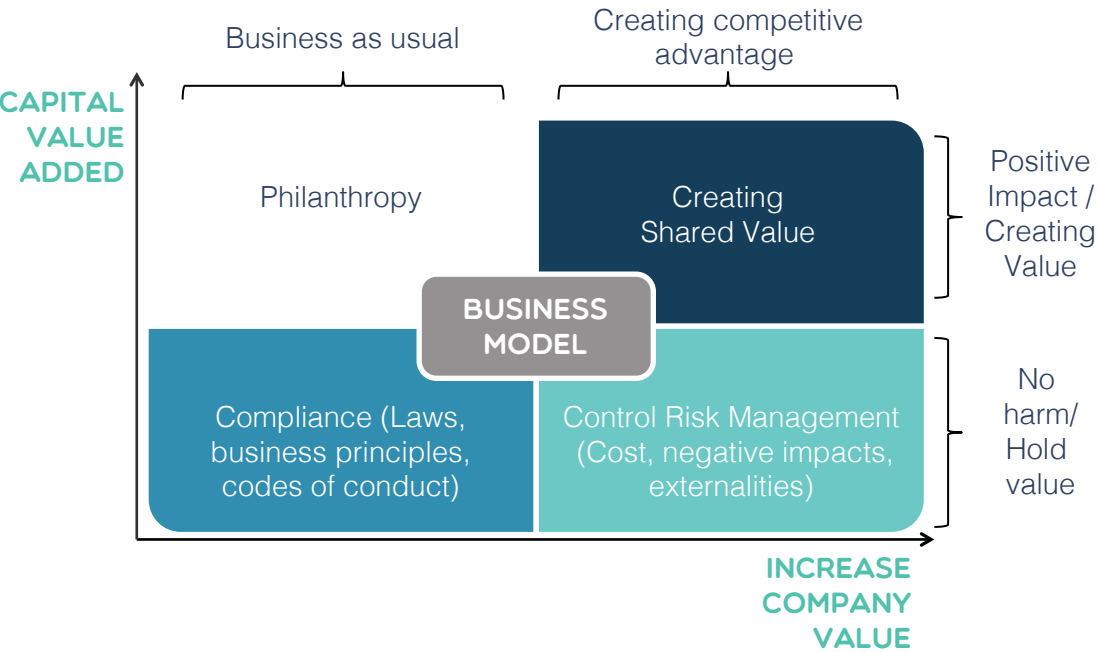
- **REDEFINING PRODUCTIVITY IN THE VALUE CHAIN:** Improve the quality, quantity, cost and reliability of inputs, production processes and distribution systems, while at the same time act as an efficient administrator of natural resources.

- **LOCAL CLUSTER DEVELOPMENT** Working with others to create a stronger competitive environment, including reliable local suppliers, functional infrastructure, access to talent, and an effective legal system.

² Porter, M.; Kramer, M. (2011). Creating Shared Value, Harvard Business Review. Source: <https://hbr.org/2011/01/the-big-idea-creating-shared-value>

³ Porter, M.; Kramer, M. (2011). Creating Shared Value, Harvard Business Review. Source: <https://hbr.org/2011/01/the-big-idea-creating-shared-value>

CREATING A SHARED VALUE STRATEGY



THE RELATIONSHIP BETWEEN CSR IN THE INFRASTRUCTURE SECTOR AND DEVELOPMENT

The infrastructure sector has a crosscutting impact on the productive activities of an economy. Adequate infrastructure determines access to markets (for both products and inputs), the construction of buildings for basic services (such as hospitals or schools), and has a significant influence on the quality and access to these services. The infrastructure of a country also determines the ability to attract investment; making it essential to increase the competitiveness of a national economy, facilitate regional integration and reduce poverty.

On the other hand, the purpose of the infrastructure sector is not only to build physical assets (such as roads and bridges), but also to create sustainable solutions for energy, water, communications, logistics and mobility; making it a key precursor for the development of a country⁴. In addition to this, CSR in the infrastructure sector plays a key role because it creates an ethical behavior and promotes the social, environmental and economic goals related to sustainable development.

SUSTAINABLE DEVELOPMENT GOALS AND THE ROLE OF THE INFRASTRUCTURE SECTOR

The sustainable development goals (SDGs)^{5.1} are a new, universal set of goals, targets and indicators that UN member states will be expected to use to frame their agendas and political policies over the next 15 years. Currently, seventeen goals are under discussion to address global challenges until 2030. The infrastructure sector plays a key role in the following:

	ENERGY	INFORMATION AND COMMUNICATION TECHNOLOGIES (ICTS)	TRANSPORT	WATER AND SANITATION
End Poverty	Access to electricity is necessary for the operation of every business.	ICTs increase business productivity.	Transport provides access to communities with fewer resources.	Access to clean water is a necessary condition for poverty reduction.
Ensure Healthy Lives	The continuous electric service improves the quality of hospitals and health centers.	They improve access to public health messages.	Ensures access to hospitals	Improved sanitation of water reduces the risk of waterborne diseases.
Ensure inclusive and equitable quality education	It facilitates the use of technology in schools and educational centers.	They improve access to educational material.	Ensures access to schools	It is a necessary condition for the health of students.
Promote sustained, inclusive and sustainable economic growth	Access to electricity is a necessary condition for the creation of new businesses.	ICTs enhance business productivity	Transport facilitates trade of goods and services.	It allows greater participation of the workforce and is a basic input for production.

Source: The Infrastructure Consortium, Africa.⁵

⁴ World Bank, Infrastructure Review. Source: <http://www.bancomundial.org/temas/resenas/infraestructura.htm>

⁵ The Infrastructure Consortium Africa, Infrastructure and Development Goals. Source: <http://www.icafrica.org/en/topics-programmes/focal-points/infrastructure-and-millennium-development-goals/>

^{5.1} <http://www.nu.org.bo/objetivos-de-desarrollo-sostenible-ods/>

WHAT ARE THE BENEFITS OF CSR FOR YOUR COMPANY? ⁶



2. STEPS TO BUILD A SUCCESSFUL CORPORATE SOCIAL RESPONSIBILITY STRATEGY:

STEP 1. DESIGN A COMPREHENSIVE SUSTAINABILITY STRATEGY

A comprehensive sustainability strategy will define the direction and scope of operations of a company in the long run. Like in any business plan, a good sustainability strategy will develop a joint framework of action within the dimensions that both the business and its stakeholders considered relevant.

A COMPREHENSIVE SUSTAINABILITY STRATEGY SHOULD:

Identify strategic relationships with all stakeholders along the value chain.

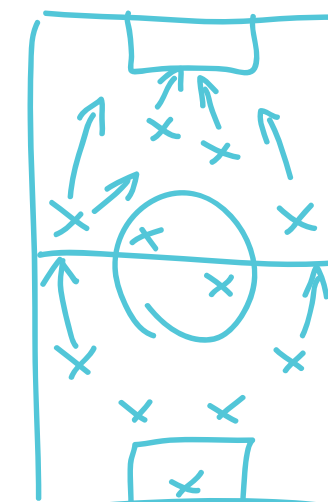
Have a long-term business perspective.

Include an assessment about the current state of the company in terms of sustainability.

Develop a sustainability management model that identifies clear objectives in the short, medium and long term.

Identify the key topics to achieve each of the objectives.

Create detailed indicators to measure and evaluate progress in each of these topics.



"WHAT IS NOT MEASURABLE, CANNOT BE IMPROVED."
- ICA

⁶ For more information please refer to the following:

1. PwC (2013), Handbook of Corporate Social Responsibility in India . Source: <http://www.pwc.in/assets/pdfs/publications/2013/handbook-on-corporate-social-responsibility-in-india.pdf>;
2. Institute for Sustainable Development (2007), CSR: An implementation Guide for Business. Source: http://www.iisd.org/pdf/2007/csr_guide.pdf;
3. Desur, CSR: Good Practices and Recommendations. Source: http://www.desur.eu/wp-content/force-download.php?file=uploads/2014/06/DESUR_Guia_FINAL_EN.pdf;

"Sustainability should be an essential component of the value proposal that different construction companies offer every day."
-ICA, Sales Management.

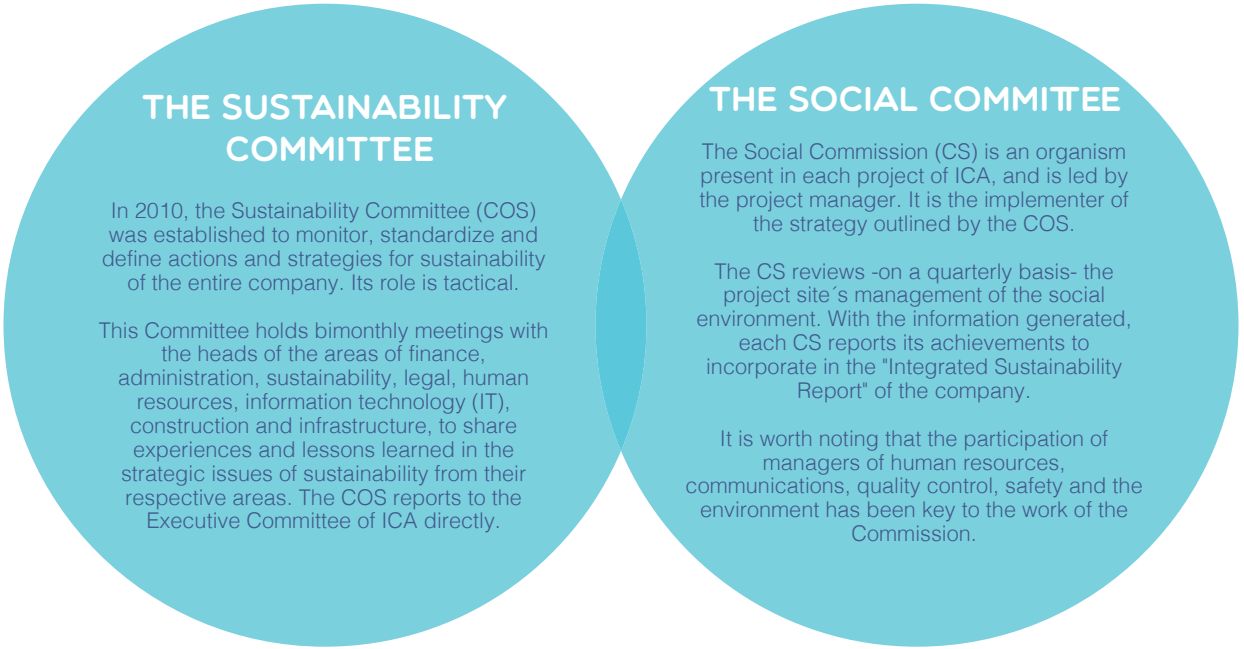
HOW TO BUILD A CSR STRATEGY?

ADVICE FROM THE INTERNATIONAL INSTITUTE FOR SUSTAINABLE DEVELOPMENT (IISD)

Although each company, depending on its size and sector will develop a CSR strategy in response to peculiarities and specifications, the International Institute for Sustainable Development has developed the following five tips for a company to develop a systematic and viable CSR strategy.

- Generate support from the General Director, managerial positions and all employees.
- Research what others (including competitors) are doing in CSR and recognize the added value of such instruments.
- Develop a matrix of processes, products, impact and of people responsible for the proposed actions.
- Develop alternatives to proceed in each.
- Decide on the direction, scope, limits and priorities of each of the objectives

THE EXAMPLE OF ICA: WHO ARE THE ACTORS RESPONSIBLE FOR THE SUSTAINABILITY STRATEGY?



STEP 2. IDENTIFY THE COMPANY'S STAKEHOLDERS

WHO ARE THE STAKEHOLDERS?

Stakeholders are those people or groups of people who could be impacted positively or negatively by the financial, environmental, social and health aspects of a company's operations; as well as those who show an interest or influence its activities. To identify these groups it is necessary to conduct a materiality analysis that includes relevant social, environmental and ethical aspects of the company. Studies should be updated regularly.

• SHAREHOLDERS AND FINANCIAL MARKETS

Due to the interaction of the company in the financial markets and its responsibility with its shareholders.

• CUSTOMERS

They are beneficiaries of construction projects and the actors that finance these projects.

• EMPLOYEES

These are the business and social partners of the company.

• GOVERNMENT AND REGULATORS

Due to the responsibilities of the company to abide by local laws.

• COMMUNITIES

Due to the impact of construction projects in various communities.

• SUPPLIERS

Due to the business relationship between the company and its suppliers.

• BUSINESS CHAMBERS

Due to the participation of the company in the various chambers of commerce.

• PARTNERS AND COMPETITION

Due to the relationship between companies and similar actors.

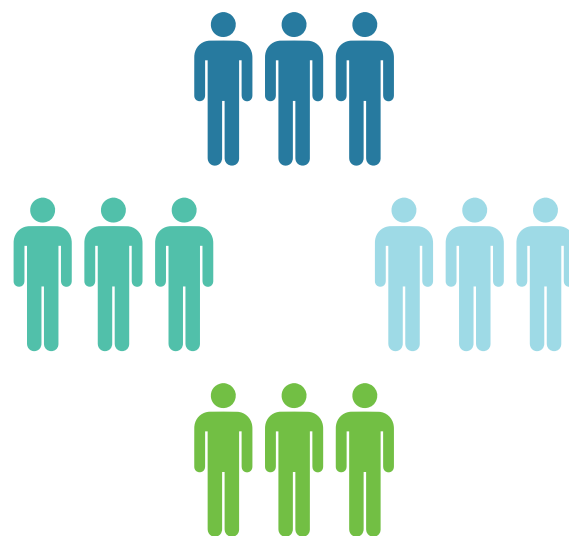
- **OPINION LEADERSS**

Due to the positive and negative impacts that the company can generate on economic and social levels

HOW TO UNDERSTAND THEM?

To establish a healthy and lasting relationship with stakeholders, it is essential that a company knows the impact it has on its stakeholders. To achieve this it is key to conduct a study that takes into account:

- **THE ESSENTIAL ASPECTS OF THE BUSINESS STRATEGY OF THE COMPANY;**
- **THE PARTICULAR ISSUES WITHIN THE SECTOR;**
- **THE MARKETS IN WHICH THEY PARTICIPATE;**
- **THE REGULATION AND STANDARDS;**
- **THE POTENTIAL RISKS; AND,**
- **SOCIAL EXPECTATIONS.**



STEP 3: PROMOTE THE PROFESSIONAL DEVELOPMENT OF HUMAN CAPITAL

An employee who has received training is better able to perform his/her work. He or she becomes more aware of safety practices and proper procedures for basic tasks. Training can also build confidence of the employee because he or she has a more solid understanding of the industry and job responsibilities. This confidence can push the employee to work more efficiently and to think of new ideas to help him/her excel. Continuous training also keeps employees at the forefront of industry developments. Employees, who are competent and aware of the changes and best practices in the industry, help the company maintain a position of leadership and competitiveness.

In addition, employees with access to training and development programs have a considerable advantage over employees of other companies who are looking for training opportunities on their own. Investment in training and development programs shows that a company values its employees. The development and training programs create a supportive environment at work. Employees can access programs that they otherwise would have not known of or wanted for themselves. In addition, employees who feel appreciated and challenged through development opportunities feel more satisfaction in their jobs.

WHAT ASPECTS SHOULD BE CONSIDERED?

I. Provide talent development options for the company's staff

What can be learned from the experience of ICA?

PROGRAM: TALENT WANTED

- **HOW?**

A system where all the vacancies in all areas of the company are offered and communicated to employees.

- **WHY DO IT?**

Generates retention of key talent and facilitates economic development of staff.

II. Establish a compensation scheme and additional benefits

What can be learned from the experience of ICA?

AWARD HIGHER BENEFITS THAN THE ONES ESTABLISHED BY THE LAW

WHY?

Attracts higher quality human capital because it creates an atmosphere of appreciation for the work of the employee, gives the employee financial peace of mind and motivates him/her to have a better work performance.

CONTINUOUS TRAINING OF ALL STAFF

WHY?

It increases staff productivity, and is useful for the rest of the life of the employee.

III. Promote an organizational culture

What can be learned from the experience of ICA

STAFF INVOLVEMENT

HOW?

Weekly newsletter, an overall annual survey on employee satisfaction, and an annual general meeting on the organizational environment.

WHY?

Creates motivation, loyalty and productivity incentives in the company, thus reducing staff turnover.

IV. Create a culture of health and safety among staff

What can be learned from the experience of ICA?

- Establish a Corporate Security Department that has the support of specialized external companies.
- Train staff in the use of safety equipment.
- Communicate the benefits of this through attractive communication products.
- Establish strict security regulations in at corporate and at the project site.



STEP 4. UNDERSTAND THE NEEDS OF THE PERSONNEL

Given that a comprehensive CSR strategy involves all areas of the company, its successful implementation will require the commitment of all employees within it. It is essential to involve employees at all levels to, first, understand the implications of the strategy in the operation of the company, and second, to contribute in the implementation and improvement of this. The proper involvement of staff will impact their sense of belonging and commitment to the organization, which in turn can be capitalized as comparative advantage over other companies.

HOW TO MEET THE NEEDS AND UNDERSTAND THE VIEWS OF THE STAFF?



Conduct a survey at least once a year to all staff.

The survey must have the potential to measure engagement and needs of staff to the objectives of the company.

The survey should be able to identify strengths and areas of opportunity in each so that the company can improve.

The survey should communicate its results to all levels of the company.

Based on the results, the company should define strategic objectives for each business unit.



1x1 Engagement Survey

- It's an effort of continuous improvement.
- It explores the rational, emotional and motivational aspects of staff.
- It is an annual survey, with a participation rate of 85% of the company's staff.
- 13 different categories, with questions targeted at all levels and areas of the company.
- As a result the compensation scheme was restructured, increasing bonuses, vacation pay and vacation days.
- The creation of an electronic learning platform to broaden the knowledge and development potential of employees.

“Communication is key in the management
of our human resources”
-Human Resources Department, ICA

HOW TO COMMUNICATE THE DIFFERENT POLICIES WITH
THE CONSTRUCTION PERSONNEL?

Create a product that:



- Depicts simple examples and generates empathy with the personnel.
- Communicates through a way that draws the attention of the target audience.
- Promotes other social programs of the company.

Product example, according to the experience of ICA:

LIBRO VAQUERO (HEALTH AND SAFETY BOOK):

- About 30 pages in a cartoon format.
- Security measures are communicated through a familiar story with fun characters. It is entertaining and the personnel can understand the safety guidelines of the company.



DID YOU KNOW?

Since 2013, as part of its campaign "Zero Accidents", ICA developed the "Handbook of Safety" to disseminate guidelines on best practices regarding the safety of construction workers. To date, ICA has delivered 90 thousand books.

This material constitutes a great user-friendly material so that most construction workers understand the regulations and health and safety procedures of the company.

HOW TO COMMUNICATE WITH CORPORATE PERSONNEL?

Establish a communication channel that:

- Contains a short format and is regularly delivered;
- Includes sustainability practices of each area;
- Incorporates important topics regarding the company’s reputation that should be addressed;
- Didactically communicates the social impact of the company.

Product example, according to the experience of ICA:

COMUNICA BULLETIN

- A weekly internal bulletin;
- It is a permanent space where the sustainability practices of the company are communicated.

STEP 5.

MANAGE THE SOCIAL ENVIRONMENT DURING THE LIFE OF THE PROJECT

There is an intersection between the traditional concerns of a business and the social context. This link has important implications for the present and future viability of the business, and also for the society in which the company operates. Both consequences affect the company in the short, medium and long term.

Social management is the understanding of this complex interdependence between the needs of a business and society. This management must be present throughout the entire life of a project, from before the intervention in a community until the conclusion of a project.

Below you will find the essential elements of a proper management strategy.

BEFORE THE START OF THE PROJECT

Before submitting the project proposal, what is needed?

- A qualitative analysis and prioritization of specific potential project risks, including those not directly related to construction (e.g. country risk, geographic location, environment, conflicts of corruption, financing, etc.).
- Include as many potential risks. The participation of all areas is essential.

When a proposal is submitted, what's next?

- Quantify risks in the expected flow of investment and incorporate them into the financial bid of the project. Again the involvement of all areas is fundamental.

Once the proposal is accepted, the following is crucial:

- A detailed risk mitigation plan.
- A management plan for the social environment, including specific interventions in the community, following the general guidelines of the company.

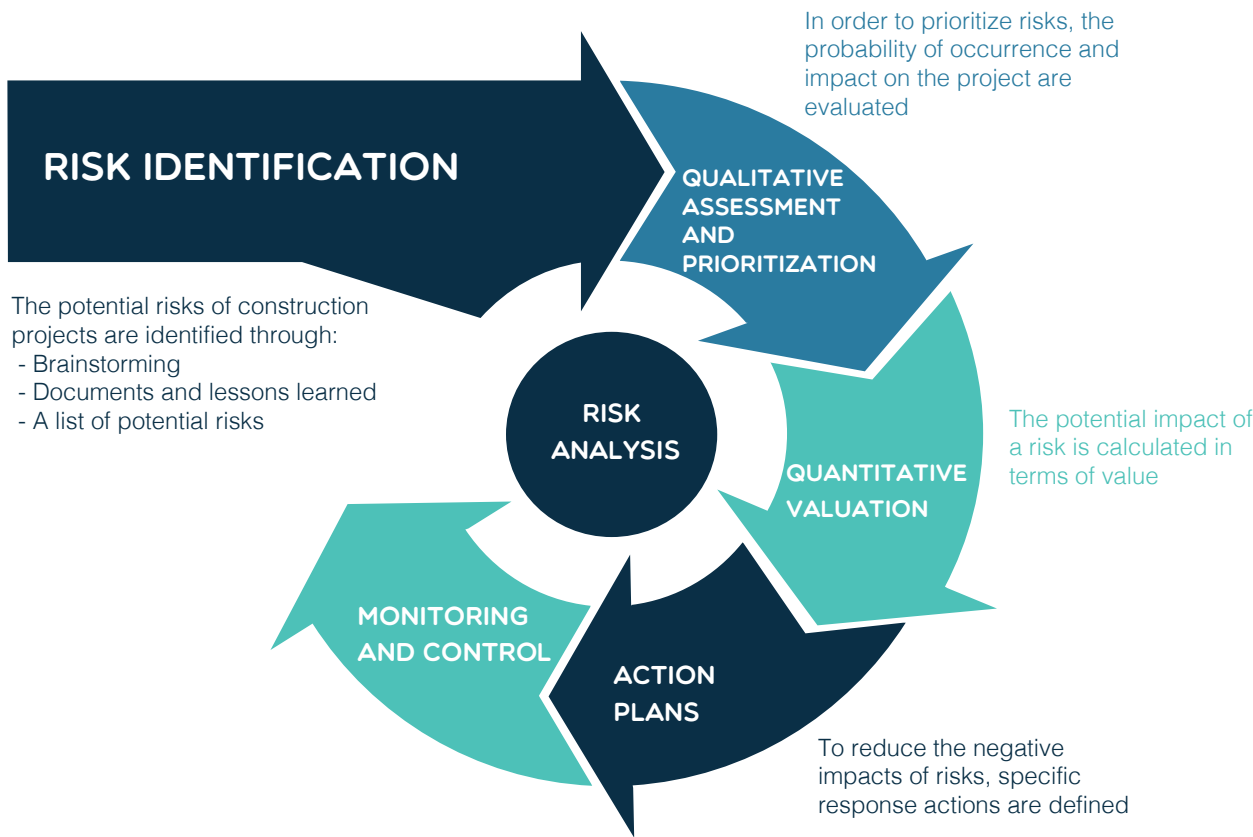
DID YOU KNOW?

Although the component of corporate management and sustainability actions are completely focused at the project level, ICA incorporates these elements since the promotion of projects (since a first contact is made with a client).

In addition, since 2007 ICA has a specialized risk management area that engages throughout the lifetime of a project. The area uses a risk matrix and methodology to analyze, categorize and report all risks, from the project proposal, promotion with the customer, implementation and conclusion of the project.

ICA also developed a risk software, which is used for all project managers to homogenously report the risks developed at the construction site, and in order to give an appropriate follow-up to each. ICA is also a member of the Institute of Risk Engineering and Construction and the Project Management Institute, where several companies in the sector share lessons and learning in this area.

RISK MANAGEMENT PROCESS



DURING THE IMPLEMENTATION OF A PROJECT

WHAT ARE THE GENERAL GUIDELINES FOR THE SOCIAL MANAGEMENT OF PROJECTS?

These are general guidelines, in accordance to the principles and values of the company, every project must meet them in terms of initiatives and programs of social management in the communities where it operates.

For example, in the case of ICA, the general guidelines stipulate:

- The minimum number of programs to be implemented in all projects.
- The personnel who must implement such programs.
- The deadline for reviewing the operational programs .
- The instruments to monitor the progress of the programs.
- The report format of the above.

“General guidelines to manage the social environment of all the communities where a project operates should be established. However, it is also important to award freedom to project managers in their implementation, as they have greater sensitivity to the needs of the community.”
- Infrastructure Operations Directorate, ICA

What is needed to carry out a comprehensive social management strategy during the project’s implementation?

- General guidelines for the implementation of the strategy.
- A catalogue of initiatives and programs that respond to these guidelines.
- Effective communication to ensure the knowledge of the above by all workers.

A catalogue of initiatives and programs. What types of programs are essential?

• SOCIAL OUTREACH PROGRAMS

- That establish a continuous communication channel and direct dialogue with the community during the life of a project. These types of programs should be mandatory for all projects.

• SOCIAL RESPONSIBILITY PROGRAMS

- That expand the shared value of the business operation in the community through:
- Promoting a safe and friendly environment for workers;
 - The drive of social and economic development of the locality; and,
 - The inclusion of vulnerable groups

But how are they implemented?

In ICA's “Manual to Implement Actions of Social Responsibility “, which was developed so that each project manager and business unit knows and implements the organization's management strategy of the social environment.

EXAMPLES OF SOCIAL OUTREACH PROGRAMS


Social Outreach programs

HELLO NEIGHBOR:

- Is a forum that takes place at the starting stage of the project with the relevant stakeholders(communities, local authorities and the client).
- In here the following is addressed:
 - The nature and scale of the project.
 - The estimated duration.
 - The employment opportunities and benefits for the population.
 - The potential impacts on communities and the environment, and the corresponding mitigation measures to address them.

[PROYECT] REPORTS:

- During the construction and operation phase of the project, an information module is established to provide the community information about the progress of the project.



MANUAL TO IMPLEMENT ACTIONS OF SOCIAL RESPONSIBILITY IN ICA ENTERPRISES

What are the Manual's contents?

ICA’s Policy on Social Responsibility .

General Guidelines

- The what, who and how to implement specific actions of the strategy.

Social Outreach Programs

- Identification of social benefits and benefits for ICA.
- Specific steps, along with those responsible staff members, for implementing the programs .

Social Responsibility Programs

- Identification of social benefits and benefits for ICA.
- Specific steps, along with those responsible staff members, for implementing the programs .

Format of stakeholders’ identification and staff responsible for that strategic relationship.

Satisfaction survey format regarding the information of the Manual.

Report of the attention given to the stakeholders .

Examples of Social Responsibility Programs

In the specific case of ICA, the company has outlined the following three strategic areas that include several actions of social responsibility.

A. EMPLOYABILITY

- Hiring local people.
- Training employees and people in the community in specific trades.
- Hiring people with disabilities

B. TRAINING AND DEVELOPMENT

- This strategic area includes the following programs:
 - Adopta una Escuela (Adopt a School) - Support to nearby schools with books, teaching materials, cleaning of common areas and environmental talks.
 - Educación para adultos mayores (Seniors' Education) - In partnership with the National Institute for Adults, basic education is provided to ICA workers.
 - Acerca una Escuela (Approach a School) - It contacts nearby schools in order to bring students interested in a career in engineering or related to visit the project site.

C. ICA HELP

- This strategic area includes the following programs:
 - Improvement of public spaces.
 - Volunteering (promoting of reading and collecting books).
 - Civil Protection (conditioning of shelters, accident and emergency support, training for emergencies such as fires, donating first aid materials).
 - ICA environment (reforestation, protection of flora and fauna, environmental education).
 - ICA health and safety (vaccination and informative health talks).

STEP 6: ENVIRONMENTAL OPTIMIZATION OF THE COMPANY'S OPERATIONS

All companies have impacts on the environment, but it is essential to measure and mitigate the negative effects of these as much as possible because they affect the viability of current and future operations. Although the first thing that comes to mind when hearing about "environmental stewardship" is risk mitigation strategy, this should also be understood as a strategy that can generate economic benefits (for example, on the issue of resource efficiency). A sound environmental strategy can eventually lead to the creation of comparative advantages, increasing productivity and improving the organizational culture.

Below is a set of recommendations for the responsible management of the environment throughout the life of a project.

BEFORE IMPLEMENTING THE PROJECT

Assess potential risks to the environment

HOW DOES ICA DO IT?

- The company has created a risk matrix independent of each project, which considers and prioritizes different categories such as finance, reputation and the environment.

Create an environmental management plan

HOW DOES ICA DO IT?

- The company includes activities related to reforestation, protection and conservation of soil, relocation and protection of local flora and fauna, among others.

DURING THE IMPLEMENTATION OF A PROJECT

Environmental risk monitoring

- ICA undertakes this on a quarterly basis, based on the risk matrix, which is also updated with risks that later arise

Measurement and reduction of Greenhouse Gas emissions (GHG)

HOW DOES ICA DO IT?

- Measurement is undertaken by project
- Efficient management of materials: steel, concrete, water, chemicals, asphalt, cement and wood.
- Efficient energy management, renewable and non-renewable sources of energy by type: diesel, LPG, gasoline, oil and biodiesel.
- Follow-up and indicators:
 - Efficient fuel consumption: GJ / person.
 - Efficient power consumption: kWh / person

Programs that promote the efficient use of resources

HOW DOES ICA DO IT?

- Switch off or Pay program,
 - Focused on creating awareness about the efficient use of electricity -> thanks to this ICA considerably reduced energy consumption in its corporate offices

Actions to preserve local flora and fauna

THE FIRST STEP IS TO COMPLY WITH THE HOST COUNTRY LEGISLATION:

- In this case ICA identified the species of flora and fauna that are at risk through the Nom-059-SEMARNAT-2010 (Mexican Ministry of Environment Legislation), which seeks environmental protection to endemic flora and fauna in Mexico.

IT IS ALSO IMPORTANT TO COMPLY WITH INTERNATIONALLY RECOGNIZED CERTIFICATIONS:

- In the case of ICA, the Environmental Management System certified through the ISO 14001: 2004.

PROGRAMS THAT MITIGATE THE ENVIRONMENTAL IMPACT OF THE PROJECTS:

- Monitoring of species in order to create wildlife crossings

- ICA identified the location of endangered species, habitat preferences and routes used to cross.

- Subsequently wildlife crossings were built, thus reducing road kill of wildlife and the risk to s that this implies to users.

- Forest plantations with a productive use

- Reforestation of calabash trees was undertaken in the highway project of Nuevo Necaxa-Tihuatlán. This tree is of particular importance since it produces a fruit that helps the community create typical crafts

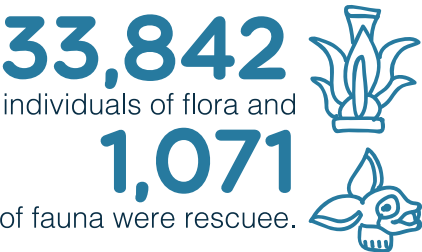
THE MAYAB PROJECT: A SUCCESS STORY
DURING THE ICA KANTUNIL - CANCUN ROAD CONSTRUCTION PROJECT



MAYAB CRAFT EXPO
was created
(for artisans from surrounding municipalities)



The deep pools and caves at 350m from the roads were constantly monitored.



22 OVERPASSES and 28 WILDLIFE OVERPASSES along the 54 KM THE LENGHT OF THE NEW ROAD were located

STEP 7.

REPORT YOUR COMPANY’S SOCIAL RESPONSIBILITY ACTIONS

HOW TO REPORT CSR ACTIVITIES?

A key objective of CSR is to improve business performance. Therefore, presenting reports with methodologies to evaluate the company’s operations, is an important tool to measure whether change has occurred, giving stakeholders the opportunity to see how well the company is meeting its commitments and what effect it is having on society and the environment. Reporting also demonstrates motivation and willingness of the company to position itself in a broader context of sustainability. To ensure the reliability of its CSR a company can submit its reports for a third-party evaluation.

ICA produces all of its annual reports following the guidelines of the International Integrated Reporting Council (IIRC) and the G4 guidelines of the Global Reporting Initiative (GRI). ICA also maintains all the information about their sustainability, operational and financial performance on its website. Currently more than 18,000 companies worldwide use GRI criteria for reporting performance⁷.

INTERNATIONAL INTEGRATED REPORTING COUNCIL

The primary purpose of an integrated report is to explain to providers of financial capital how an organization creates value over time. An integrated report benefits all stakeholders interested in an organization’s ability to create value over time, including employees, customers, suppliers, business partners, local communities, legislators, regulators and policy-makers⁸.

According to the IIRC, the following guidelines constitute an essential part of an integrated report:

- **STRATEGIC FOCUS AND FUTURE ORIENTATION**

An integrated report should provide insight into the organization’s strategy, and how it relates to the organization’s ability to create value in the short, medium and long term, and to its use of and effects on the capitals.

- **CONNECTIVITY OF INFORMATION**

An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization’s ability to create value over time.

- **STAKEHOLDER RELATIONSHIPS**

An integrated report should provide insight into the nature and quality of the organization’s relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interests.

- **MATERIALITY**

An integrated report should disclose information about matters that substantively affect the organization’s ability to create value over the short, medium and long term.

- **CONCISENESS**

An integrated report should be concise.

- **RELIABILITY AND COMPLETENESS**

An integrated report should include all material matters, both positive and negative, in a balanced way and without material error

- **CONSISTENCY AND COMPARABILITY**

The information in an integrated report should be presented:

- a. On a basis that is consistent over time; and
- b. In a way that enables comparison with other organizations to the extent it is material to the organization’s own ability to create value over time.

GLOBAL REPORTING INITIATIVE

The Global Reporting Initiative (GRI) is a leading organization in the sustainability field. GRI promotes the use of sustainability reporting as a way for organizations to become more sustainable and contribute to sustainable development. GRI has pioneered and developed a comprehensive Sustainability Reporting Framework that is widely used around the world. The Framework – which includes the Reporting Guidelines, Sector Guidance and other resources – enables greater organizational

⁷ GRI, Sustainability Disclosure Database. Source: <http://database.globalreporting.org/>
⁸ International Integrated Reporting Council Framework. Source: <http://integratedreporting.org/wp-content/uploads/2015/03/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf>

transparency and accountability. This can build stakeholders' trust in organizations, and lead to many other benefits. Thousands of organizations, of all sizes and sectors, use GRI's Framework to understand and communicate their sustainability performance.

**GLOBAL REPORTING INITIATIVE’S G4 GUIDELINES:
BASIC CHARACTERISTICS⁹.**

The GRI’s G4 reporting guidelines dictate that a company must include the following basic principles in their annual activity reports:

STAKEHOLDER INCLUSION

The Company must identify its stakeholders and explain how it has responded to their expectations, needs and interests.

SUSTAINABILITY CONTEXT

The report should depict the performance of the company in the broader context of sustainability.

MATERIALITY

The report should cover aspects that reflect the economic, environmental and social impacts of the company; or substantively influence the assessments and decisions of stakeholders.

INTEGRITY

The report should include coverage of the material aspects and its limits; enough to reflect the economic, environmental, social, and to allow interested parties to assess the performance of the company in the reporting period.

BALANCE

The report should reflect positive and negative aspects of a company’s performance to enable a reasoned assessment of its overall performance.

COMPARABILITY

The organization shall select, collect and present information in a consistent manner.

The reported information should be presented in a way that enables stakeholders to analyze changes in the organization’s performance over time, and can undertake a comparative analysis in relation to other companies.

ACCURACY

The reported information should be sufficiently accurate and detailed for stakeholders to assess the performance of the company.

PUNCTUALITY

The Company must report at regular times to provide information for stakeholders so they can make informed decisions.

CLARITY

The Company must make information available in a way that is understandable and accessible to the interested parties who want to use the report.

RELIABILITY

The company must collect, record, analyze and disseminate information and processes used in the preparation of the report so that they can be subject to evaluation and to establish the quality and materiality of the information.

⁹ Global Reporting Initiative, G4 Guideliness. Source: <https://www.globalreporting.org/resourcelibrary/GRIG4-Part2-Implementation-Manual.pdf>

3. SELF-ASSESSMENT: IS YOUR COMPANY SOCIALLY RESPONSIBLE?

*Please check that your CSR strategy meets the following conditions:
Does your Company?*

INTERNAL MANAGEMENT (PP. 9-17)

- ☐ Have a person/area responsible for sustainability and CSR?
- ☐ Publish an annual report on sustainability/social responsibility?
- ☐ Monitor and evaluate its CSR activities?
- ☐ Have a code of ethics and conduct?
- ☐ Undertake staff training to reinforce the importance of sustainability and CSR?
- ☐ Comply with internal policies in the areas of human rights; recruitment and child labor; labor rights and benefits; and discrimination?
- ☐ Have a policy of health and safety standards and comply with international standards?

RELATIONSHIP WITH COMMUNITIES (PP. 18-22)

- ☐ Engage in identifying the particular characteristics of the local community in order to understand their needs and prevent possible conflicts that may arise from the company's operations in a community?
- ☐ Carry out a risk analysis with all stakeholders prior to starting a project?
- ☐ Meet the expectations that the community has and intervenes to remedy their needs and promote their development?
- ☐ Contemplate among its policies the possibility to offer non-financial resources (people, equipment, services, facilities) to organized community for conducting public, civic or social welfare activities?
- ☐ Contribute through specific programs to promote economic and social welfare of the communities in which it operates?
- ☐ Adopt the necessary measures to ensure that its activities do not have a negative impact on the communities in which it operates?

THE ENVIRONMENT (PP. 23-25)

- ☐ Have a formal environmental policy, which includes a commitment to comply with the law, continuous measurement and continuous improvement in environmental performance?
- ☐ Undertake environmental audits?
- ☐ Have a policy of CSR/Sustainability with suppliers?
- ☐ Communicate its policy of CSR/Sustainability with its suppliers?

4. ADDITIONAL MATERIAL

4.1 INTERNATIONAL INSTRUMENTS AND CSR STANDARDS

• UNITED NATIONS GLOBAL COMPACT:

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. By doing so, business, as a primary driver of globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere.

More information: <https://www.unglobalcompact.org/languages/spanish>

• THE UN GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS

The guiding principles of the United Nations provide assistance to States and businesses to fulfill their existing obligations to respect and protect human rights, fundamental freedoms and comply with existing laws. These principles act as global standards to address the risk of violation of human rights related to business.

More information: http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

• INTERGOVERNMENTAL WORKING GROUP OF EXPERTS ON INTERNATIONAL STANDARDS OF ACCOUNTING AND REPORTING (ISAR)

The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), has addressed the issue of non-financial reporting guidance for companies in the area of environmental accounting and reporting, governance disclosure and corporate responsibility. ISAR, organized by the United Nations Conference on Trade and Development (UNCTAD), meets annually in Geneva, where its regular sessions involve more than 200 representatives from over 80 member states of the UN. Representatives working in session of ISAR include policy makers, regulators, experts in corporate governance, corporate responsibility, accounting and auditing and various national, regional and international accounting organizations. UNCTAD designed materials with a special focus on the needs of companies in developing countries and economies in transition

More information: <http://www.unctad.org/isar>.

• THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES

The OECD Guidelines for Multinational Enterprises are recommendations for responsible corporate behavior where 44 governments that adhere - representing all regions of the

world and representing 85% of foreign direct investment - encourage their companies to be socially responsible.

More information <http://www.oecd.org/corporate/mne/oecdguidelinesformultinationalenterprises.htm>

• ISO 26000

ISO 26000 provides guidance on how companies and organizations can operate in a socially responsible manner. This means acting in an ethical and transparent manner that contributes to the health and welfare of society.

More information: http://www.iso.org/iso/iso_catalogue/management_standards/iso26000

• ISO14001

The ISO 14000 family of standards provides practical tools for businesses and organizations of all kinds seeking to manage their environmental responsibilities.

More information: <http://www.iso.org/iso/home/standards/management-standards/iso14000.htm>

• ISO 9001:2015

The ISO 9001: 2015 is an international certifiable standard system to regulate quality management. This standard will be the heir of its previous version, ISO 9001: 2008, which is being revised and adapted to reflect the new regulatory scheme set by the International Standards Organization (ISO).

More information: http://www.iso.org/iso/iso9001_revision

• TRIPARTITE DECLARATION OF PRINCIPLES OF THE INTERNATIONAL LABOR ORGANIZATION (ILO) CONCERNING MULTINATIONAL ENTERPRISES AND SOCIAL POLICY

This statement, first adopted in 1977 by the governing body of the ILO, was revised in 2000. It provides guidance to multinational corporations, governments and organizations of employers and workers in areas such as employment, training, conditions of work and industrial relations. One of the most significant aspects of the statement is the realization that despite the agreements and recommendations that the ILO addressed to be ratified by the governments, the principles of many of these instruments can be applied to other sectors of society, including business.

More information: <http://www.ilo.org/multi>

• INSTITUTE OF SOCIAL ETHICS AND ACCOUNTABILITY: ACCOUNTABILITY AA1000 SERIES OF STANDARDS

AccountAbility is a leading global organization that provides innovative solutions to the most critical challenges in corporate responsibility and sustainable development.

More information: <http://www.accountability.org/about-us/index.html>

• SA8000 NORM

This is one of the first social, auditable certification in the world. It is based on the ILO, the UN, the national conventions of lawyers, and adopts a management system approach in order to ensure that companies that adopt this approach also comply with it. This standard ensures the protection of basic human rights of workers.

More information: <http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&PageID=937>

• DOW JONES SUSTAINABILITY INDEX

The Index serves as benchmarks for investors who integrate sustainability considerations into their portfolios. It also provides a platform for the effective participation of companies wishing to adopt sustainable best practices.

More information: <http://www.sustainability-indices.com/>

• CARBON DISCLOSURE PROJECT (CDP)

CDP is an international, non-profit organization whose goal is to provide the largest and most comprehensive global system of environmental diffusion. CDP works with market forces to encourage companies, municipalities and cities to measure, disclose and reduce the impact of their actions on the environment and natural resources. CDP has the largest database in the corporate world on climate change, water and forests.

More information: <https://www.cdp.net/>

• INSTITUTE FOR SUSTAINABLE INFRASTRUCTURE (ISI)

The Institute for Sustainable Infrastructure is a non-profit organization, structured to develop and maintain a system of classification of the sustainability of civil infrastructure. This system, called Envision™, is a collaboration between ISI in Washington, DC, and the Program for Sustainable Infrastructure Zofnass at Harvard University.

More information: <https://www.sustainableinfrastructure.org/>

4.2 . BEST INTERNATIONAL PRACTICES¹⁰

HEALTH & SAFETY :

Training programs to increase awareness and knowledge about health and safety; control systems to ensure the implementation of safety standards internally and within the supply chain; purchase and use of modern and safe equipment; implementing activities to improve the health of employees; transparency and control of the supply chain; establish partnerships with external consultants and local experts to assess and intensify necessary actions in the field of health and safety; and use of healthy materials in construction.

ENVIRONMENT:

Using green materials; sustainable management of processes and supplies and life cycles to optimize resource efficiency and waste management; enforcement of environmental standards and sustainability management systems in the supply chain; participation of stakeholders regarding the adoption of sustainable practices.

SUPPLY CHAIN:

Selection of suppliers through a set of criteria for CSR; systems for monitoring and evaluating suppliers; proactive commitment to promoting socially responsible behavior among suppliers.

EQUAL OPPORTUNITIES:

Integration of equal opportunities policies based on the principles of the company (action plan, code of conduct, training for HR managers); reconciling family life through support structures and facilities (flexible work, reintegration after maternity / paternity leave, etc.).

RELATIONSHIP WITH COMMUNITIES AND SHARED VALUE:

Depending on the needs and requests of the communities where a project is established some key actions could be improvement of public spaces; voluntary initiatives; health programs in communities; reforestation; and other actions that improve the quality of life in communities, create jobs and involve communities in the project.