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Communication on Progress (COP) to the UN Global Compact by Ingemann Food Nicaragua S.A.

Period of reporting: 18th July 2011 – 18th July 2012

Ingemann Food Nicaragua: advance on the implementation of the ten principles of the Global Compact with respect to human rights, labour, environment and anti-corruption within our sphere of influence in the honey chain in Nicaragua.

As a general progress for this past period we are proud to inform of the implementation of Ingemann values L.R.C. which define Ingemann working philosophy. L.R.C. (which in Spanish) means: Loyalty, Respect and Communication. These three values were chosen by the staff at Ingemann annual team building day. These three values are written in all internal documents, uniforms and equipment, in order to keep them visible and present at all time while at work. These three values can be related to the ten principles of the Global Compact with respect to human rights, labour, environment and anti-corruption.

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

Assessment, policy and goals

As part of its general business management, Ingemann has a general labour policy that supports and protects the universally accepted human rights. This policy is laid down in an administrative manual which is accessible to all workers. A copy of its summary is handed to each worker at the time of signing or renewing his/her contract. In order to prevent complicity to human rights abuses, Ingemann monitors the operations of its downward and forward linkages in the honey chain and promotes the implementation of human rights in the relevant platforms and forums in the country.

Implementation

At Ingemann Food Nicaragua all workers are hired and their labour conditions are set without distinction of any kind, such as race, colour, sex, language, social origin, religion, political or other opinion. Everyone, without any discrimination, has the right to equal pay for equal work. Every worker has a just and favourable remuneration of at least 15% above the national minimum wages ensuring a dignified existence to all workers and their families. Workers who carry out evening shift receive an additional allowance on top of their salary. Overtime is always paid according to national law.

Every worker has the right to rest and leisure. Ingemann adheres to the national legislation on working hours and periodic holidays with pay.

Nicaragua is a polarized society along political party lines: Sandinistas or Liberals and there little in between. Ingemann makes special efforts not to be categorized as one of the parties and maintaining its neutral image having staff from both parties, buying honey from both and selling equipment to both and collaborating with both for the development of the beekeepers sector in the country.

Ingemann actively contributes to the development of discussion platforms at national and regional level in the honey chain which improve the accountability, transparency and collaboration between stakeholders towards fair and sustainable trade in Nicaragua.

Measurement of outcomes

Ingemann Food Nicaragua ensures regular and open communication between management and its workers through weekly staff meetings, workers committee on labour conditions, an anonymous suggestion box, and performance interviews with all personnel.

Moreover, the outcome of the general labour policy is closely monitored at company level by the Nicaragua Social Security Institute (INSS) and the Export Free Zone Association (CNZF).

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Assessment, policy and goals

All staff is allowed to meet and express themselves. Every worker can form or join a trade union for the protection of his/her interests. Ingemann considers trade unions to be the rightful representatives of workers to discuss and arrange labour conditions and related issues.

Implementation

Ingemann support the establishment and functioning of a workers committee on labour conditions with appropriate facilities to assist in ongoing harmonious communication with the management team.

Ingemann functions in close communication with the local community, media and public authorities.

Measurement of outcomes

Since the new management team took over in April 2010 and the new management principles in the area of human rights were implemented the staff turnover has dropped significantly giving a much better working environment, more contented workers, as well as generating production stability to achieve higher efficiency at work.

Principle 4: the elimination of all forms of forced and compulsory labour.

Assessment, policy and goals

All workers have formal contracts according to the Nicaraguan laws. There is no form of forced labour or exploitation of the workers. Workers can work limited hours of overtime per month at their own consent. Ingemann monitors the subcontracting arrangements of its honey suppliers so as to keep out any forced labour conditions.

Implementation

Ingemann provide the workers with basic and advance beekeeping courses during working hours and free of charge as an internal strategy to empower the company staff to grow and develop within the company structure.

These activities have generated a closer link between Ingemann business goals and workers desire to be part of these common objectives.

Measurement of outcomes

Staff stability.

Principle 5: the effective abolition of child labour; and

Assessment, policy and goals

Ingemann does not allow any child labour in its operations. Workers are encouraged to enrol their children in schools and give priority to education. Ingemann monitor, during the purchasing tours and beekeepers visits, the use of child labour by its honey suppliers. Several of them are small-scale producers and in such conditions family members are often put to work including young children. However, the nature of the honey production process appears to severely limit the use of child labour.

Implementation

Measurement of outcomes

Fortunately cases of child labour have not been reported and thus we have not had to enter into corrective measures.

Principle 6: the elimination of discrimination in respect of employment and occupation.

Assessment, policy and goals

Implementation

At Ingemann the management encourage and support all efforts to build a climate of tolerance and equal access to opportunities for occupational development such as adult education and health.

Ingemann has established programs to promote access to skills development training and to particular occupations. At Ingemann all staff is welcome and encouraged to enrol the internal training courses. The company offers during the year many different courses: Spanish (oral and written), English (oral and written), monthly beekeeping courses (beginners and advance), Quality control (HACCP principles) and Promotion of personal development and business skills. The company believes in the internal development of staff within the company by giving same training opportunities to all the staff.

Additionally, and to secure the workers health, all staff receives a private medical check once a year.

Measurement of outcomes

The rate of internal recruitment has increase as well as the rate of absenteeism from work has declined significantly.

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Assessment, policy and goals

The beekeeping activity is one of the few agricultural activities with a total positive balance for the environment. Ingemann beekeeping practices are 100% environmentally friendly. Furthermore, Ingemann practice only organic beekeeping in virgin areas spread across Nicaragua. Ingemann offers pollination services to watermelon and coffee farmers.

Implementation

Ingemann beekeeping practices are aligned with the environment protection. Staffs are trained on the importance of protecting the environment both in theory and in practice and both at work and at home.

Measurement of outcomes

Clean surroundings at Ingemann!

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Assessment, policy and goals

Implementation

Ingemann has developed sustainability targets and indicators, establishing a company policy on the use of environmentally sound technologies and practices.

As many of these initiatives includes additional investment, Ingemann makes information available to stakeholders that illustrate the environmental performance and benefits of using such technologies.

A common principle at Ingemann is the use of life cycle assessment (LCA) in the development of new procedures as a way to save resources and protect the environment.

Measurement of outcomes

The company monitors and evaluates environmental performance at three areas: administration, beekeeping and factory/workshop.

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

Assessment, policy and goals

Corruption is recognized as a challenge and hindrance to the development of a sustainable honey supply chain in Nicaragua. At company level all forms of corruption are condemned. Ingemann sets a good example in the country by abstaining from corruption payments or other favours in its business operations. Ingemann works with transparency in all areas.

Ingemann provides personal loans to its workers. However, the credit policy is strict and set maximum amounts of debt in accordance to the worker incomes, to help workers not over indebted. Loans are also provided for educational purposes. Workers are encouraged to save as a way to stay away from the debt trap which is widespread in Nicaragua.

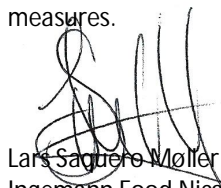
Implementation

Internally, the staff joins the annual team building day. One important component of this day is to enhance Ingemann three values: Loyalty, Respect and Communication and to provide examples of how to achieve these goals. High focus is paid to the issue of preventing corruption and how each single person can make a difference.

Furthermore, Ingemann initiative to be part of the UN Global Compact to reaffirm the company commitment with this 10 principles.

Measurement of outcomes

Fortunately cases of corruption have not been reported and thus we have not had to enter into corrective measures.



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