



## ESWARAN BROTHERS EXPORTS (PVT) LTD

### Communication on Progress

Year: 2012

#### STATEMENT OF CONTINUED SUPPORT

Eswaran Brothers has been committed signatory to the Global Compact since 2007. Since then we have striven to uphold the principles of the UNGC to the best of our ability.

We have incorporated them into our daily working practices and will continue to work towards the improvement of our community, environment and stakeholders through them.

We remain committed to the UNGC principles.

**Mr. Subramaniam Eassuwaren**

**DEPUTY CHAIRMAN**

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19<sup>th</sup> July 2013

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## Brief Description of Nature of Business

Eswaran Brothers Exports (Pvt.) Ltd is one of the leading value added tea export companies in Sri Lanka with customers in over 43 countries. We are a company focused on providing total tea solutions worldwide. Guided by the values and principles of our founder, we have made it our passion to serve ethically produced teas to our customers worldwide.



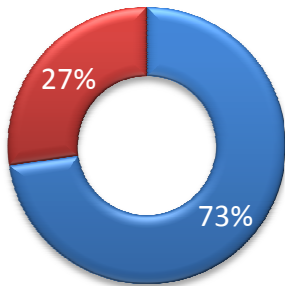
<b>PRINCIPLE 1</b>	<b>BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS</b>
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<b>Actions</b>	<p><b>Actions taken</b></p> <p><b>Commitment:</b> We are committed to support and respect the protection of locally &amp; internationally proclaimed human/employee rights. For this, we rely on the ILO conventions, national &amp; international laws &amp; regulations.</p> <p><b>System:</b> Our Company follows a strong set of values. These values and regulations have been incorporated into our policies in order to keep the highest standard of human rights protection.</p> <p><b>Activities:</b> Some of our initiatives are;</p> <ol style="list-style-type: none"> <li>01. Risk assessment on accidents and corrective &amp; preventive actions for them</li> <li>02. Communication of our activities via effective channels to employees</li> <li>03. Employee- Management (Chairman) consultative forums for each &amp; every employee on weekly basis</li> <li>04. Open door policy</li> <li>05. Grievance handling channels</li> <li>06. Transparent disciplinary action policy</li> <li>07. Orientation training for all new factory recruits on company policies by HR Mgr.</li> <li>08. Internal trainings conducted on Safety for factory employees by the factory manager</li> <li>09. Annual Fire Drill training</li> <li>10. Free Breakfast given for all factory workers</li> <li>11. Free refreshment given for all night shift factory workers</li> <li>12. Medical insurance for in-door treatment &amp; reimbursement of medical bills for up to different limits according to the employee category</li> <li>13. Frequent audits carried out by non-executive director</li> </ol>
<b>Outcomes</b>	<p><b>Measurement of (expected) outcomes and value added for our company</b></p> <p>Some of our key achievements are;</p> <ol style="list-style-type: none"> <li>01. Less Absenteeism</li> <li>02. Less Turn Over Rate</li> <li>03. Reduced Loss hours</li> <li>04. Higher productivity/Higher Quality product</li> <li>05. Improved employer-employee relationship</li> </ol>

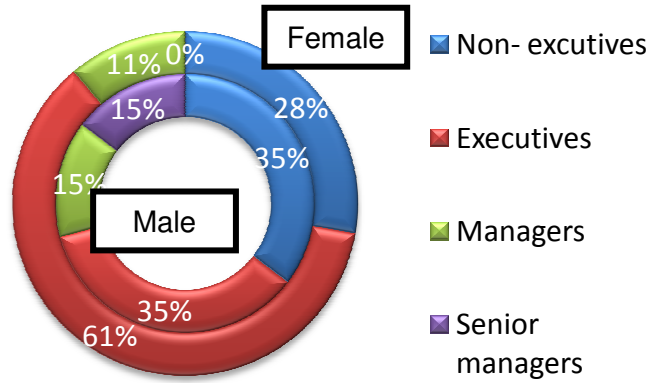
**LA 13 Breakdown of Employees per Category according to Gender, Age Group and Other Indicators of Diversity**

**Gender break down in office staff**

■ Male ■ Female

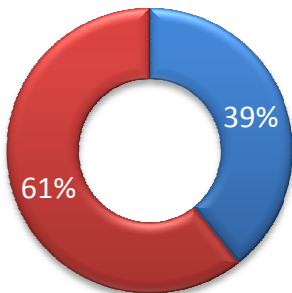


**Man power strength in office**

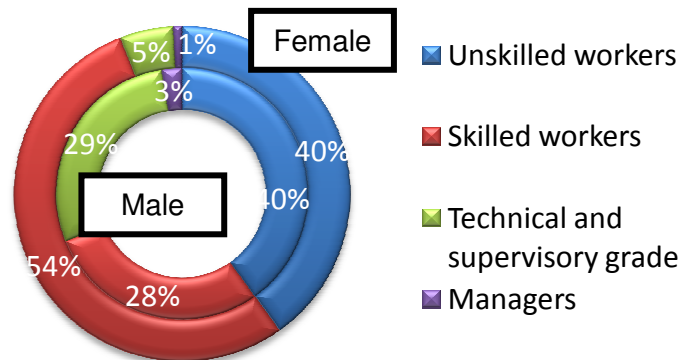


**Gender breakdown in the factory**

■ Male ■ Female

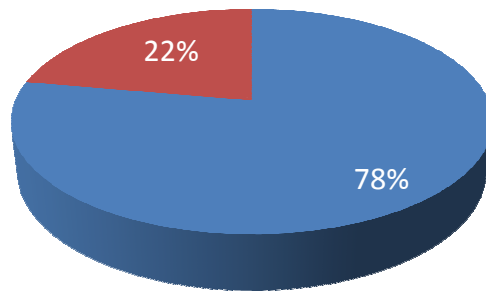


**Man power strength in factory**

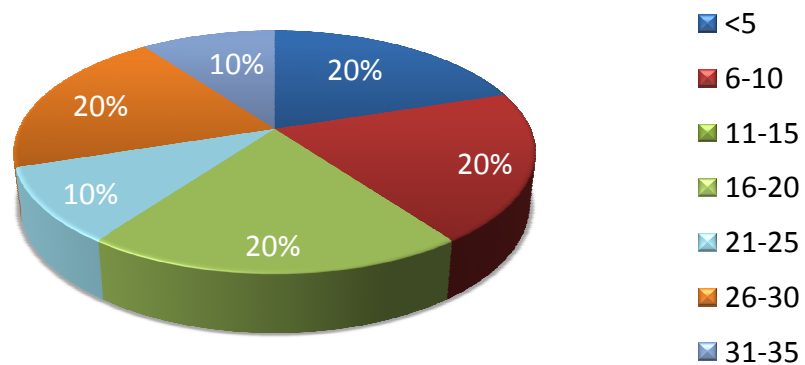


### Gender breakdown in Managerial level

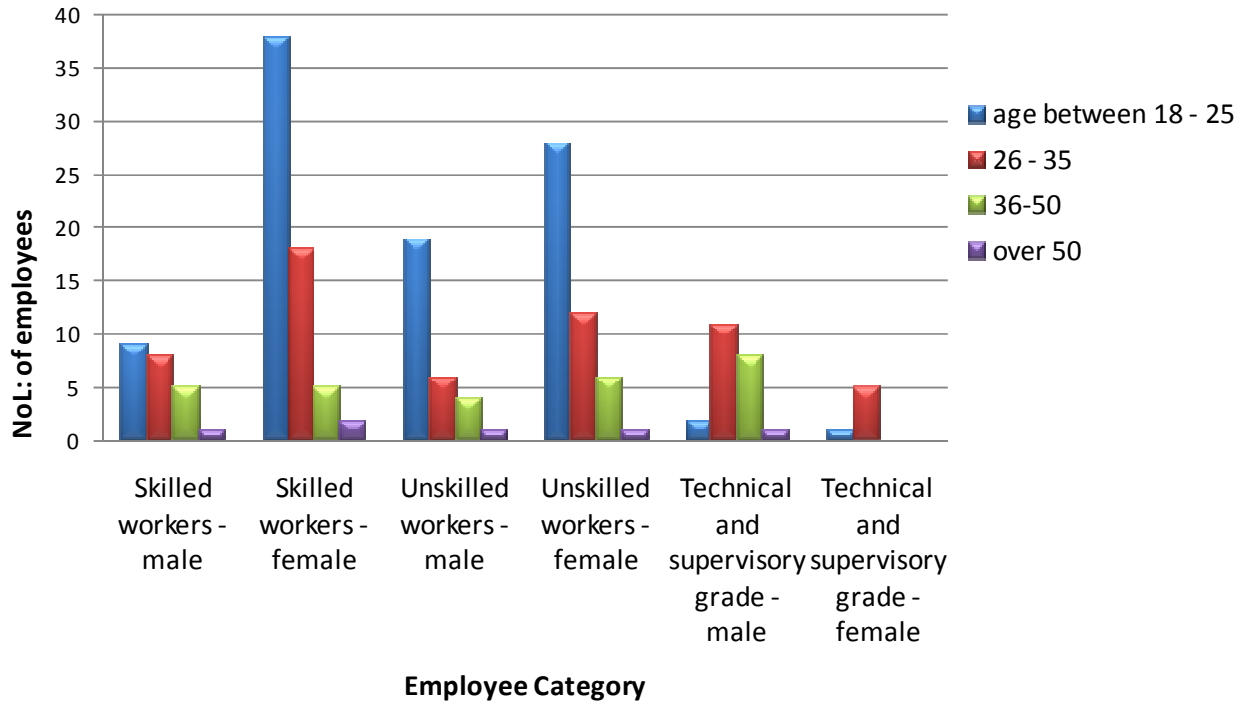
■ Male ■ Female



### Service period ( in years) analysis of managers



### Age analysis of factory employees



### Age analysis of office employees



**LA 7 Rates of Injury**

<b>Year</b>	<b>Injury rate (%)</b>
year 2011	3.72
year 2012	3.72

<b>PRINCIPLE 2</b>		<b>BUSINESS SHOULD ENSURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES</b>	
<b>Actions</b>	<b>Actions taken</b>		
	Please refer Principle No.01		
<b>Outcomes</b>	<b>Measurement of (expected) outcomes and value added for our company</b>		
	Please refer Principle No.01		



PRINCIPLE 3		BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING	
<b>Actions</b>	<b>Actions taken</b>		
	<p><b>Commitment:</b> We support and implement the ILO conventions, national &amp; international laws &amp; regulations. We have built our policies and procedures incorporating all these regulations.</p> <p><b>System:</b> Employee- management consultation is our strategy.</p> <p><b>Activities:</b></p> <p>All groups are represented in management decisions taken in terms of Factory safety, Operations and Environmental management.</p> <ol style="list-style-type: none"> <li>01. Each &amp; every employee participates to their annual appraisals conducted by the their dept. head</li> <li>02. Employee suggestion scheme is operated and best suggestions are selected &amp; awarded</li> <li>03. Weekly basis departmental meetings with the dept. head</li> <li>04. Communication of our activities via effective channels to employees</li> <li>05. Employee- Management (Chairman) consultative forums for each &amp; every employee on weekly basis</li> <li>06. Open door policy</li> <li>07. Grievance handling channels</li> <li>08. Transparent disciplinary action policy</li> </ol>		
<b>Outcomes</b>	<b>Measurement of (expected) outcomes and value added for our company</b>		
	<p>Our achievement again is a improved employee-employer relationship, which resulted</p> <ol style="list-style-type: none"> <li>01. Less Absenteeism</li> <li>02. Less Turn Over Rate</li> <li>03. Reduced Loss hours</li> <li>04. Higher productivity/Higher Quality product</li> <li>05. Improved employer-employee relationship</li> </ol>		

<b>PRINCIPLE 4</b>	<b>BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR</b>
<b>Actions</b>	<p><b>Actions taken</b></p> <p><b>Commitment:</b> Our company is committed to eliminate all forms of forced, compulsory and bonded labour. For this, we rely on the ILO conventions, national &amp; international laws &amp; regulations.</p> <p><b>System:</b> Internal audits are carried out by a non-executive director on hiring and working practices to ensure all national standards are met.</p> <p><b>Activities:</b></p> <ul style="list-style-type: none"> <li>01. Self application of all available vacancies</li> <li>02. Employment conditions are pre-agreed and available to both parties.</li> <li>03. Frequent awareness on employee salary/other benefit calculations</li> <li>04. Frequent Internal audits carried out by non-executive director and external audits by Department of Labour (Government Body)</li> <li>05. Corrective and preventive actions as required by audits</li> </ul>
	<b>Outcomes</b>

PRINCIPLE 5	BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR
<b>Actions</b>	<p><b>Actions taken</b></p> <p><b>Commitment:</b> Our company is committed to support the effective abolition of child labour. For this, we rely on the ILO conventions.</p> <p><b>System:</b> Frequent internal audits are carried out on hiring practices by a non-executive director. Our minimum age for recruitment is 18 years.</p> <p><b>Activities:</b></p> <p>Our aim is that no child should discontinue their education due to the poverty. We offered scholarships for under-privileged children from 23 schools in Colombo area to educate them up to G. C. E. (O/L) or G.C. E. (A/L). Annually we increase the number of scholarships awarded.</p> <p>Scholarships are awarded to one child of an employee who is drawing Rs. 12,000 or less per month.</p>
	<p><b>Measurement of (expected) outcomes and value added for our company</b></p> <p>We communicate our rules through our work and this commitment ensures that we work for a higher cause beyond monetary benefits alone. This improves our work satisfaction.</p> <p>Through this commitment we have become a preferred company to work for. We measure this through our turnover rate which is well below the industry rate for factories operating within the city. This has in turn improved our productivity and driven up our sales &amp; profitability.</p>
<b>Outcomes</b>	

**PRINCIPLE 6**

**BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION**

**Actions**

**Actions taken**

**Commitment:** Our company is committed to the elimination of discrimination in respect of employment and occupation. For this, we rely on the ILO conventions, national & international laws & regulations.

**System:** Frequent internal audits are carried out on working and hiring practices by a non-executive director.

**Activities:**

- 01. Equal opportunity for all application, selection process
- 02. Available job vacancies are advertised to the public.
- 03. Employee selection & training
- 04. Employee selection, training, advancement, employee benefits are based on performance of the employees
- 05. Performance evaluations are done by the head of the dept. annually guided by the HR
- 06. Appeal systems are available to all employees, if they are not satisfied with the results of the performance evaluations.
- 07. Activities to support employees' freedom on ethnic and religious events.

**Outcomes**

**Measurement of (expected) outcomes and value added for our company**

Through this commitment we have become a preferred company to work for. We measure this through our turnover rate which is well below the industry rate for factories operating within the city. This has in turn improved our productivity and driven up our sales & profitability.

PRINCIPLE 7	BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES
Actions	<p><b>Actions taken</b></p> <p><b>Commitment:</b> We strongly believe that it is our responsibility to become a carbon neutral company.</p> <p><b>System:</b> We follow the GHG protocol corporate standard laid down by the Carbon Trust in UK to monitor and reduce our Carbon Footprint. We have invested in a community reforestation project near the Kaneliya forest reserve.</p> <p><b>Activities:</b> We follow the protocol guide lines to monitor and reduce our Carbon Footprint. We have invested and developed Carbon Dioxide sequestration through community reforestation and protection of biodiversity. We have developed a Carbon neutral tea product to ensure our commitment towards the protection of environment. As a responsible business, we have evaluated the biodiversity impact of our new tea product. The particular plantation that we are buying tea from for the new product is situated in an area where there is high biodiversity richness. Therefore we have taken the initiative to conserve this rich ecosystem by accounting for the biodiversity of the plantation, and taking steps to protect it and We are currently in process of biodiversity offsetting with regard to that rich ecosystem.</p>
	<p><b>Measurement of (expected) outcomes and value added for our company</b></p> <p>Become a leader in green production methods in the tea industry and thereby increase recognition and through that sales.</p>
Outcomes	

**PRINCIPLE 8****BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY****Actions taken**

**Commitment:** Our company is committed to foster and promote a clean environment and to implement appropriate measure within production and use environmental indicators of the GRI to report.

**System:** We use ISO 14001 and have installed a system to monitor general environmental performance data for waste, emission, energy and water use. We have worked actively to reduce power consumption & water wastage in our facilities. We are trying to reduce the amount of waste paper generated while recycling the present generated waste paper.

**Activities:** Being a tea exporting company our damage to the environment is much lesser but we have analyzed the impact caused to the environment through our activities. All significant aspects of the damage to the environment have been identified and an annual objectives and targets have been set aside. An Environment Management Programme was also prepared by stating the procedure of achieving the set objectives. Following are the aspects considered in our environmental programme.

**01. Electricity**

As for electricity, we have identified and reduced the number of bulbs used in the tea blending area and the stores by switching on to daylight using fibre glass sheets. Fluorescence tube lights were replaced with energy saving bulbs outside and inside the factory. On the recommendation of the outside Energy Audit team we conducted a load profile study and upgraded the existing automatic capacitor bank to reduce electricity cost in the factory.

**EN.3 Direct Energy Consumption by Primary Energy Source**

Type of Energy Sources used	2011	2012
Electricity	516,772 kWh	525,803 kWh
Diesel (For Generator use)	1,000 Litres annually	

**02. Water supplied by the Government**

Due to difficulty in identifying water leakages and for easy maintenance, we replaced the underground Government supplied water distributing lines to various sections within the premises with the Surface distributing system and have saved a significant amount of water. Screw type taps are also replaced with Push type for reducing water wastage.

**Actions**

### 03. Well Water

For ease of identifying water leakages and easy maintenance, we replaced the underground well water pipe line system with surface system. A water meter was fixed to monitor the consumption & thereby identifying the leakages through much higher constant readings especially in holidays. Water saving taps was introduced by replacing the screw type to push type. We have installed rain water collecting tanks in areas where this also could be utilized for gardening and vehicle washing instead of using well water.

		2011	2012
<b>EN 8</b>	Total water withdrawal by source 1.) Govt. supplied water 2.) Well water	7.77 m <sup>3</sup> / Day 13.38 m <sup>3</sup> / Day	6.32 m <sup>3</sup> / Day 11.48 m <sup>3</sup> / Day
<b>EN 9</b>	Water sources significantly affected by withdrawal of water	Ground water bodies	

We have calculated our organizational and product water footprint, in order to take account of the company's impact on precious water resource and to mitigate any negative impacts.

### 04. Solid Waste

All waste papers generated are segregated and sent to the in-house yard for baling and exported for recycling. Some of the items such as paper cores are sent to the supplier for reuse in tag and envelope winding. BOPP ploythene is also sent to a collector registered in Central Environmental Authority for the recycling purpose.

We conduct monthly internal training programmes for all existing and new factory employees on quality control, waste segregation, machinery maintenance and proper material handling & transportation. We prepare compost using dried leaves, used tea leaves etc and Compost bins are placed in areas where it is easy access to use for the flower pots, garden.

### **Measurement of (expected) outcomes and value added for our company**

We were able to reduce electricity and water consumption than our expected limit. We hold Environment Management System steering committee meetings monthly. All completed and ongoing activities related to environment are reviewed and follow up activities are planned. Annual audits are conducted by an outside audit firm in addition to internal audits carried out by company audit team.

**Outcomes**

Description	Target for the year 2012	Actual consumption 2012	Cut down rate (%)
Govt. supplied water (Units per month for all employees)	Av 163 Units	Av. 168 units	-3.06 %
Electricity (kWh per 1,000 kgs of made tea)	Av 229 kWh	A.v 238 kWh	-3.93
Well water ( per month consumption for all employees)	Av. 370 units	Av. 306 units	17.29%

PRINCIPLE 9	BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES
Actions	<p><b>Actions taken</b></p> <p><b>Commitment:</b> We are committed to conduct researches and develop cleaner production methods in the tea industry.</p> <p><b>System:</b> In following our commitment to become a Carbon neutral company, we regularly work with clean technology inventors to develop new cleaner technologies. These are measured through our ISO 14001 system.</p> <p><b>Activities:</b> Patenting and development of the following:</p> <ul style="list-style-type: none"> <li>01. A more efficient wind mill</li> <li>02. An unit to reduce the disbursement of black carbon and heavier pollutants from combustion engines</li> </ul>
	Outcomes



**PRINCIPLE 10****BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY**

<b>Actions</b>	<b>Actions taken</b>
	<p><b>Commitment:</b> We are committed towards working against corruption in all forms.</p> <p><b>System:</b> We follow the company values and national laws &amp; regulations which are incorporated in our policies.</p> <p><b>Activities:</b></p> <ol style="list-style-type: none"><li>01. Deliver the company expectation of 'integrity" to all new employees through induction sessions</li><li>02. Strict adherence to company finance and other policies.</li><li>03. Frequent communication of company values to our customers and suppliers.</li><li>04. Ensure the correct implementation of our policies and procedures by frequent 3<sup>rd</sup> party audits</li><li>05. Ensure further enhancement of transparency of transactions by Strict follow up of audit recommendations</li><li>06. Sponsorship of events including National Anti-Corruption Day organized by the UN</li></ol>
<b>Outcomes</b>	<b>Measurement of (expected) outcomes and value added for our company</b>

**How do you intend to make this COP available to your stakeholders?**

Through our Web site and staff Notice board