

INTERCULTURA COSTA RICA COMMUNICATION OF PROGRESS 2014 REPORT

APRIL 1ST, 2014

Intercultura Language and Cultural Center – Heredia & Playa Sámara, Costa Rica

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Letter from our Founding Directors

TO OUR PARTNERS:

Intercultura Language and Cultural Center is pleased to continue to support the United Nations Global Compact. We are proud to have furthered efforts to improve our company and community through the Ten Principles of the Global Compact, as they relate to human rights, labor rights, environmental protection, and anti-corruption. We have committed to making the Global Compact and its principles part of the strategy, culture, and day-to-day operations of our company and to sharing the principles with our employees, partners, clients, and the public. Though a modest, medium-sized company, we have implemented the processes as best we can to help us monitor our progress in achieving the goals set forth in the Ten Principles. We pledge to challenge ourselves and everyone around us – suppliers, customers, competitors, and neighboring businesses – to improve our global community. In our annual Communication on Progress, we describe our latest actions to improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Laura Ellíngton & Adelíta Jíménez Founding Directors

HUMAN RIGHTS

Intercultura supports and respects internationally proclaimed human rights by providing our employees with safe and healthy working conditions, employee training and incentives, protection of employee privacy, viable grievance mechanisms to express concerns, equal gender rights, published policy against sexual harassment in the workplace, encouragement of employee diversity, and through providing much needed services to our communities.

- We have developed an Occupational Health Policy Manual as a guide for employees regarding health and safety requirements in the workplace. It:
- Provides employees with a safe working environment by ensuring all cleaning and working materials are safe and nontoxic; Addresses fire prevention and emergency procedures in case of fire, earthquake or tsunami; Acts as a guide for our committee to prevent possible accidents and investigate any that do occur, and to ensure the Health Manual guidelines are followed; Schedules periodic inspections of all workplaces and employees to prevent illnesses and mishaps.
- We value the individual skills of employees. We believe they are our strongest asset and strive to help them improve wherever possible by:
- Continuing personal and professional development. This includes workshops for teachers and administrative staff, second or third language courses (Portuguese, English, German, French), and higher education programs.
- Our employees receive the best training and incentives our communities have to offer:
- We current finance two higher education programs, including aiding half of a full master's program. We currently finance over \$2,000 USD a year to further the education of our employees with no obligation to repay the company in any way except a commitment to remain with the company for 3 years upon finishing the degree. We also allow employees paid time off to schedule further education, and 5% of our employees are currently taking advantage of these further education benefits. All company employees can take free foreign language courses. Available courses include Spanish, English, German and French. 6.5% of employees have been sent to training workshops or courses to increase their ability in their positions and 6% of current employees have had programs to study English in the United States financed, covering all costs, including study, lodging, food and airfare. We organize free courses in nutrition, first aid, exercise and other, aimed at promoting employee satisfaction and offer free continuing education in a variety of areas. The working hours of teachers, are adapted to their study needs.

- Intercultura encourages its employees to relax with their coworkers. Twice a year we hold company social gatherings and/or outings for staff and homestay mothers, with gifts and raffle prizes. 100% of employees receive the 13th month Aguinaldo pay as mandated by Costa Rican Labor Law, equal to one month's extra salary. 100% of employees receive additional incentives for their work (monetary, emergency assistance, trips, loans and other) with a value of totaling \$5900 last year and \$4500 to date this year. We have grievance mechanisms set in place. We have trained administrative employees who handle complaints. Periodically, an outside trained psychiatrist leads our employees in workshops include a review of anonymous comments regarding their employment and evaluation of staff and school directors. The trained professional works with management to improve the matter. Intercultura is committed to helping further international proclaimed human rights in our communities in all possible ways: We offer need-based scholarships to foreign teen students for our Teen Spanish Immersion in Costa Rica program; in 2014 we will help 6% of students with costs. As a commitment to our communities we provide nonprofit coordination of foreign volunteer programs and encourage students to get involved in the communities. The volume of volunteers increased in 2013. We had 117 volunteers registered for 2013 in our Heredia campus and 314 volunteers registered in our Sámara campus. They were assigned based on program need and student interest among various non-profit community organizations, associations and public institutions, primarily schools and orphanages. Between both campuses: On average, 50% of volunteers are involved in social programs (daycares, orphanages, elderly homes), 30% worked in teaching programs, 10% were involved in animal care, 8% in environment, and 2% in medical programs. The Costa Rican Ministry of Public Education Program requested our help in sending them volunteer teachers for help in the public school systems. Intercultura is always looking to give donations whenever possible to support projects and different cultural activities. We donate \$30 per volunteer to the receiving organizations.
- Intercultura also abides by all aspects of Costa Rican Labor Laws, which includes the grievance mechanisms set up by the Labor Ministry. To date we have never had an official complaint filed against the company through the Labor Ministry or any other governmental organization. Intercultura also houses and staffs only public library in Sámara, with a wide variety of books for children in both Spanish and English as well as books for adults in English, Spanish, French, German, Dutch, and Italian. The library is a free resource for the community. We offer free daily reading circle activities for local children, in English, French, German and Spanish. Since 2013, the English department in Heredia has been organizing a Health Fair for employees, with a doctor who gives presentations, gives flu shots, and other necessities. Our company prides itself on being known as a cultural center which provides equal opportunity and encourages cross cultural interaction among employees. Our diversity in age and gender is reflected in the chart below:

Age	Gender	%	Ethnicity	%
18-25	Male (1)		Costa Rican	0.01%
18-25	Female (1)		Costa Rican	0.01%
18-25	Male (1)		Central American	0.01%
26-45	Male (5)		Costa Rican	0.25%
26-45	Female (7)		Costa Rican	0.49%
26-45	Female (2)		Central American	0.04%
26-45	Female (1)		North American	0.01%
26-45	Male (1)		South American	0.01%
46-65	Male 4)		Costa Rican	0.16%
46-65	Female (4)		Costa Rican	0.16%
46-65	Female (1)		Central American	0.01%
18-25	Female Upper Level Management (18)		North American*	3.24%
18-25	Male Upper Level Management (5)		North American*	0.25%
26-45	Female Upper Level Management (6)		North American*	0.36%
26-45	Male Upper Level Management (7)		North American*	0.49%
46-65	Female Upper Level Management (1)		North American*	0.01%
			European* (9)	0.81%
	(*= Teaching staff)		Australian* (2)	0.04%

• Intercultura is categorically opposed to all forms of forced labor throughout all levels of the entire company.

Every employee is aware of the terms and conditions of their employment, the voluntary nature of their employment and their freedom to leave. Intercultura is in accordance with all Costa Rican labor laws and employees are aware of their rights through the Labor Ministry. Each employee knows his or her job description and employees are kept current, up to date, and involved in the decision process on any changes that may occur to their positions.

Intercultura has never been charged with, indicated for, or in any way whatsoever involved in forced labor.

There exist no false promises or threats, and we do not engage in withholding wages under any circumstance. Everyone in the company works with full knowledge of their pay rates, overtime rates, and time off policies. This information is readily available to all employees. Employees conduct both their regular work and overtime hours of their own free will, and are reimbursed for any overtime.

- Management maintains current, annual research to confirm fair wages including living costs and wage rates for similar jobs in the industry to ensure our employees are receiving the highest salary they deserve and that the company can afford to pay. We consistently pay above the country-wide minimum and average wages for each position.
- We continue to distribute a Welcome Pack for our new employees, a manual with our company's policy for the teachers and administrative staff, safety issues, contingency plan and more.
- We have implemented a yearly company evaluation called "Help Us to Improve", so our staff members can evaluate the company in general, colleagues, environment, and more.
- We do a Team-Work workshop once or twice a year to improve and strengthen our team and skills. We also have some informal meetings and gatherings to get to know each other and share time outside our working area. This has been proven beneficial to interactions within the work environment.
- Our English Department has always had an Orientation meeting for new employees, but this year we started with another form of training in which we send teachers' links to videos that show common processes of their best work, so they can review the information before coming to the training and understand it better. It's a new concept called Blended Learning and we implement this in the English classes too.
- **Recognition and personal motivation (English Department):** We acknowledge and recognize "The Teacher of the Month", "Best Dressed" teacher according to the students' evaluations and which teacher decorated the classroom better. Also, in each meeting we do a "big ups" in which teachers can write reviews of other teachers who have helped them with something and this is read to the whole staff. In 2014 we started with Portuguese classes, and now all staff can take courses free or at a discount.
- We are committed to reducing all forms of child labor and exploitation within our network. Intercultura has adequate and provable mechanisms of age verification maintaining copies of every employee's official government issued identification cards and/or passports. For all employees, a minimum age of 18 is required.
- Through our volunteer program, we work with under-privileged youth via orphanages, rehabilitation centers and after school programs, helping keep children and young people off the street and in educational programs.
- One of our teachers is going to Brazil for one month to complete an internship which is about Latin American specific topics to choose her master's degree in Latin American Studies. Another teacher is writing his Final Graduation Paper proposing incorporation of TCI in a Linguistics course that Intercultura offers universities to promote technological innovation in the classes and ensure the need to implement virtual environments to diversify academic offerings in Intercultura Language School. Our Spanish Director is teaching at two state universities (UNA and TEC) to train teachers of Spanish as a second language so they can have an integrated view of language with the Costa Rican culture. The teachers work primarily in Spanish language teaching, but also design physical and online materials (such as Web Quest) make level assessments of new students, and collaborate with clients in care linked to learning in general areas of Spanish as target language.

• We also ensure our employees are provided with enough work and high enough wages compared to living standards, so that adults are able to support their families. Therefore, children need not supplement the incomes of our employees. We have confirmed non-existence of child labor in our company as the chart below demonstrates.

INTERCULTURA COMPANY - HEREDIA		
Age Distribution of Employees (Professors and Administrative staff)		
18-25	42.7%	
26-45	44%	
46-65	13.33%	

INTERCULTURA COMPANY – SÁMARA		
Age Distribution of Employees (Professors and Administrative staff)		
18-25	5%	
26-45	80%	
46-65	15%	

• Intercultura also has a scholarship program for local school children to continue their studies and encourage them to continue their higher education with the goal that they will also become adults who earn enough to support their families and help eliminate the necessity of child labor income supplementation.

In 2013 we granted 3 full (100%) program scholarships for our English as a foreign language courses. We also offered special discounts for our English program to help the students. We offer subsidized English classes to the entire community including a free children's English program. The company also offers free German and French language courses to the local community in our Sámara campus, and Portuguese in our Heredia campus. To date, there have been over 78 participants in our free language courses. By helping the community further their language skills, we hope to reduce child labor and expand employment opportunities for these children once they reach adulthood.

- If Intercultura becomes aware of instances of child labor or exploitation we will take measures to halt the situation and also help educate the family.
- In 2005 Intercultura collaborated to create the Association CREAR (Creatividad, Arte y Responsabilidad Social creativity, art and social responsibility). CREAR is a non-profit organization hosted and funded by Intercultura, for the rural beach communities in and around Playa Sámara in Guanacaste, Costa Rica.

CREAR offers a wide variety of services to the local members of the community, primarily children, all completely free of charge. The organization provides educational opportunities in technology, music, art, English, dance, theater, environmental education, horticulture, sports, values and academic support. In addition, it runs summer camps, women's empowerment/independence/nutrition workshops, and youth apprentice programs. CREAR has in the past taken underprivileged students to the National Children's Museum, the Aquarium, Santa Rosa National Park and Africa Mía Safari during their yearly summer camp, completely free of charge. Intercultura directly supports CREAR's current presence in the local schools 4 days a week in the form of an after-school program, and in general by providing free funding, office space, equipment, staff, volunteers and telecommunications. This program is currently serving over 200 local students.

- In 2013, we accomplished our objective to further awareness within our community regarding the importance of education and keeping children out of the workforce by creating informative flyers or signs, and providing training sessions for vendors and the community regarding child rights and needs. This was successfully done through CREAR association in the Sámara campus. We have created 2 new programs: one for Teens and the other one for Pre-Teens, where they learn about different subjects like sexuality, health, nutrition, etc.
- We strive to continue eliminating forced and child labor throughout our supply chain and in the upcoming year aim to establish and implement further ways to work with partners to identify and avoid all forms of forced and child labor.

- In Heredia, our staff members are working with the "Puertas Abiertas" ("Open Doors") Foundation to end sex trafficking of women and children for sexual exploitation through education and practical job skill training. Our English teachers provide free classes to single mothers from "Luz Divina" daycare.
- In our Sámara campus, we are starting an IMAS program called "Let's get to work", which selects and pays 18 low-income people to work in cleaning the beach and other community projects. The project is sponsored by the IMAS, are overseen locally by Intercultura and CREAR personnel.
- We are participating in the formation of the Association for the Integral Development of Samara Town, which will receive DINADECO funds to carry out projects and programs for the community of Samara.
- We have implemented Spanish programs that enforce our relation with the communities we live. For example "Total Spanish Immersion Program at Homestay Families". This program integrates even more our local families and contributes to the global and intercultural exchange between visitors and locals, etc.
- In Samara, where living standards, customs, habits and attitudes are still more "rural" and "antiquated" we held frequently meetings and workshops with our local homestay families and staff in order to improve our services and conflict areas in the houses.

ENVIRONMENT

- In 2012 and 2013, due to the company's continued leadership in beach, mangrove and river clean-ups, Playa Sámara received the *Bandera Azul* (Ecological Blue Flag) award from the Costa Rican government. Intercultura has been instrumental in developing local awareness of the environment by offering educational programs offered at no charge to community members and monthly recycling workshops for children in the local schools. In addition, each year, local mothers and students participate in workshops sponsored by Intercultura, to learn how to better reuse and recycle materials.
- Intercultura also takes a precautionary approach to caring for the environment: We try to create as little waste as possible, replacing the paper towels in the bathrooms with environmentally friendly air hand dryers, replacing regular sink faucets with water-saving faucets, and encouraging the three R's of Reduce, Reuse, Recycle. We invite students to bring recyclable items from their lodging to the school for recycling.

The Spanish Department in the Heredia campus decided that the teachers should not use paper copies of the workbooks but only use the interactive whiteboard presentations. This is to reduce the expense of photocopying paper and use the technological resources more efficiently. Some teachers use recycled paper for their classes. English **Department:** To reduce the use of paper, we give teachers the goal of using only one sheet of paper per student every three hours. With this objective they only use 1,200 sheets per week, and if they succeed we celebrated with pizza and drinks at a local restaurant, paid by Intercultura. Also at each meeting the "teacher of the week" shows an activity in which he/she does not use paper to keep giving ideas for classroom activities that are environmentally friendly. We strive to reduce impacts on the environment by helping society to develop an environmentally sound materials cycle. We foster a sustainable society by promoting the 3Rs in all our business activities. We reduce our waste by composting organic and food wastes, using real flatware versus plastic. We do not overuse lights and air conditioning units, and always turn off all electronics when not in use. Since 2011, we have maintained our policy whereby all food vendors must use reusable plates, utensils and cups on our campus; this has significantly reduced the amount of waste the student body creates. We reuse waste by giving usable waste materials to Association CREAR for use in art and science classes (glass jars, egg cartons, plastic lids, toilet paper rolls, plastic bottles, etc.), we also reuse paper, turning used paper into scratch pieces for notes or class activities. We also donate to the local community, offering used but working-condition items such as televisions, washing machines, CD players and zinc roofing sheets to locals at no cost. We recycle all possible materials and have recycling bins available on our campuses. We also recycle and reuse as much water as possible in use in our gardens and grounds. We have already completed the first step of the contract and payment to install Solar Panels in our Sámara campus, designed to cover 80% - 100% of our electric use. Our next project is to install rain-water tanks, for gardening and the toilets.

• We engage in the public discussion regarding community environmental issues, and are in the process of creating an environmental awareness committee. The committee will help the company stay up to date regarding environmental issues and visualize new ideas for improving our personal protection of the environment. We do monthly workshops in public schools to talk about the protection of the environment and the importance of recycling.

We have employees represent our environmentally friendly views in municipality meetings regarding environmental issues and have had zero incidents, issues, or fines due to environmental sanctions.

- <u>Community-building and environmental initiatives</u>:
- We support ecological protection and other environmentally friendly organization. In 2013, our Samara campus donated a total of \$600 to beach cleanups and maintenance. We organized and led monthly beach cleanups throughout 2013-2014 to present, and hired a half-time employee (6 days per week, 4 hours per day), collecting hundreds of bags of garbage, some that we recycled. The company donated \$2,300 to various community

organizations including local public schools, community churches, for children who want to participate in national athletics, tree planting projects, community clean-ups, recycling centers, child orphanages, animal shelters, and environmental reserves. We loan our beachfront rancho to any community organization, association or public school that needs it for graduations, activities, meeting, etc., free of charge. We continue to offer free English classes to the police force. We have taken an active role in the municipal council to improve transparency in governance, and to implement a 30-year plan that prioritizes environmental protection, social development and sustainable infrastructure development. Our Sámara campus is fully involved at the moment in reforestation of the beach, planting royal palms to replace the palm trees which have been lost due to erosion. Royal palms also benefit local people and tourists, as they will no longer be in danger of falling coconuts. We co-sponsored the SAMARUN Race to raise funds for beach cleanup and redevelopment of public school's dining room, developed the plan to design the Cultural Park of Sámara, hosted the Free International Film Series and used books sale, planted 100 trees donated by ICE in schools and public areas, sponsored 8 low-cost castration campaigns of dogs and cats at low cost, organized 4 entire-beach cleanups, with organized groups, filled in the eroded entrance to the beach, contributed to materials to fix the sewers at "Barrio Canto de los Gavilanes", in collaboration with City Hall, placed 10 common waste and recycling cans, participated in the purchasing of a second police vehicle for Sámara, participation in the procurement of 6 speed bumps for the main streets of Samara, in collaboration with MOPT (still in progress), offered /hosted 4 free computing courses to the Sámara community, subsidized German and French courses (\$20 per month, free for Intercultura staff), Free First Aid course in Sámara, in collaboration with the Red Cross, Free Food Handling Course in collaboration with INA, Free course for Tour Guides, with the INA, a free journalism course with "The Voice of Nosara". We completed creation of environmental awareness committee to further staff participation in environmental endeavors, participated in the creation and distribution of information regarding children's rights and needs, particularly in the Guanacaste area, participated in the formalization of the town Recycling Project (originally started by town members with sponsorship from Intercultura and CREAR) and now run by the local municipality every Wednesday, began a series of workshops for children and women, designed to address the increasingly problematic issue of domestic violence in Sámara and provide tools to combat this crisis, initiated and funded a town reforestation project, increasing the number of trees planted by the school throughout the town's public areas and setting up a process to care for these trees, in conjunction with the Costa Rican Tourist Institute's Ecological Board and ICE (Costa Rican Electricity Institute). And, in process: We are assisting in funding and maintaining a new town park in Sámara, with children's playground, benches and planting of trees and plants, skate park, basketball court and children's administrative offices.

ANTI-CORRUPTION

Intercultura is committed to fighting all forms of government corruption. We strive to eliminate corruptive actions by filing official complaints, documenting corruption with real photographs and witness records and creating as much objective input as needed to begin the process of change. We commit to continue and to further our involvement in the struggle against corruption and in the upcoming year hope to have solid examples of change to report in our 2013-2014 UN Global Compact Communication on Progress Report. Intercultura started the Sámara Security Committee in 2011, which continues to work in conjunction with local authorities to eliminate police corruption and improve public security efforts in our town. We have denounced inhabitants engaging in illicit activities such as bribery of government officials aimed to cover up environmental abuses and allow the perpetuation of enrichment at the cost of the environment.

Contact Information

LAURA ELLINGTON FOUNDING DIRECTOR



Tel: (506) 2656-3000 ext. 22 laura@samaralanguageschool.com

ADELITA JIMÉNEZ FOUNDING DIRECTOR



Tel: (506) 2260-8480 adelita@interculturacostarica.com

Company Information

Intercultura Language and Cultural Center Heredia City & Sámara Beach **Tel: + (506) 2260-8480 / 2656-3000 Fax: + (506) 2260-8480 ext. 14** <u>www.interculturalanguageschool.com</u> <u>www.samaralanguageschool.com</u>

