

GLOBAL COMPACT ANNUAL COMMUNICATION ON PROGRESS – SME VERSION

Mater A/S
Njalsgade 17b, 2.fl
DK-2300
Copenhagen S

Denmark

Henrik Marstrand
CEO / Founder
+45 40 31 38 31

Date: 10 dec 2009

Membership date:
2007/3/20

Number of
employees: 1-5

Personal goods

Brief description of nature of business

mater is the home accessories brand that makes corporate social responsibility timeless and alluring to consumers all over the world

mater – latin for mother – combines exclusive high end home accessories with working methods that support people, local craft traditions and the environment

Statement of support

mater's commitment to corporate social responsibility is based upon the principles of the united nations global compact initiative. mater is member of the united nations global compact

Signature

Position

PRINCIPLE 1 BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS

Our Commitment or Policy

Employment Practices

1. Forced Labour

1.1. Forced Labour and Freedom of Movement

The supplier must not participate in, or benefit from, any form of forced labour, including bonded labour, forced prison labour, slavery, servitude, or human trafficking. Workers must have the freedom of movement during the course of their employment.1

1.2. Retention of Identity Cards and Travel Documents

The supplier shall refrain from retaining the identity cards, travel documents, and other important personal papers of its employees.2

2. Child Labour and Young Workers

2.1. Minimum Age Requirements

The supplier shall not engage in, or benefit from, the use of child labour. The minimum age for employment shall not be less than the age of completion of compulsory schooling and, in any case, shall not be less than 15 years (or 14 years where established by national laws in accordance with the ILO developing-country exception).³

2.2. Educational Remediation Programme

If the supplier becomes aware that it is employing children of school age, it shall ensure that the children are enrolled in a remediation programme, rather than being summarily terminated from employment. The programme shall include access to education and financial support and shall be decided in consultation with the child and family or next of kin.⁴

2.3. Light work and Apprenticeship Programmes

Where permitted by national laws, the supplier may employ children between 12 and 15 to perform a few hours of light work per day. The work must be simple tasks of a limited nature and not interfere with the children's educational responsibilities. Apprenticeship programmes for children below the minimum age of employment must be remunerated and clearly aimed at training.⁵

2.4. Hazardous and Harmful Work

The supplier shall refrain from hiring young workers (below 18 years of age) to perform any type of work, which is likely to jeopardise their health, safety or morals.⁶

3. Non-Discrimination

3.1. Non-discrimination in Employment-related Decisions

The supplier shall not engage in or support discrimination on the basis of race, colour, sex, language, religion, political or other opinion, caste, national or social origin, property, birth, union affiliation, sexual orientation, health status, family responsibilities, age, and disability or other distinguishing characteristics. Hiring, remuneration, benefits, training, advancement, discipline, termination, retirement or any other employment-related decisions shall be based on relevant and objective criteria.⁷

4. Freedom of Association

4.1. The Right to Freedom of Association and Collective Bargaining

The supplier must not interfere with the workers' rights to form and join unions, or other associations of their own choosing, and to bargain collectively. Nor shall the supplier discourage membership of unions. Workers' representatives shall not be subject to discrimination and shall be given access to employees at the workplace. The supplier must recognise elected workers' representatives and bargain in good faith with them regarding all important workplace concerns.⁸

4.2. Alternative Measures in Case of State Prohibition on Unions

If trade unions are not allowed in the area of operation, or only state authorised organisations are allowed, the supplier shall facilitate, and not prevent, alternative measures to allow employees to gather independently to discuss work-related matters and a forum to present work-related concerns to management.⁹

A brief description of our Processes or Systems

Participation in susbiz india. www.susbizindia.org.

This overview presents a brief and general introduction to the achievements accomplished within labour standards, health & Safety and environment at the eight Indian SUSBIZ companies during their participation in the SUSBIZ India project. The overview is based on study visits at the Indian SUSBIZ companies conducted in April 2009 by The Danish Federation of SME's and The Danish Commerce and Companies Agency.

Introduction

During the SUSBIZ India project some issues have proved more difficult for the Indian companies to work with than others. In general, however, all companies have accomplished to implement most of the points in the individual action plans developed by the SUSBIZ team. A major accomplishment achieved during the project is the change of attitude towards CSR of the managements in the Indian companies. Before the project most managers had only a vague

idea of the concept of CSR and some managers did not even know of the concept. Scepticism toward the SUSBIZ India project was very wide spread and the potential benefits of engaging in the CSR implementation process were not acknowledged.

During study visits to the Indian companies it became apparent that the large majority of the companies now clearly see the linkage between CSR efforts and business performance. Also, the management of the companies - especially the larger ones - acknowledges that a high standard on CSR related issues is a crucial prerequisite for business growth beyond a certain level, e.g. as larger buyers are increasingly concerned about CSR issues. Though the change of attitude is not a direct benefit for the workforce nor an improvement that can be visually observed, it is a very important change to acknowledge. Whereas the way Indian companies are normally encountered by demands on CSR from their buyers typically creates scepticism and holds a potential risk of companies engaging in fraud in stead of improving on CSR issues, the change of attitude occurring from the participatory SUSBIZ approach has laid the ground for real and sustainable CSR improvements.

Labour standards

In general there has been an increase in the percentage of workers enrolled as regular workers and a decrease in workers enrolled as contract workers. Though it is the responsibility of the company that labour standards are complied by – also with regard to contract workers - a problem with contract workers is the difficulties connected to ensuring compliance when labour is hired through a contractor.

Yet, most of the companies have implemented systems contributing to contractors abiding by the law and living up to basic labour standards. For instance this means to ensure that the contractors have attained the legal permissions to work as contractors and that contract workers are provided with legal appointment letters, are paid the minimum salary and enrolled under the ESI and PF schemes (Employee State Insurance covering medical expenses of workers and their families and Provident Fund providing financial benefits to the workers when leaving their job or retiring).

In one case (Merlin Creations) the management has solved wage problems with regard to contract workers by over viewing salary payments from contractors to contract workers, making sure that the contract workers get the share that they are entitled to.

With regard to regular workers a large increase in the number of workers provided with legal appointment letters, enrolled under ESI and PF has been observed. For many of the companies all regular workers are now provided these benefits.

In general, excessive overtime has decreased, though especially overtime is a difficult issue to address. This is mainly due to the workers demands on overtime, buyers demands on very short delivery times and unpredictable fluctuations in the placing of orders from buyers. However, since production has increased in all the companies as a result of implementation of lean management and other productivity related initiatives, room for decrease in overtime has been established. In the case of Sri Jaya Prabha Exports better production planning and increased productivity have paved the way for an approximate 15 % decrease in overtime and a decrease in expensive airfreight from 25 % to 2.5 %. An important prerequisite for this is the contribution from the Danish SUSBIZ partner of Sri Jaya Prabha - Sourcing House. As a result of engaging in the SUSBIZ project, Sourcing House has changed their buying behaviour. Orders are now spread out during the year in stead of being placed in two main bulks up to the production of spring and fall collections. Thereby, the squeeze on the supplier has decreased, lead times are being met and fast shipment by air is no longer needed.

Expenses saved from – among other things - decreased overtime and airfreight has also enabled the company to increase wages and assure that so far 25 % of the workforce receives overtime premium.

The share of workers receiving minimum salary is increasing, but especially salary is difficult to address since buyers are squeezing the prices they are willing to pay and the Indian companies fear that buyers will move their sourcing to China or Bangladesh where prices are lower. Due to better understanding among the Danish SUSBIZ companies with regard to the situation of their Indian partners, squeezing of prices is not as apparent from the Danish SUSBIZ participants as from other buyers. But since most of the Indian companies have many buyers this does not change the difficult circumstances much. However, increased understanding and contribution from the Danish buyers as well as productivity improvements has been extremely crucial for the improvements observed with regard to overtime and salary.

Ensuring freedom of association has been tackled by the companies by establishing different

committees (welfare, safety, anti-sexual harassment and first aid committees). Also, suggestion boxes have been established giving the workers a means of raising their voice anonymously. In one case (AKDPL) most workers are illiterate so suggestion boxes are supplemented by monthly meetings with all workers and management participating, dealing with issues that workers feel important. Management systems within labour standards and human resources have also been established. Policies outlining for instance workers rights, disciplinary procedures, loan giving from the companies to the workers, holiday policies etc. have been designed and are in most cases posted on notice3 boards in the companies in the local language. In some companies middle management with specific responsibility of CSR and human resource management has been established.

Health and safety is an area that is not affected by difficult contextual circumstances to the same extend as for instance overtime and salary. Thus, tremendous improvements have occurred within these areas. First aid boxes and fire fighting equipment have been established at all companies. Safer and more comfortable working conditions and factory layout have been set up and workers have received training in first aid and fire fighting. First aid trained personnel has been made identifiable by arm-tags or on notice-boards. Furthermore, some companies have provided training in health related issues not directly connected to the working situation such as tobacco chewing or smoking. Periodical medical check ups have been established in most companies typically conducted for all new workers at employment and twice a year for existing workers. Indirect improvements are seen in quality and productivity from better working conditions and a more contend workforce. Direct improvements in the quality are seen for instance as workers with eye problems have been identified. The simple improvement of these workers now wearing glasses, have had a significant influence on product quality. Personal protective equipment (PPE) has been provided where needed at all factories and training in its use and consequences of not using have been conducted. Some problems still remain since some workers are reluctant to use the equipment because of cultural issues (e.g. some workers find it embarrassing to use PPE in a macho environment). However, awareness training is changing this attitude and the management reports on an increasing number of workers using PPE. All together, risks with regard to health and safety have been drastically reduced. As an overall result of improvements within health and safety, production and labour standards attrition rates has typically decreased which means that management can rely on a steadier workforce and saves resources on training of new employees.

Actions implemented in the last year / planned for next year

9 training workshops has been carried out in the period from summer 2007 to 2009. After every workshop independant audits has been carried out in order to facilitate change.

Measurable Results or Outcomes

Better wages, less contract workers, right to organize. Our wood workshop now understands the importance of right salary to achieve high quality.

PRINCIPLE 2 BUSINESS SHOULD ENSURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES

Our Commitment or Policy

Covered in principle 1. See above text.

A brief description of our Processes or Systems

Covered in principle 1. See above text.

Actions implemented in the last year / planned for next year

Covered in principle 1. See above text.

Measurable Results or Outcomes

PRINCIPLE 3 BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

Our Commitment or Policy

Freedom of Association

4.1. The Right to Freedom of Association and Collective Bargaining

The supplier must not interfere with the workers' rights to form and join unions, or other associations of their own choosing, and to bargain collectively. Nor shall the supplier discourage membership of unions. Workers' representatives shall not be subject to discrimination and shall be given access to employees at the workplace. The supplier must recognise elected workers' representatives and bargain in good faith with them regarding all important workplace concerns.⁸

4.2. Alternative Measures in Case of State Prohibition on Unions

If trade unions are not allowed in the area of operation, or only state authorised organisations are allowed, the supplier shall facilitate, and not prevent, alternative measures to allow employees to gather independently to discuss work-related matters and a forum to present work-related concerns to management.⁹

A brief description of our Processes or Systems

Participation in subbiz india. See Mater code of conduct

Actions implemented in the last year / planned for next year

Ensuring freedom of association has been tackled by the companies by establishing different committees (welfare, safety, anti-sexual harassment and first aid committees). Also, suggestion boxes have been established giving the workers a means of raising their voice anonymously. In one case (AKDPL) most workers are illiterate so suggestion boxes are supplemented by monthly meetings with all workers and management participating, dealing with issues that workers feel important. Management systems within labour standards and human resources have also been established. Policies outlining for instance workers rights, disciplinary procedures, loan giving from the companies to the workers, holiday policies etc. have been designed and are in most cases posted on notice3 boards in the companies in the local language. In some companies middle management with specific responsibility of CSR and human resource management has been established.

Measurable Results or Outcomes

Establishing comitties (welfare, safety, anti-sexual harassment and first aid comitties).

PRINCIPLE 4 BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR

Our Commitment or Policy

1. Forced Labour

1.1. Forced Labour and Freedom of Movement

The supplier must not participate in, or benefit from, any form of forced labour, including

bonded labour, forced prison labour, slavery, servitude, or human trafficking. Workers must have the freedom of movement during the course of their employment.¹

1.2. Retention of Identity Cards and Travel Documents

The supplier shall refrain from retaining the identity cards, travel documents, and other important personal papers of its employees.²

A brief description of our Processes or Systems

Participation in susbiz india. Above is checked in audits (independent)

Actions implemented in the last year / planned for next year

Continue audits.

Measurable Results or Outcomes

Not judged a big problem

PRINCIPLE 5 BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR

Our Commitment or Policy

Child Labour and Young Workers

2.1. Minimum Age Requirements

The supplier shall not engage in, or benefit from, the use of child labour. The minimum age for employment shall not be less than the age of completion of compulsory schooling and, in any case, shall not be less than 15 years (or 14 years where established by national laws in accordance with the ILO developing-country exception).³

2.2. Educational Remediation Programme

If the supplier becomes aware that it is employing children of school age, it shall ensure that the children are enrolled in a remediation programme, rather than being summarily terminated from employment. The programme shall include access to education and financial support and shall be decided in consultation with the child and family or next of kin.⁴

2.3. Light work and Apprenticeship Programmes

Where permitted by national laws, the supplier may employ children between 12 and 15 to perform a few hours of light work per day. The work must be simple tasks of a limited nature and not interfere with the children's educational responsibilities. Apprenticeship programmes for children below the minimum age of employment must be remunerated and clearly aimed at training.⁵

2.4. Hazardous and Harmful Work

The supplier shall refrain from hiring young workers (below 18 years of age) to perform any type of work, which is likely to jeopardise their health, safety or morals.⁶

A brief description of our Processes or Systems

Participating in susbiz india

Actions implemented in the last year / planned for next year

Uphold minimum 18 years old standard

Measurable Results or Outcomes

No young workers. Downside is that 18 years should be lowered to prevent young workers

from turning away from program. We don't know where they go!

PRINCIPLE 6 BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION

Our Commitment or Policy

3. Non-Discrimination

3.1. Non-discrimination in Employment-related Decisions

The supplier shall not engage in or support discrimination on the basis of race, colour, sex, language, religion, political or other opinion, caste, national or social origin, property, birth, union affiliation, sexual orientation, health status, family responsibilities, age, and disability or other distinguishing characteristics. Hiring, remuneration, benefits, training, advancement, discipline, termination, retirement or any other employment-related decisions shall be based on relevant and objective criteria.⁷

A brief description of our Processes or Systems

Participatin in susbiz india

Actions implemented in the last year / planned for next year

Training workshop via susbiz india / continue audits

Measurable Results or Outcomes

Not judged as a problem during training and audits.

PRINCIPLE 7 BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES

Our Commitment or Policy

12. Environmental Protection

12.1. Managing Environmental Aspects

The supplier must strive to minimise the adverse environmental impacts of its activities, products and services through a proactive approach and responsible management of its environmental aspects (including, but not limited to):

- Use of scarce natural resources, energy and water
- Emissions to air and releases to water
- Noise, odour and dust emission
- Potential and actual soil contamination
- Handling of hazardous substances
- Handling of hazardous and non-hazardous wastes
- Product issues (design, packaging, transport, use and recycling/disposal)

12.2. Complying with Environmental Legislation

The supplier shall maintain awareness of current environmental legislative requirements, relevant to the environmental impacts of its activities, products and services and ensure legal compliance through training, awareness, operational control and monitoring.

12.3. Continuously Improving Environmental Performance

The supplier shall demonstrate continuous improvements of the overall environmental performance related to significant environmental aspects.

A brief description of our Processes or Systems

Participating in susbiz india

Actions implemented in the last year / planned for next year

None of the Indian companies are engaging in especially environmentally hazardous activities (however in the supply chains of some of the companies some environmental issues could be addressed), thus the environmental challenges were not insurmountable. Energy efficiency audits have been carried out and many of the companies have invested in resource saving equipment e.g. energy efficient boilers (garment industry companies), energy saving illumination and more efficient electricity generators (where power cuts are regularly occurring). The attitude has also changed in this regard. Previously some companies showed reluctance towards the rather large investments attributed to resource savings, but education and awareness training have clearly provided the management with knowledge on the long term financial benefits connected to these environmental improvements

Another focus point has been on segmentation of waste at the source of generation. Since waste is now segmented for many companies waste can be sold at a higher rate or is cheaper to dispose. Also, more waste is being reused since segmentation has improved the scope for this.

We will continue to improve our designs to be eco friendly using less material.

Measurable Results or Outcomes

Reduced energy spend (lights, energy and machines), financial benefits for supplier
Reusing all waste wood.

PRINCIPLE 8 BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY

Our Commitment or Policy

See principle 7

A brief description of our Processes or Systems

See principle 7

Actions implemented in the last year / planned for next year

See principle 7

Measurable Results or Outcomes

See principle 7

PRINCIPLE 9 BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

Our Commitment or Policy

See principle 7

A brief description of our Processes or Systems

No action

Actions implemented in the last year / planned for next year

No action. We work towards using LESS energy.

Measurable Results or Outcomes

NA

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

Our Commitment or Policy

11. Corruption and Bribery

11.1. Bribing of Government Officials

The supplier shall refrain from bribing, or using any other method, to unjustly influence public officials and/or the judiciary.²⁵

**A brief description of our Processes or Systems
Covered in susbiz india training program**

**Actions implemented in the last year / planned for next year
Checked in audits / continue checking**

**Measurable Results or Outcomes
Judged as not a problem at the Mater production site.**

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