

The Danish Federation of Small and Medium-Sized Enterprises (Håndværksrådet)



Endorsing the UN Global Compact 2013-2015

Our Commitment

Since 2007, The Danish Federation of Small and Medium-Sized Enterprises (DFSME) has been a member of the UN Global Compact. This report reflects our commitment and progress in the years 2013-2015.

The main objective of DFSME is to improve business conditions for Danish SMEs on domestic and international markets. We fight for this through political lobbying, legal advice, various membership services and through consultancy for companies with international activities. It has always been a high priority for DFSME to work towards this objective with a key focus on the way SMEs impinge on society in a broader perspective.

As the main business organization for SMEs in Denmark, we make a virtue out of cooperating and engaging in the local and national community. We cooperate with relevant public, private and civil society actors and organizations in our work in various areas such as education, employment, integration, environmental issues and internationalization.

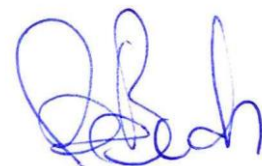
In the course of the last years, we have among other things fought for the preservation of maternity leave funding for self-employed women. Furthermore, we worked to support equal access to employment through advocating apprenticeship on multiple levels and through promoting employment of non-ethnic Danes, benefitting employees as well as companies.

On the international level, we have assisted numerous Danish companies with business development on emerging markets in Africa with a keen focus on sustainable business development - making the support of human rights and environmental protection an integrated part of sound business management.

This effort is also reflected in various stakeholder activities, e.g. we are a member of the Danish Ethical Trading Initiative and have again been appointed to the Danish Council of Development Policy.

We aim to ensure that our social responsibility and our commitment to UN Global Compact principles of human rights, labour, environment and anti-corruption is always an integrated part of our core business areas of improving the conditions for small and medium-sized enterprises. Our commitment to the UN Global Compact is an integrated part of DFSMEs engagement in the Danish as well as the international society. It is therefore with great pleasure that we continue to support and promote the UN Global Compact.

Ane Buch, Managing Director, October 2016



Actions and Outcomes:

How DFSME Promotes the Global Compact Principles

As a trade association, DFSME undertakes a wide variety of actions that impinge on business life in Denmark and abroad. We work closely together with stakeholders from the private, public and civil sector in order to promote business responsibility and sustainability.

Our work with social responsibility and sustainability can be divided into three broad categories with different types of activities, as summarized in the table below.

Area	Activities
1. Consultancy to businesses in Denmark and emerging economies as well as institutional development and capacity building in emerging Economies	<ul style="list-style-type: none">▪ CSR analysis, strategy and implementation▪ Responsible supply chain management and audits▪ Sustainable business development between Danish companies and companies in emerging economies▪ Multi-stakeholder programmes for CSR implementation▪ CSR training and knowledge provision at courses, seminars and conferences
2. Political activities, stakeholder and community engagement	<ul style="list-style-type: none">▪ Influencing the political agenda within CSR by representation in political CSR networks and forums, e.g. the Danish Council for CSR and the Danish Ethical Trading Initiative▪ Promoting energy efficiency in Danish SMEs by representation in networks and forums for green energy and environmental issues▪ Promoting business integrity through lobbying for appropriate regulation and fighting for individual causes▪ Community engagement within education, employment, diversity and integration
3. In-house activities of DFSME	<ul style="list-style-type: none">▪ Physical working environment▪ Psychological working environment

In the following sections, you can read in greater detail about our activities within each category, highlighted with representative cases and outputs.

Consultancy to businesses in Denmark and emerging economies as well as institutional development and capacity building in emerging economies

A priority in DFSME's engagement in CSR is consultancy for Danish companies and their business partners in emerging economies and difficult markets. We provide consultancy on CSR strategy, implementation, responsible supply chain management and other areas within business sustainability. Furthermore, we assist Danish companies with establishing partnerships and joint ventures with local companies in emerging economies. These services are typically supported by the Danish International Development Assistance (Danida) and other international donors, making sustainable development a central focus point.

In addition to these activities, capacity building for organizations and companies in emerging economies has been a main activity for DFSME during the last 20 years. Within this area, we for instance provide groups of companies with training sessions of longer duration - up to 3 years - in sustainable business development and CSR. In addition to this, we conduct shorter training sessions in CSR for companies and for educational institutions.

Case 1 – Partnership for sustainable business development in Kenya

“SUSBIZ Kenya” was a multi-stakeholder initiative in Kenya facilitating collaboration on sustainable business development between Kenyan companies working with Danish partners. A total of 10 Kenyan and 10 Danish companies took part in the program, which was run by DFSME, the Danish Ministry of Business and Growth and the Federation of Kenya Employers. Key objectives of the program were to increase awareness of strategic CSR in Kenya, to demonstrate the link between improved social and environmental conditions and business performance within the Kenyan companies in a practical manner and to strengthen the Kenyan companies' interest, ability and potential to link CSR implementation with strategic business development through capacity building of the Kenyan participants. These objectives were achieved through company analyses, individual action plans, joint workshops and individual on-site assistance. The project was conducted from July 2011 to July 2013 and has been highly successful. It has been utilized as a role model example of strategic CSR in a variety of seminars and training sessions DFSME provided. For more information see <http://susbizkenya.org/>

Case 2 – Participation in the European Multi-Stakeholder Forum on CSR

In February 2015, DFSME participated in the plenary meeting of the EU Commission's *European Multi-Stakeholder Forum on CSR*. As part of this forum, views on the future of European CSR policy were exchanged in order to generate professional input for a new European strategy on CSR. DFSME's Business Development and CSR Manager Henning Høy Nygaard participated as a speaker in the session *Promoting CSR amongst European SMEs – National Perspectives*, providing professional insights on the highly relevant connection between SMEs and CSR from a Danish perspective.

Case 3 – Improving Danish company's commitment to CSR

In 2013 and 2014, DFSME successfully continued its cooperation with a Danish retail company, which has more than 500 suppliers in China. Particular emphasis was hereby laid on supplier cooperation and communication regarding CSR standards and the adherence to the latter on all levels of production. Central elements utilized in order to motivate and ensure such adherence were the company's Code of Conduct and a CSR-auditing-system, which was developed by DFSME. In 2013, the auditing-program was expanded to include a permanently employed auditor in China, where most of the business' production takes place. Furthermore, the company's largest Indian supplier was part of an auditing process for the first time in 2013, which resulted in around 50% of the company's purchases now originating from professionally audited suppliers. These improvements created both a better overview over the suppliers' production conditions and more security regarding the adherence to Human-, and Workers' Rights as well as to environmental standards in the production process.



Political activities, stakeholder and community engagement

DFSME undertakes a variety of activities aimed at promoting CSR on the political level. We work closely together with the Ministry of Business and Growth and the Ministry of Foreign Affairs in relation to the Danish government's CSR policies and initiatives. Furthermore, we were until recently¹ represented in the Danish Council for CSR, established by the Danish government to provide input to how the government can promote CSR among Danish companies

DFSME is also represented as a member of the Danish Ethical Trading Initiative, a multi-stakeholder organization bringing together trade unions, business associations, non-governmental organizations and companies to promote ethical trade and responsible supply chain management among Danish companies.

Likewise, DFSME has again been appointed to the Council of Development Policy, whose role is to engage in ongoing strategic dialogue with and counseling of the Minister of Foreign Affairs (previously Ministers for Development Cooperation).

At DFSME, we also engage with our stakeholders through a range of community activities, e.g. related to education, employment and integration. We are working together with SMEs, Ministries, local governments and other relevant partners to enhance cooperation across sectors in areas where cooperation is mutually benefiting both our members and society at large.

Case 1 – Revealing the hidden resource of diversity in Danish SMEs

In the light of recent demographic developments in Europe, it is now more crucial for Danish SMEs than ever to integrate citizens with a migration background into their working environments. The Danish Federation of SMEs therefore established a diversity-in-employment project with support from the National Labor Market Authority.

The aim of the project is to increase awareness and address prejudice, challenges and barriers towards recruitment of immigrants in Danish SMEs. On the basis of a multiplicity of case studies conducted among companies which have employed immigrants, DFSME launched a sub-website on its homepage to inform and facilitate dialogue. A range of video- and written interviews with different company owners as well as Danish and immigrant employees address questions in relation to language, culture, religion, humour, costumer relations and traditions. The cases show that diversity can benefit a company in terms of both profit, knowledge, working environment and client contact. Furthermore, the website provides a toolbox with tips and inspiration for SMEs, which either already have or are planning to hire new-Danish employees. All articles and videos as well as the toolbox can be found under <http://hvr.dk/hydanske-medarbejdere.aspx>.

Case 2 – Maternity leave rights for self-employed

Over the last years, DFSME has put ongoing effort into the preservation of maternity leave funding for self-employed women, who face major barriers to starting up own businesses if such funding does not exist. DFSME is convinced that a maternity leave fund for self-employed women - as the one which has been in place in Denmark over the last years - is of great importance in order to strengthen equality and interest in entrepreneurship, particularly among young women. Unfortunately, the Danish government decided to close the support scheme in fall 2015, but DFSME continues in cooperation with its member organizations to fight for the existence and more long-term-oriented re-establishment of the fund in the near future.

Statistics prove the outstanding demand for a stable maternity leave scheme for self-employed in Denmark, as female entrepreneurs only depict one third among all entrepreneurship in Denmark. The self-employed labour force will basically constitute the only group on the Danish job market which is excluded from any maternity leave regulation, if no alternative for the now closed scheme can be found. For this reason, DFSME will continue its fight for a long-lasting maternity leave regulation for self-employed.



Case 3 – Apprentices: a responsibility for both the companies and the politicians

Apprenticeship is an essential part of vocational education. Yet, many potential apprentices face difficulties when seeking companies that are willing to provide them with this important part of their education. Therefore, DFSME is continuously putting forward the agenda of apprenticeship. In particular, we are pushing the government to reinstate a financial reward for taking in apprentices, thereby increasing the possibilities for SMEs to take part in lowering the proportion of young people not finishing their education due to lack of apprenticeships. In line with this agenda, DFSME also advocates for a fairer distribution of expenses and reimbursement between companies taking on apprentices and companies that do not take on apprentices. We do this to ensure that all young people have equal access to education and employment, and it is simultaneously a part of our work to strengthen the sustainability of the Danish business environment.

Case 4 – Energy saving in Danish SMEs

Another of DFSME's focus areas is related to energy savings among Danish small and medium-sized enterprises. We participate in various networks promoting and strategically working for green energy, environmental improvements and energy saving opportunities for Danish businesses.

As part of this engagement, we have been involved in the development of the website *spareenergi.dk*, offering its users support in relation to energy saving possibilities in buildings. This involvement also entailed DFSME's participation in a political process, which aims at generating a more active and direct demand for energy saving solutions among property owners and allows for the provision of exactly these solutions through Danish SMEs.

Furthermore, the organization participated in the project *Styr Energien*, where municipalities are given the opportunity to test collaboration- and business models targeted at making energy saving more appealing to SMEs and at the same time allowing for the suppliers of energy saving products to enter into a cost-effective partnership with SMEs. *Styr Energien's* main objective is to develop sustainable and long-lasting business models, functioning between the suppliers of energy saving products and SMEs and making energy saving more attractive and easier achievable for the latter. Further information about the project can be found under <http://www.gate21.dk/Projekter/Styr-Energien/>.

In-house activities of DFSME

As a federation promoting sustainable business behaviour among various stakeholders, we want to provide a good example in our own organization. This way, we are continuously able to have a motivated and well-functioning team of employees.

We work towards sustainability in our own house by targeting employee relations, procurement and energy use. Among in-house activities in 2015, we have increased our focus on individual needs by focusing on education and engagement of staff in creating a better working environment

Case – Stress management

With stress being one of the main barriers to a positive and healthy working environment in an small knowledge intensive organization as DFSME, we have decided to highly prioritize this area.

In 2015, we have provided stress management seminars for all employees and the DFSME management, equipping them with the tools needed to prevent and deal with stress at the work place. This is a continuation of our anti-stress efforts conducted in previous years.

In this context, we furthermore have been highly engaged in promoting a country-wide effort to increase focus on mental health in small and medium-sized companies, as this issue is not sufficiently prioritized yet.



The way ahead

CSR is an important value for DFSME in both our own organization and in our work with our member organizations, companies and other SMEs in Denmark and abroad. We are therefore committed to develop our CSR work and consultancy services in the future.

In the years to come, we will continue to promote social responsibility in Danish and foreign business culture. Particular potential exists in regards to in-house activities such as putting stronger emphasis on CO²-reducing measures. Furthermore, supporting the use of more environmentally friendly and effective forms of transportation, both among DFSME employees and the organization's members, has been identified as a relevant goal for future CSR efforts.