

ETHICS AND ENVIRONMENT



ABOUT THE CODE OF CONDUCT

Indiska's Code of Conduct is part of our conditions of purchase. It is an important part that has to be signed by all of our main suppliers. This does not mean, however, that they always fully understand what it entails. It requires meetings, often many, and dialogue, to bring about change. And change has to be effected in consultation with our suppliers to be lasting.

The labour legislation that exists in our production countries is good, therefore Indiska has added the demand in our Code of Conduct that national laws must be observed. It is a strength for us, when meeting with our suppliers, to refer to the good laws of their own countries.

To work with the Code of Conduct is to find out what problems exist in the factories and in production and to do something about it. This does not mean that everybody automatically becomes good at the moment they sign the Code of Conduct – it is more the beginning of a journey towards change and improvement.

Where there is a will to change, we stay – as a partner in the dialogue towards improvement and as a buyer.

OUR WORK WITH THE CODE OF CONDUCT

Indiska adopted the code of conduct in 1998 and since then has worked actively with our suppliers to achieve permanent improvement in the factories where our products are made.

Our code of conduct is based on the ILO's core conventions on working practices and rights in the working life, and on the UN's Convention on the Rights of the Child:

- forced labour
- freedom of association
- working environment
- child labour
- salaries

- working hours
- discrimination
- proper employment
- humane treatment
- national laws

All suppliers have to sign the code of conduct. In doing so they commit themselves to follow the demands of Indiska's code of conduct as well as the good laws that generally exist in the production countries.

In a respectful dialogue with our suppliers we go through the signification of our code of conduct, which is one of our conditions of purchase.

Indiska's suppliers

Indiska has no factories of our own, but we buy from 130 suppliers in Asia and Europe.

Indiska as a company has been established since 1901. We have long-term relationships with many of our suppliers. This is both a strength and an added dimension in realising the purpose of our code of conduct, in mutual dependence and trust.



INSPECTIONS

Indiska has one person employed for regular controls of our code of conduct. In our offices in India we have quality controllers who visit our suppliers several times a week when our goods are being produced. They can also report back on clear breaches of the code of conduct.

To conduct a respectful dialogue with our suppliers, to inform about our own and our customers' values, to listen, to use humour and determination; these are all important components of our work, as well as good knowledge about the production country.

The inspections entail physical inspections of the factories, as well as the control of documents concerning salaries and benefits, insurances, pensions, appointment letters, working hours and salary receipts.

The inspection protocol comprises all ten points of Indiska's code of conduct, which are gone through by our Manager of Ethics and Environment with the supplier and others in the management of the factory. The protocol contains 140 questions. Before the meeting is ended a final summary of the inspection is discussed with the supplier.

We have so far done nearly 400 new visits and follow-ups with our main suppliers and with many sub-contractors and home workers over the last five-year period.

REPORTS

A report is written to the supplier with precise instructions as how to address the deviations from the code of conduct that have been found. Deadlines are set according to the nature of the infraction. Some changes, for example those concerning health and safety issues, require immediate action and before the next visit of our Manager of Ethics and Environment, our Quality Controllers can check the status of the actions.

Our buyers at Indiska and the management are informed after each trip. The buyers can also see the comprehensive assessment of each supplier in our register of suppliers.

Indiska's staff in Sweden and India are trained and informed continuously regarding our work with the code of conduct.

Assessment

A supplier can be: unacceptable, acceptable, satisfactory or good.

No order can be placed with an unacceptable supplier, but such a supplier has the opportunity to improve himself and submit himself for a re-assessment.

Follow-ups

All suppliers are subject to follow-ups with recurrent visits. Even a supplier with the assessment: good is subject to follow-ups, in order to guarantee that the assessment is ongoing, though not as often as suppliers that are assessed as acceptable or satisfactory.

INFORMATION TO EMPLOYEES

Indiska has produced an illustrated poster of our code of conduct, the only company in the world to do so. The poster is produced in conjunction with a human rights organisation in India.

It is written in different Indian languages, covering the production areas in India we trade in. The poster is in Hindi, Tamil and Malayalam, in combination with English.

The poster is illustrated on the basis of all ten of the prime rules in our code of conduct. Even if it may not be fully understood exclusively due to these illustrations, it will most likely arouse curiosity regarding the message, even for those who cannot read.

No employees can fail to see Indiska's poster of its code of conduct, as it is 1x1.5m in size and posted in highly visible locations in the factories. In large factories the poster is on every level within the production premises, and in small factories in the entrance, often by the time clock.

Safety bag

Our Manager of Ethics and Environment has, over the years, travelled with a bag containing different sorts of safety equipment for the workers: face masks, ear defenders, gloves and safety glasses. None of these existed in the workplaces a couple of years ago. Sometimes they did not even know where to obtain this kind of safety equipment.

Now our main suppliers in India and many of their sub-contractors have obtained relevant safety equipment and many of them have also installed a variety of mechanical and technical aids for a safer working environment.

The remaining problem is to get the workers to use the safety equipment. That is a big problem. Many of them think that masks and safety gloves, for instance, are clumsy to use. Young computer technicians managing ear-rending embroidering machines are hard to convince about the high decibel levels and the consequent risks involved. Both women and men working in dusty industries, such as wood and textiles, are sometimes unwilling to wear masks as well.

Herein lies a great deal of work in the form of repeated information.

Set Good Examples

When we see something really good at one of our suppliers, for example information, clear pay structures, exemplary fire equipment in place, or a nice canteen, we take copies or photographs, which we can then pass on easily to suppliers who have not reached so far in their improvements. Then each one does not have to 'reinvent the wheel' all the time. Instead, it can sometimes lead to a development of an already good idea.

HIV/AIDS INFORMATION

Millions of people in our production countries are affected by HIV or AIDS. Information campaigns need to be enforced on a broad front and here we, as buyers, can play our part.

Indiska asks our suppliers to contact their national health authorities or the ILO for information posters regarding HIV/AIDS. We ask them to post them in both men's and women's toilets. On the factory floor it might be embarrassing to read the message and look at the pictures, but in the toilets one can look and read undisturbed.

Indian health authorities are running information campaigns in several states regarding HIV/AIDS and are offering work visits to inform workers. We ask our suppliers to request this service.

GOALS AND RESULTS

At Indiska we work with three-year targets for ethical and environmental issues. It was difficult to set goals on unbroken ground, but already, after a couple of years' work, we can see positive results with our main suppliers, above all in India.

After repeat visits with our suppliers we can see the following improvements for the workers:

- working environment, health and safety has improved most of all.
- sick leave is paid
- pension is paid
- appointment letter is provided
- pay slip is provided
- at least a minimum wage is paid
- there is filtered water
- separate toilets for men and women
- all our suppliers and many subcontractors have put up our illustrated poster with our code of conduct
- some of our suppliers have built new factories
- protection at machinery to prevent ill health and physical injury is more common

Some suppliers have put additional measures in place:

- employed one or more people responsible for monitoring compliance with the law and the code of conduct at the factories
- information regarding rights and obligations is given verbally or in the form of a brochure to the workers
- information regarding salaries is now visible in the entrance
- canteens, sometimes with reduced prices on food
- committees for health and safety issues have been formed on which workers of both sexes are represented. In the committee for sexual harassment only women are present
- HIV/AIDS information in both men's and women's toilets has been posted
- HIV/AIDS information from health authorities is given out in some factories
- water purification, filtration and recycling now happens at many of our main suppliers
- silent-running, environmentally friendly generators (which compensate for the constant power-cuts)

Advantages for the suppliers after compliance:

- better structure and work flow in the factories
- increased production

- better quality
- more loyal workers
- more customers, with the same values and demands as Indiska
- the status of being a fore-runner to other suppliers in the area

The suppliers that live up to our code of conduct best are the ones concerned with the manufacture of clothing, home textiles and jewellery, since more purchasing companies in the world buying these kinds of products have the same demands as Indiska.

When it comes to wood, leather, glass and metal, Indiska is one of the few companies in the world that sets demands on these sorts of industries. Even though we are the only company at many of our suppliers with these kinds of demands on working conditions and environment, we manage to succeed, although it takes longer.

PROBLEM AREAS

OVERTIME

In some factories people work too many hours at some times of the year. This is not permitted, under the law. It is a difficult problem to deal with, because we are not responsible for how many and how big the orders are that our suppliers take on with other clients than Indiska. And neither are we visiting the factories at night to control or check what is put down as overtime and what is real overtime.

We know that some workers want to work all the overtime they can get, because they are only working for a short time, during peak seasons, and then returning to their villages to farm. But the law and our code of conduct do not permit that and not everybody at a factory wants to work like that.

Union Rights

This is another very complex problem area. Many workers do not know that they have any rights, or that they have the right to join a union. Some do not even know that there are unions, or what they are good for.

There are also work-intensive regions, in India for example, where there are no unions.

Some employers dislike unions, even though they might tell us that they have nothing against them. And some workers don't, either because many unions are not what they should be – someone who cares about the conditions of workers and how the workers are, and informs them of his/her rights.

Many are pure political parties of different kinds, which are mostly concerned with bringing in more money and members. Some of the good and serious unions have a lot of work to do here to rectify this situation.

MANAGEMENT

In most cases badly run factories are the fault of poor management, not properly thought-through structures and impractical solutions. In dialogue with the supplier we can achieve many and beneficial changes here, that support both the workers and the business.

HIERARCHIES

Many of our supplying countries are hierarchical societies in which no one in a weak position takes the opportunity to say what they think, to complain or even to put forward a good proposal. The different groups are clearly separated as workers, supervisors, production managers, owners. Therefore committees with representatives of all these groups are a good initial step to meet, listen, learn and develop.

EVERYTHING THAT IS NOT SEEN AT FACTORY INSPECTIONS AND BY SURVEYING DOCUMENTATION

Exactly like in Sweden and everywhere else in the world, it can be difficult to see different kinds of discrimination and abuse of power with different workers. In our discussions with the suppliers and their different employees in key positions we try to talk about working ethics – to make a conscious effort to live up to the good values that exist in all societies.

OTHER PROBLEMS

- to get the workers to use the good health and safety measures that exist. This can only be achieved by good and continuous information, or force.
- that many workers do not want to pay their share of the health insurance, even though an employee in India with this insurance has their whole family insured as well. Sometimes this is due to a short-term view of the future, which is a completely natural viewpoint in countries with an inadequate social safety net. It can also be because a hospital you are referred to is not good. Or that you do not trust the social system in that city or state. The measures that need to be taken are information, knowledge and demands on decision-making authorities to supply what workers and companies are demanding.
- that many workers do not want to pay their part of the pensions schemes because they do not trust the system in that state or country. The measures that need to be taken are information and knowledge of how the system works.

- that some workers do not want to have appointment letters because they want to feel free to take jobs wherever it suits them. This is a complex issue; many are seasonal workers. Others may be skilled craftsmen who want to be able to choose themselves where they work. Others move often. There can be many different reasons.

THE CONTINUING WORK

Indiska continues to work with controls of our code of conduct with regular visits and dialogue with our suppliers. Now we are also going further down the line, to our suppliers' subcontractors.

All of our main suppliers promise, when they sign Indiska's code of conduct, to take on the responsibility of their subcontractors to abide by the code. In practice this is not always the case, even if we sometimes come across sub-contractors who live up to the code of conduct better than the main supplier.

From a general point of view, the further down the line you get, in low-wage countries, the more obvious are the infringements of the labour laws and of our code of conduct. This applies both to social and safety issues, but above all to environmental issues, both for the worker and the workplace.

It has always been the case that Indiska cannot change bad working conditions and the environment single-handedly. It requires cooperation – a new form of cooperation – between governments, organisations in different fields, businesses, unions and domestic organisations, as well as customers who set the demands on all companies.