

MTIC DESIGN

Corporate Social Responsibility Risk Analysis

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MTic-design and CSR

CSR Mission

CSR is an intrinsic part of the mission of MTic-design; socially we aim to create impact by knowledge sharing and capacity building, environmentally we try to incorporate the principles of the circular economy in our designs as much as possible (although the intercultural cooperation will remain the main focus of the project).

CSR Vision

The most important motivation for MTic-design is sharing knowledge and building capacity to create economic impact and social development. This means that CSR becomes the core of our mission and projects, leading in our decisions. Taking into account the trends related to CSR we can conclude that at this moment MTic-design will be able to adapt to principles that promote both a clean and just world. We secure knowledge locally by involving educated designers who share their knowledge with producers. Where appropriate we'll look for businesses in the *Base of the Pyramid*¹ as our producers, and when possible develop products that take into account the *Circular Economy*². MTic-design also aims to investigate the effect of intercultural cooperation on innovation. We define innovation based on the theories of *design-driven innovation*³ from Professor of Management of Innovation, Roberto Verganti.

1 The about 4 billion poorest people of the world are called the Base of the Pyramid (BoP).

2 A circular economy seeks to rebuild capital, whether this is financial, manufactured, human, social or natural.

3 Roberto Verganti, *Design Driven Innovation – Changing the Rules of Competition by Radically Innovating what Things Mean*. Boston, MA: Harvard Business Press, 2009

CSR Risks MTic-design

Basis for this document is the risk analysis from *MVO Nederland* for Colombia. The categories from the *MVO Nederland* report are fine-tuned to the project.

The MTic-design knowledge exchange program is a social project. Developing economic spin-off is a desirable and foreseen result, but only hand-in-hand with social development. This means that profit-maximization is not paramount. The program strives for healthy profit, which means it will be balanced with the effects on humans and the environment. This strategy gives the freedom to make better choices related to the risk categories.

MTic-design will look for small producers where possible to foster local economic development. These small producers are not expected to know all international conventions related to CSR risks. Although we strive for optimal CSR conditions, we are also aware that it may be difficult to convince small independent producers to adapt to our values, even more when no formal organization structure is used, for example in the case of a cooperation where each partner works independently with own responsibilities. In that case dialogue and information are more appropriate to promote better CSR conditions.

Producers for mass production are larger and have more means and probably more information to comply with international CSR standards. With them we will be stricter. Because it's difficult to measure CSR compliance on a distance we will use experts who know the local situation and/or the company to inform and advise us.

Corruption and bribes

Colombia scores 36 on the Corruption Perceptions Index (0= highly corrupt, 100 = very clean). This means corruption is considered high in Colombia.

From our project partners (designers and universities) we don't expect a high risk for corruption, because they can work independently with the project. Moreover, they are selected for their motivation for knowledge sharing over their motivation for earning money. The MTic-design CSR Policy states we won't be involved in corruption practices. All team members are requested to comply with the policy. When against our expectations project members get involved in corruption, we will solve it by debate or - in the worst case - dismissal.

During the investigation process for production possibilities designers must be aware of bribes. It is hard to follow those processes from a distance. But risk remains low, because before production really will take place, more investigation will be done to the producer with a visit and by involving local experts.

Project risk = low

Effects for local communities

We won't abuse or overwhelm local communities. On the contrary, where possible we will involve local producers from local communities in a CSR responsible way, which enables local economic development. When we get involved with large producers we will use international

tools and involve local organisations to prevent negative effects on the community.

Project risk = low

Human rights and conflicts

Colombia's political situation and armed conflicts are complex because of the existence of different armed groups in various regions that violate human rights.

In the phase of knowledge developing and sharing there is no relation with this issue.

When in the next phase, we try to involve local producers, especially in remote areas, several conflicts can become a problem. We must be very careful in choosing our producers and involve local experts and/or NGOs to prevent making the wrong choices.

We will operate politically neutral.

Project risk = medium

Freedom of (trade union) organizations

Colombia scores 5 on the ITUC Global Rights Index (scale 1-5), which means it's a very unpleasant country for labour. Worrisome is the violence against labour union activists.

In our project everything can be discussed. We are aware though of cultural differences, and probably hesitation to share everything with relative strangers.

Trade unions are outside the scope of the knowledge part of our project.

When we get involved with production, we will evade large employers with a debatable image related to trade union rights. From small producers and suppliers it's relatively easy to measure their behaviour related to trade unions. Also in this case we will involve local experts where needed.

Project risk = low

Forced labour and human trafficking

Sectors that are known for abuse or bad working conditions are often employment agencies and sometimes tourism, transport and facility services.

For the knowledge project involvement in the above mentioned sectors is not likely.

For production, local producers and suppliers will be checked for malpractices. When we think to encounter forced labour and human trafficking will use ILO conventions and existing tools from dedicated international organisations for measuring, combating and prevention. We will involve local experts where needed.

Project risk = low

Discrimination and gender

Sectors that are known for discrimination are often employment agencies and sometimes tourism, transport and facility services.

For the knowledge project involvement in the above mentioned sectors is not likely.

For production, local producers and suppliers will be checked for discrimination. When we think to encounter discrimination will use ILO conventions and existing tools from dedicated international organisations for measuring, combating and prevention. We will involve local experts where needed.

Project risk = low

Labour conditions

Sectors that are known for bad labour conditions are often employment agencies and sometimes tourism, transport, logistics and facility services.

For the knowledge project involvement in the above mentioned sectors is not likely.

For production, local producers and suppliers will be checked for labour conditions. We will use ILO conventions and the 'Decent work check' where needed for measuring, combating and prevention. We will involve local experts where needed.

Project risk = low

Salaries and rewards

Sectors that are known for withholding salaries or low salaries are employment agencies, tourism, transport and facility services.

For the knowledge project involvement in the above mentioned sectors is not likely.

Paying fair salaries is a core value of Woltering Works, initiator of MTic-design. Therefore, we will check the salaries from employees not to be a minimum wage, but a salary that guarantees a dignified existence. We will use available information from ILO and for example fair trade organisations to calculate fair salaries.

Project risk = low

Safety and health

Again employment agencies are the problem by accommodating employees in locations that cause health problems.

Awareness of safety and health risks may be low in some areas and therefore also the will to comply with European standards. As long as we don't develop products that ask for risky production we can reduce the probability for safety and health related problems at small producers.

We won't have any direct relationships with employment agencies. Producers will be checked

for hiring employment agencies. We will use existing tools from dedicated international organisations for safe and healthy working conditions, and involve local experts where needed.

Project risk = low

Biodiversity and deforestation

The MTic-design knowledge project won't have any relationship with biodiversity or deforestation other than trying to design ways to save nature.

For production we will measure the influence on biodiversity and deforestation of our producers who are encouraged to save biodiversity and forests rather than ruining them. We won't accept any harmful practices for nature, and involve local experts where needed.

Project risk = low

Environment and waste

MTic-design aims to develop for a circular economy where possible, which means we encourage saving instead of wasting. For our producers we will use the information from De Nederlandse Commissie voor de Milieu Effect Rapportage (MER), and involve local experts where needed.

Project risk = low