

## Global Compact Asia Template

	<b>Best Practice from NEPAL</b>
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<b>Project Name</b>	Hoste Hainse
<b>Company Name</b>	Formation Carpets
<b>About the Company</b>	<p>Formation carpets is a carpet manufacturing and exporting company. The main concern of the management is to create exclusive carpet designs, ensuring outstanding quality and assuring sound working environment for the employees. Formation Carpets under its production line produces carpets in Natural Collection Designs, Antique Designs, Contemporary Designs, Customer Designs and Ethno Rugs Designs. Formation Carpets adheres to the principles on Human rights, Labor and environment.</p> <p>To keep up with the international market and thereby increase production ultimately resulting in increased employment, Formation Carpets has diversified its products maintaining the same quality.</p> <p>Currently altogether 228 employees are working in Formation Carpet. Administrative staffs: 36 (Female: 18 and Male: 18) Carpet Weavers: 175 (Female), Cutting Masters: 4 (Male) Wool Roller: 13 (Female)</p>
<b>Partners/ Participants</b>	<p>The two carpet factories Lotus Knots and Rugs for all were the sister companies of the formation carpets at the beginning. Still the owner of formation carpets is the president of those companies but now those factories have become independent and are the replication of Formation carpets.</p> <p>Hoste Hainse is also a partner of project who is taking responsibility of the implementation of social welfare activities especially Education, Health Care and Day Care facilities for the employed to Hoste Hainse an NGO that accomplishes its social philosophy focusing on the welfare of the company employees and their children. The company is putting aside 1% of its sales, which is transferred to Hoste Hainse.</p>

<p>Global Compact Principals</p>	<p><b>Human Rights</b> The company’s policies is ensuring the protection of human rights. The policies are uniformly implemented and taken into consideration the principle of human rights, the constitution of Nepal and labor act. The president herself is the recipient of Human Rights Award from Minnesota Advocates for Human Rights, USA for her significant contribution in reducing the child labor.</p> <p><b>Labor Standard;</b></p> <ul style="list-style-type: none"> <li>• There is no child labor involved in the company</li> <li>• Formation Carpet is the forerunner in fighting against child labor prevalent in carpet factories</li> <li>• Formation Carpets is the member of Nepal Rugmark</li> <li>• All the Carpets obtain the Rugmark label</li> <li>• There is age bar (minimum age –18 years) in the recruitment of the weavers</li> <li>• It is compulsory for the weavers to send their school- aged children to school</li> <li>• Sponsorship /Scholarship Support Facility to the weaver’s children</li> <li>• Smaller children have access to a well equipped Day Care Centre</li> <li>• School going children have access to a Coaching Class to help them with their after school Home works.</li> <li>• Weavers and their children have access to Health Care Facility</li> </ul> <p>All the Employees are informed of the policy and the process of dissemination is through quarterly meetings and interaction between the weavers and the staff.</p> <p><b>Environment:</b> The company has environmentally sound workplace for its employers the place is a well ventilated and well lighted and all the employees have comfortable sitting arrangement. Employees come on time and have mutual cooperation and harmony amongst them. Employees have access to clean toilet facilities and to drinking water. Occasionally training on health sanitation and safety are being provided to the weavers. As for the environmental impacts, directly Formation Carpets is not involved in the dying and the washing process. It has taken into consideration that the dying is done through the treatment plant as a precaution against environmental degradation.</p> <p><b>No Corruption and Discrimination is Practiced;</b> The organization has always worked against all form of corruption and there is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race cast, national origin, religion, age disability, gender or political affiliation.</p>
<p>Background</p>	<p><b>Formation Carpets;</b> was founded in Kathmandu, Nepal, by Mrs. Sulo Shrestha Shah, a Nepali business entrepreneur and Mrs. Linda Gaenzsle, a German designer. Established in the year 1991 as a carpet manufacturing and exporting company. The main concern of the management was to create exclusive carpet designs, ensuring outstanding quality and assuring sound working environment for the employees. The proprietor of the organization Ms. Sulochana Shah is the founder and the first elected president of Nepal Rugmark Foundation, which is an organization that certifies child labor free carpet industries. Mrs Shah is the recipient of Human Rights Award from MAHR (Minnesota Advocates for Human Rights) for her significant contribution to the cause of child rights as well.</p>

	<p><b>Hoste Hainse;</b> Founded in 1990, Hoste Hainse had one initial purpose; to ensure sound working conditions for both the employees of Formaton Carpets and also their children. The first efforts of Hoste Hainse included a complimentary day-care and pre school facility for the children of the weavers so that these children would be looked after while their parents were working and also not end up playing on the streets. As the children grew up , HH started to become involved in obtaining full/partial scholarships for them. This catapulted HH into the education sector and at present it is providing educational support in different parts of the country such as Kathmandu, Sankhu, Bardia, Sarlahi, Bardia and Jhapa to over 1500 needy and underprivileged children of Nepal with the support of Nepalese and non Nepalese donors</p> <p><b>Objectives;</b> Hoste Hainse has taken up the following noble objectives:          -To educate needy children          -To eliminate child labor through education          -To sustain educational program</p> <p><b>Functions;</b> To fulfill the objectives Hoste Hainse is carrying out following function;</p> <ul style="list-style-type: none"> <li>- Developing projects/proposals for the benefit of backward communities.</li> <li>- Assisting the underdeveloped communities for their betterment through creative and service oriented programs.</li> <li>- Creating awareness amongst the backward communities about the importance of education, health, sanitation and environment degradation.</li> <li>- Introducing income-generating programs in rural area.</li> </ul>
<p><b>Initiative/ Impact and Benefits</b></p>	<p>Formation Carpet has been successful in setting an example, a paragon of an ideal carpet factory.</p> <p>-Preference has been given in employing women. Formation Carpets provides opportunities to the less privileged women of the Nepalese society. Adequate example can be justified by the fact that 90% of employees are women. The company ensures to maintain a modern and healthy working atmosphere for its employees.</p> <p>The company has entrusted Hoste Hainse the responsibilities of implementation and monitoring of staff welfare activities. Hence the following activities were initiated;</p> <p><b>Reporting System</b>          Hoste Hainse has been also assigned to do quarterly monitoring of the company, its Day Care and the coaching class. With strong evaluation process Hoste Hainse has been inspecting the work place condition of the company, interacting with the employees regarding their children and their improvement at school and their health conditions. Hoste Hainse has periodically monitored the company’s social responsibility and has been providing the company with yearly social audit report.</p>

***Day Care Center***

The company is running a Day Care Center under Hoste Hainse for infants and pre school children of weavers. In clean environments, children are provided proper care under the guidance of Caretaker (Ayahs) while their parents are at the work. The children are being fed with milk and biscuits. Proper care has been taken towards the cleanliness of the children and the day care environment. With the facility of Day Care Center, no child is seen being carried or hung around working mothers while they are at work. There are enough playthings for the physical and mental growth of the children in the day care. Currently there are 21 children in day care center.

***Scholarship and coaching class facility***

The company is providing scholarship support through Hoste Hainse to the children of weavers in various boarding and government school of Kathmandu. The provision of scholarship support to one and more children has obliged these parents to send their children to school instead of sending them to work to support for family earning. These school-going children have shown progress in their academics as well-trained teachers of the after school coaching classes guide them, they are assisted with their homework. Apart from learning children do extra curricular activities like painting, singing and dancing as well. Currently 152 children are getting scholarship and 60 children are getting coaching class facilities. So far over 15 children of the workers have already completed SLC.

***Health Insurance***

Since health plays a prime importance in everyone's life and no one can earn with an unhealthy body, Formation Carpets has provided health insurance and medical facilities to its employees through Blue Cross Nursing Home, in Kathmandu. Currently 121 weavers and 32 staffs are the member of health insurance. In normal case weavers are getting medical facilities up to Rs.3000 and staffs up to Rs.5000 per year and in special case company is providing more than this amount. Staffs are getting medical facilities not only for themselves but for their two children as well.

***Canteen Facilities***

To provide healthy and hygienic food to employees the company has open a canteen in its premises from where the employees can get food in subsidized cost.

**Approaching Donors;** Hoste Hainse always trying to find more donors to support more children of carpet weavers. Every year the number of children supported by HH is increasing

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	<p><b>Canteen Facilities;</b> To provide healthy and hygienic food to employees the company has open a canteen in its premises from where the employees can get food in subsidized cost.</p> <p><b>Other facilities;</b>          -Provident fund to Permanent employees          -Dashain Allowance          -Bonus Schemes; company is providing 10% from its net profit to its employees as a bonus          -Leaves are provided as per the labor act of Nepal.</p> <p style="text-align: center;"><b>Promotional Activities</b></p> <p><b>Launch of Peace Dove Carpet;</b> Hoste Hainse (HH) had organized the launching of Peace Dove carpet, a special production of Formation carpet on 1<sup>st</sup> December 2005. The chief guest of the program was Dr. Jane Goodall of USA. United Nations Secretary-General Kofi Annan had appointed her a United Nations Messenger of Peace. The carpet would be auctioned in the USA through Dr. Goodall Foundation to raise fund for peace works.</p> <p><b>Honor to SLC passed Students:</b> HH had organized a program in the honor of SLC passed children of weavers supported by HH on 11<sup>th</sup> June 2006 Garland and Tika was offered to the students by the chairperson of HH and a dictionary was provided to all of them as the prize. The objective of the program was to motivate and encouraged others to concentrate their mind in study.</p>
<p>Future Plan</p>	<p>As the weavers of Formation Carpets (FC) were deprived of various opportunities required for the enhancement of their lives right from their early age, FC would like to provide more facilities and opportunities to their children so as to ensure their bright future. FC also provides guidance, facilities and opportunities to its weavers to enhance the quality of their life. In this regard, FC is planning to implement following programs to achieve its future goal.</p> <p><b>Immediate plan</b></p> <p>The immediate future plan has been formulated on the basis of raising awareness, enhancing skills and knowledge and ensuring the rights of the weavers and their family for a sustainable livelihood. As many women weavers are tortured by their family, have alcoholic husband, are forsaken by their husband and deprived of their property rights, ensuring their rights will play pivotal role in program formulation and design. The program will also envisage giving priority to the children of weavers through targeted programs focusing on education, health care, nourishment and providing employment to those eligible. The immediate future plans are as follows:</p> <ol style="list-style-type: none"> <li>1. Establishment of simple library to disseminate relevant information.</li> <li>2. Computer training to school going children</li> <li>3. Advancement and protection of right of women weavers             <ul style="list-style-type: none"> <li>• Solicit support of a local lawyer’s organization who are engaged in</li> </ul> </li> </ol>

social service sector related to women's rights

- Submit a proposal to Minnesota Advocates for Human Rights (MAHR) which is an organization of lawyer and one of the donors of Hoste Hainse

4. Health and environmental awareness program
5. Support and facilitate eligible children of weavers to get jobs. In this regard, HH and FCs will give first preference to those children at the time of any recruitment.
6. Provide counseling and guidance to children to choose their study subjects/faculty in accordance with their interest and competence.
7. Enhancement and up gradation of the existing daycare center and tuition class rooms by make it more spacious and supplementing it with more facilities and teaching aids.

#### **Long-term plan**

The organization has a long-term plan of establishing of the model **Formation Village** where all the above programs will be implemented in a specialized premises that is adequate and congenial for this purpose. Accommodation with all basic requirements facilities in subsided rate, and with other facilities such as, health clinic including medical shop, spacious play ground, sports club, shopping center, temple for religious and cultural function, community hall for meeting, garden, sports ground etc, including all existing facilities; day care center, tuition class will be provided. The Village and all the programs to be implemented therein shall be managed and administered by Hoste Hainse