



ANOTHER APARTHEID?

**Caste Discrimination and
UK Companies**

DALIT SOLIDARITY NETWORK UK

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'Another Apartheid?'

Caste discrimination and UK companies

Foreword

The Dalit Solidarity Network UK (DSN) has been working with colleagues in the International Network for the last three or four years both to build up a picture of the increasing investments by foreign companies in India, and to begin to address those companies in terms of social and human rights responsibilities in relation to that country. India, especially, but also other countries of South Asia, is still in the grip of a caste system which is oppressive and discriminatory, sometimes to extremes.

We strongly believe that all those becoming involved in the Indian economy, for whatever reasons, need to be aware of the caste issue and willing actively to address it in whatever way they can. It is of particular importance now with the huge growth in the Indian economy and the potential for companies such as yours.

This report gives an initial profile of eight companies and banks that are currently increasing their involvement in India. The companies have not been chosen because they are any better or worse than others. In fact some have a particularly good initial record in terms of the positions they are taking up. It is meant to be a snapshot which will inform both the companies and the wider society in the UK and India of the current situation with respect to employment and CSR policies (and in the case of banks lending policies), and their potential implications.

DSN wants to adopt an informative rather than critical stance, and welcomes further input from all companies who are currently investing or planning to invest in India. In particular we would like to know what each may be doing to address caste discrimination.

Our aim is open up dialogue and work with the corporate sector to inform best practice in with regard to caste and caste discrimination.

Meena Varma, Director, Dalit Solidarity Network UK

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International Dalit Solidarity Network

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Introduction

1. Apartheid & Caste

1.1 In the 1960s the attention of the world was drawn to South Africa after a series of reports in UK newspapers about the exploitation and oppression in which UK-based companies were involved. After a campaign lasting some 20 years, which included the setting up of the UN Special Committee Against Apartheid, the introduction of a European Union 'Code of Conduct' and the drawing up of the Sullivan Principles in the United States, most foreign companies either pulled out of South Africa or made radical changes to their policies.

1.2 Now in the first decade of the 21st Century it is becoming clear that an even larger system of discrimination operates in the countries of South Asia, and particularly in India itself. This is caste discrimination, called by those who experience it 'Hidden Apartheid', because it is hard if not impossible visibly to distinguish the Dalits (the former 'Untouchables') from the so-called higher castes. 'Dalit', a name meaning 'downtrodden' or 'crushed', is the term adopted by those most affected and now carries a strong sense of resistance to the caste system and empowerment to the movement.

1.3 We are therefore asking if 'another apartheid' exists. And if so, it needs and deserves urgent action from the outside world. In December 2006, the Prime Minister of India spoke powerfully of the similarity between the systems: *'Dalits have faced a unique discrimination in our society that is fundamentally different from the problems of minority groups in general. The only parallel to the practice of 'untouchability' was apartheid in South Africa. Untouchability is not just social discrimination. It is a blot on humanity'*.

1.4 The origin of social division in Indian society is subject to many theories. Most scholars date it, in the Indian context, from at least 3,000 years ago, possibly as a result of 'Aryan invaders' from the north-west spreading down into the rest of the country. Others see its roots in a particular outworking of Hinduism. In any case, it has resulted in five main strata of society, Brahmins at the top, Dalits and tribal, or 'Adivasi', people at the base. In fact the latter two groups are strictly not part of the caste system; they are literally 'outcastes'. By the Government they are referred to as "Scheduled Castes", the castes mentioned in a Schedule to the Indian Constitution. In Gandhi's terminology they are called "harijans", children of God.

1.5 Caste discrimination is without doubt the largest example of systemic abuse of human rights in the world today. It does not just consist of exclusion from ownership of land, denial of access to water, education and employment, and separated housing, but specific practices such as prostitution and manual scavenging (hand-cleaning of dry toilets), which are the lot of certain communities by birth. Eradicating such a system will take time, but it will not happen at all unless vigorous action is taken and starting now.

1.6 A research study carried out by the Indian Institute of Dalit Studies and Princeton University has strong evidence of caste based discrimination in the hiring process in the private sector. As a part of the study, three applications each were posted to jobs advertised in various national newspapers - as an upper caste Hindu applicant, as a Dalit and as a Muslim. A total of 4808 applications were made to 548 jobs over 66 weeks. The only aspect of family background that was communicated in these applications was the applicant's name yet this was enough to generate a different pattern of responses. "On an average college educated lower-caste and Muslim job applicants were less likely to have a positive application outcome than equally qualified person with a high caste Hindu name".¹

2. Opportunities for Companies

2.1 There is a real opportunity for global corporations in India to address caste through their employment, Corporate Social Responsibility (CSR) and - in the case of banks - financing policies. There are various tools being developed to enable companies to do this. One is the Ambedkar Principles, named after the Dalit hero Dr Ambedkar, who rose from being the son of a railway worker, via doctorates at Columbia University and the LSE, to chair the committee which wrote the Indian Constitution. Another potential tool is the Danish-initiated Human Rights Compliance Assessment (HRCA) programme, which includes a section specifically addressing caste discrimination.

2.2 One of the effective solutions within India could be the Reservation or Affirmative Action. This system operates in the public sector, and has proved workable in some of India's largest enterprises, for example the ONGC, Oil and Natural Gas Company, which appears in the Fortune 500 list. In the public sector, if for certain reserved positions there are no Dalit candidates, they may be filled by other applicants. However this ensures there is at least some effort to encourage Dalit initiative. **A labour market dominated by caste and descent-based discrimination is by definition a limited labour market.**

2.3 At present both Indian and international companies reject the idea of legislated reservation, but the Confederation of Indian Industry's (CII) Affirmative Action Statement (see Appendix) is an attempt to address the issue. Although **a key motivating factor maybe the belief that affirmative action could help ward off legislated quotas**, 500 CII member companies have signed the Code of Conduct. The Code has been inspired by South Africa and the USA and is aimed exclusively at Dalits (and tribes), although not at any time mentioning the word caste.

2.4 Corporate Social Responsibility (CSR) is an area in which companies seek to demonstrate their commitment to address the social and environmental impact of their businesses. Many philanthropic CSR projects may benefit local communities, but in India

¹ Thorat Sukhdeo and Attewell Paul, "The Legacy of Social Exclusion: A Correspondence Study of job Discrimination in India", *Economic and Political Weekly*, October 13th, 2007, pp4141-4145

and South Asia, such work needs to be caste-aware or it may well exclude those who most need the support. Dalits are particularly keen to learn English as this offers much greater employment opportunities. This is an area in which UK companies could play a very effective role.

2.5 The UK Government has signalled its growing concern about caste discrimination. In December 2005 the then Minister for Trade & Foreign Affairs, Ian Pearson, *said 'We are encouraging India to comply with ILO Core Conventions on forced labour and discrimination.'* During the UK Presidency of the EU, the treatment of all minorities including Dalits was raised with India. At a House of Lords debate in March 2007 Baroness Royall further endorsed the Ambedkar Principles, saying “*We are encouraging all companies that have a relationship with India, trading or whatever, to support those principles as well'*.”

2.6 In 2006, the Trade & Industry Committee in its investigation of trade with India stated '*A particular difficulty of the market in India is the issue of caste Despite legislations, and provisions in the Constitution of India outlawing caste discrimination, both groups (Scheduled Castes and Scheduled Tribes) still face tremendous discrimination.'* The Committee went on to recommend *that 'UK companies operating in India ... should take note of the Ambedkar Principles launched by the International Dalit Solidarity Network, and look carefully at their recruitment and employment policies in India'*.”

2.7 In this report the employment and CSR policies of eight UK-based companies are outlined. Some of these companies have been in Asia for a long time, and it could be argued they should have made more progress in relation to the caste issue by now. The information we have has been gathered from electronic and published documents, and referred to the companies for amendment or amplification. Responses from the companies have been included where received. The report concludes by offering recommendations for both these and all foreign companies based in India to actively consider in relation to their employment and human rights policies. DSN and its partner organisations stand ready to assist this process, through training programmes and other means.

2.8 International companies often say that they cannot adopt policies such as those envisaged in the Ambedkar Principles because this would undermine their general international diversity policies. We reject this argument. Such policies can rapidly become meaningless if they do not address the specific cultural and economic situation in particular contexts. In many cases the general policies are very positive, however they need to be applied specifically and this should be acknowledged by these powerful global actors. Otherwise their compliance with caste may become a blot on their good name, as is happening to India.

2.9 In July 2007 there was a very troubling exposure of certain UK companies for their employment policies in Bangladesh. Asda, Primark and Tesco were named, despite having all signed up to the Ethical Trading Initiative Base Code, which also appears in the Appendix of this report. If the companies that sign up to such codes cannot put their

house in order, it will be essential for governments and international bodies to act more vigorously to prevent the continuing exploitation of the poor workers of the world

2.10 Over the last five years the DSN has had an active dialogue with several British banks and other companies investing in India, including HSBC, Standard Chartered, Barclays, Lloyds TSB, Shell and ICI. The issue of caste discrimination has been brought up at the Annual Meetings of these companies, in some cases several times. The dialogue, while not always easy, has on the whole led to increased understanding on all sides. HSBC invited Revd David Haslam, Chair of the Trustees of the DSN, to visit their operations in India, in October 2007. They arranged discussions with their senior management in Mumbai, and created a programme of visits to initiatives they are supporting in their CSR work. The chance was taken for discussions also with the Regional CEO of Standard Chartered Bank and their Head of Corporate Affairs, and with the Head of Human Resources at Barclays which is beginning to expand its operations in India. The product of that visit, a report entitled 'Eyes Wide Shut' is available from the DSN.

2.11 In the dialogue with companies the following response has been fairly typical, *'Our hiring practices are based on merit, not caste - we do not ask candidates to reveal their caste, origin or race at the time of recruitment and we do not use caste as a criteria for any purpose during an employee's career.... We have a definition of diversity which can be used in all countries in which we operate. We could of course include caste in a statement specific to India, but colleagues there think this will feel irrelevant to a manager who would not be thinking of discriminating on grounds of caste anyway.'* Our response is that we would not expect any European-based company to discriminate in India or anywhere else, however, the problem is they are entering a system in which discrimination is endemic and if they do not take positive or affirmative action in order to address this, the discrimination will remain. The 'merit' argument does not stand up in a context where a quarter of the population are denied the opportunity to demonstrate their merit because of systemic disadvantage. DSN believes you cannot have an effective global statement on diversity which then fights shy of being country or culture specific within particular contexts.

2.12 This issue is not going to go away. It is now firmly on the international stage, not only in dialogue with business, but in discussions in the relevant departments of European Governments, the EU, the US Government and various arms of the United Nations. The more people are becoming aware of the nature of caste discrimination the more astonishment there is at its inhuman nature and its survival in today's world. India's 'Hidden Apartheid' is becoming an open secret, and it will continue to tarnish the international image of that country until it is addressed by international business and by all sectors of Indian society.

Jeremy Corbyn MP, Trustee and Chair Dalit Solidarity Network UK
Revd David Haslam, Founder and Trustee

Company Details

Shell

Features of the Company	Details of Shell India
Size of the Company in India <ul style="list-style-type: none"> • Number of Employees • Sales Revenue/Investment 	Over 10,000 1 Billion USD
Address of the Head Office in India	Shell Companies in India S-3, International Trade Tower, Nehru Place, New Delhi - 110019. India. Tel : +91-11 - 4133 1100 Fax : +91-11 - 2646 9838
Shell businesses in India	<ul style="list-style-type: none"> • Lubricants: Bharat Shell Limited and PQS India Limited • Liquefied Natural Gas (LNG): Shell Hazira Gas Private Limited • Solar Energy: Shell Solar India Private Limited • Liquefied Petroleum Gas (LPG): Shell Gas (LPG) India Private Limited • Retail Fuels: Shell India Marketing Private Limited • Bitumen: Shell Bitumen India Private Limited • Global Solutions: Technical, environmental & logistical consultancy • Technical centre: Major expertise centre for Shell's global operation

As part of the Shell Group of Companies, companies like Bharat Shell state that they carry out their business activities in line with the Group's general business principles and core values which are mainly the Shell General Business Principles, including a commitment to diversity & inclusiveness. Bharat Shell Ltd. (BSL) is a joint venture between Shell Overseas Investments BV (an affiliate of The Shell Group) and Bharat Petroleum Corporation Ltd (BPCL). The respective shareholding is 51:49, hence Bharat Shell follows the business principles of Shell as its majority shareholder.

Employment Policy

- According to Bharat Shell, “diversity means differences which include visible differences such as age, gender, ethnicity and physical appearance; as well as underlying differences such as religion, nationality, education, thinking styles”.
- Inclusiveness means “a workplace in which diversity is valued; in which everyone has the opportunity to develop skills and talents consistent with their values and business objectives”.²
- The company says it believes that successful implementation in relation to diversity and inclusiveness will help the company “through increased productivity, stronger customer and market focus, attraction and retention of top talent besides an energetic and dynamic environment that is made of diverse yet inclusive individuals”.³
- Shell is committed to supporting the Global Compact Initiative launched by the UN, Principle 6 states “Business should uphold the elimination of discrimination in respect of employment and occupation”. This Principle is especially relevant to the caste system. Participating companies are expected to make changes to their business operations so that these Principles become a part of their strategy, culture and daily operations.

Comment

While Shell’s commitment to diversity is apparently broad enough to include discrimination of all forms, it does not specifically refer to caste-based discrimination. It is unclear what steps the company is taking in the Indian context to include disadvantaged groups, and Dalits in particular.

Programmes for Income Generation

- Shell Foundation, an independent charity endowed by the Shell Group, has invested about US\$ 1.5 million in social causes supporting various NGOs and others to carry out projects reaching people across India. This Foundation has supported watershed development and village institutions in Udaipur district, Rajasthan, and organic cotton farming and fair trade practice in the Kutch district of Gujarat.

Corporate Social Responsibility

Shell’s CSR policy focuses on

- working with the communities in which they operate, it includes a commitment to sustainable development.
- selecting and working with communities by organizing health camps among other initiatives.⁴
- working with civic bodies on specific concerns, e.g. the Student Traffic Volunteer Scheme offers scholarships to study in the Institute of Road Traffic Education,

² <http://www.shell.com/home/>

³ <http://www.shell.com/home/>

⁴ The projects undertaken are mainly in Gujarat. Shell has contributed to the development of the Hazira Community where it has organised Polio camps, renovated dispensaries, sponsored diploma engineers and help set up computer centres among other initiatives. Building schools in the worst-hit district (Surendernagar) due to the earthquake in Gujarat in 2001.

- Shell undertakes initiatives and programmes of training & sensitization to promote safe road behaviour (Project name: Ek Asha Road Sureksha);
- sponsoring through the Shell Centenary Scholarship Fund over 80 scholarships every year for students from developing countries to study in the UK and Netherlands for a Masters Degree.
 - working with the differently-abled, e.g. the Shell Helen Keller Awards, the Post Graduate Scholarship Scheme⁵.

Comment

These schemes are to be commended but again there is no mention as to whether in either income-generation or CSR programmes the issue of caste and its links with poverty, exclusion and related disadvantage is being addressed. This is of particular importance in relation to access to capital and the sort of health and education schemes in which the company is engaged.

Company Response

In Shell Companies in India, the hiring practices are based on merit, not caste - we do not ask candidates to reveal their caste, religion or race at the time of recruitment and we do not use caste as criteria for any purpose during an employee's career.

As we employ mostly professional staff with high-quality educational degrees we recognise that within that group, people of a disadvantaged or low caste background may be underrepresented and people from other groups, such as those with a "tribal" origin are virtually absent. Two of our associate companies participate in "affirmative" action plans and Shell Retail in India has created opportunities for economically and socially marginalised youth to manage and run Shell Retail outlets.

Shell India was awarded the Golden Peacock Eco-Innovation Award 2005 by the World Environment Foundation, for, among other criteria, encouraging economically and socially marginalised youth to take up entrepreneurship opportunities in Shell outlets. Our network of service stations in India has focussed on hiring disadvantaged members of society, listening carefully to these groups to understand and help meet their needs.

Your comments are correct in that we do not list the grounds on which we do not discriminate. We have a definition of diversity which can be used in all countries in which we operate. We could, of course, include caste in a statement specific to Shell Companies in India, but my colleagues in India think that this will feel irrelevant to a manager who would not be thinking of discriminating on the grounds of caste anyway.

⁵ In its initiative with working with differently-abled, Shell India has sponsored the post graduate studies of 10 differently-abled persons every year. This year they aim to sponsor 20 such students.

Unilever

Features of the Company	Details of Hindustan Lever (Unilever) in India
Size of the Company in India <ul style="list-style-type: none"> • Number of Employees • Sales Revenue/Investment 	40,000 June Quarter 2006 results: Net sales-Rs.5881.28cr.
Address of the Head Office in India	Corporate Communication Department Hindustan Lever Limited Hindustan Lever House 165/166, Backbay Reclamation Mumbai-400020 Maharashtra India Tel: +91-22-39830000 Fax: +91-22-22871970

Employment Policy

- Unilever makes a commitment to diversity in the working environment.
- According to its employment policy, recruitment and promotion of employees is on the basis of the qualifications and abilities needed for the work to be performed, it provides 'Equal Employment Opportunity to qualified individuals for employment and/or advancement in accordance with applicable local law and regulations'.⁶
- According to the company's published statement, Unilever has a strong commitment not to use any form of forced, compulsory or child labour
- Unilever has committed itself to supporting the UN Global Compact in which Principle 6 again is especially relevant to the caste system. (See Shell 'Employment Policy')

Comment

There is nothing in the company's published material that there is awareness of caste or that it is a major factor in the exclusion of Dalits from very many employment opportunities in the Indian context. This is somewhat surprising given the company's long history in the region.

⁶ "Unilever does not assess their performance in terms of 'quotas'. Physical diversity – differences like gender, nationality, race and disability – is important. Their focus is on building an inclusive culture, ensuring that everyone feels that they are valued, belong and can make a difference. One of the ways they promote this is through **diversity toolkit**. The toolkit comprises training programmes, guides and e-learning packages, and supports a wide range of diversity programmes. In the area of gender diversity, over 30% of Unilever managers worldwide are now women and over 30 nationalities are represented in top 200 management positions. Unilever has appointed a vice-president for global diversity, who is based in the London head office". http://www.unilever.com/ourvalues/people/Embracing_Difference/

Programmes for Income Generation

- Factory-centred activities mainly focus on training farmers, animal husbandry, generating alternative income, health & hygiene and infrastructure development. One such example is the company's Integrated Rural Development Programme in the Etah district of Uttar Pradesh, in tandem with the company's dairy operations; this programme now covers 500 villages in the district.
- The initiative aimed at Economic Empowerment of Women in rural and urban India:
 - Project '*Shakti*'⁷ aims at creating livelihoods for rural women, organised in Self-Help Groups, and targets small villages with population of 2000 people or less; Shakti already has about 25,000 women entrepreneurs in its workforce who sell HLL's products door to door.
 - The 'Fair and Lovely' Foundation aims to provide information, resources, inputs and support in the areas of education, career and enterprise to low-income groups. This initiative is especially committed to helping the education of girl-children.

Comment

There is no information as to whether in the 500 villages where rural development work is carried out this is taking account of caste discrimination which is at its most pernicious in the rural areas. While the initiative by the 'Fair and Lovely' Foundation may be laudable, its name is questionable as 'fair' usually refers to the 'higher' or oppressive castes, and the use of such language could entrench caste thinking rather than set people free from it.

Corporate Social Responsibility

Initiatives undertaken by HLL in India towards the wider community are:

- a rural health and hygiene programme started in 2002; the LBSC⁸ was introduced in villages of seven states with the objective of spreading awareness about the importance of washing hands with soap.
- Programmes to support special education and rehabilitation of children with various difficulties. HLL has set up four such schools and centres for challenged children and over 20,000 individuals have benefited from this initiative.

Comment

While there may be a certain degree of self-interest in a company like Unilever wanting people to use more soap, and education is always of value, unless these initiatives are targeted toward those suffering caste discrimination, and the company is willing to ensure it is so, it may unwittingly be contributing to such discrimination simply by allowing the higher castes to run the programmes.

⁷ Started in 2001, Project Shakti has already been extended to about 80,000 villages in 15 states - Andhra Pradesh, Karnataka, Tamilnadu, Maharashtra, Gujarat, Madhya Pradesh, Chattisgarh, Uttar Pradesh, Rajasthan, Punjab, Haryana, West Bengal, Orissa, Bihar & Jharkhand. The respective state governments and several NGOs are actively involved in the initiative.

⁸ Lifebuoy Swastya Chetna (LBSC) initiated in villages of UP, MP, Bihar, West Bengal, Maharashtra, Orissa targeting children and mothers.

Cadbury Schweppes

Features of the Company	Cadbury India ⁹
Size of the Company in India <ul style="list-style-type: none"> • Number of Employees • Sales/market share 	2,000 Net sales in 2004= \$166.3 million, the leading confectionery company with 70% of the market share in India.
Address of the Head Office in India	Cadbury India Ltd. Cadbury House 19, B Desai Road Mumbai 400 026 Maharashtra India Tel: +91 22 4007 3100 Fax: +91 22 2352 1845
Factories of Cadbury in India	<ul style="list-style-type: none"> • Thane, Maharashtra • Nalagarh, Himachal Pradesh • Bangalore, Karnataka • Pune, Maharashtra • Gwalior, Madhya Pradesh

Cadbury has operated in India for more than 55 years and commands 70% of the market share in the confectionery sector. It was recognized as one of India's best managed companies in 2002 by Business Today and AT Kearney. Extensive distribution network, customization of products for India and strong branding are some of the key factors for success in India. Cadbury sees India as a great potential source of managerial talent.

Employment Policy

- As a part of its employment standards Cadbury Schweppes implements a global Equal Employment Opportunities and Diversity policy locally that reflects local laws and culture. Equal opportunities are provided irrespective of 'gender, race, ethnic or national origin, colour, religion, marital status, age, sexual orientation, disability, social class and political association' (but not caste).
- Diversity and Inclusiveness performance is monitored through an annual global Equal Employment Opportunities and Diversity survey.
- Gender is one of the measures of diversity that Cadbury Schweppes track globally and it aims to attain 25% female representation at executive level by 2010.
- Cadbury Schweppes' Human Rights and Ethical Trading Policy (HRET) and Human Resource Standards draw standards from the International Labour Organisation conventions and the Universal Declaration of Human Rights. HRET policy covers:

⁹ Cadbury India is a wholly-owned subsidiary of Cadbury Schweppes.

- core labour rights and dignity at work
 - health and safety in the workplace
 - fair remuneration
 - diversity and respect for differences
 - opportunity for development.
- A HRET working group was set up in 2001 to establish standards and to review company-wide progress on human rights.
 - Cadbury Schweppes has committed itself to the UN Global Compact.

Comment

Caste fails to appear in what is a pretty comprehensive equal opportunities policy. There also seems little recognition that global policies need to be culturally specific or they may become meaningless. Policies on gender and labour rights look good but until there is monitoring, preferably by independent bodies, there is no conclusive evidence as to whether they are succeeding.

Corporate Social Responsibility

Cadbury India states that it carries out its social responsibility by working with local communities. The company has undertaken initiatives largely in the education and health sector. Some of these initiatives are mentioned in brief below:

- Supports educational needs by covering direct cost of schooling of 100 street children in Mumbai in collaboration with a local NGO.
- Funds a five-year SARVAM project in partnership with the Sri Aurobindo Society on redevelopment of two villages in the coastal regions of Pondicherry that were damaged by the Tsunami in late 2004. It should be noted that a part of the SARVAM program is focused on the Vazhapattampalayam colony comprising people of the schedule caste. SARVAM is the first NGO to enter this area.
- Has adopted one village in Madhya Pradesh and focuses on education and health-care of its residents and children.
- Supported the Indian Government's Year of Women Empowerment initiative (2005) by focusing especially on the rights of girls and their contribution; in this initiative Cadbury established play-schools for children below 5 years of age.
- Assisted in establishing a neo-natal hospital ward at a local municipal hospital in the Thane district of Maharashtra.

Comment

On the surface good initiatives, especially in relation to young girls, but it is not clear if they are they caste-aware. If such programmes are to address seriously issues of poverty and disadvantage they need to have a caste-monitoring system built in.

Company Response

As you might imagine, we follow a global policy on equal employment opportunity. While, as you point out in the report that global policy does not mention "caste" as a variable, within the Indian team we can confirm that we do not discriminate on the basis of caste.

In addition, we are also doing work through a specific project, the SARVAM village development project in Pondicherry. This focuses on bringing castes together and even though this is slow and one of the more challenging aspects of the program, some progress has been made.

I think it is also worth noting the development work we are doing in terms of building cocoa sustainability within the Kerala and Andhra Pradesh regions. This has helped support cocoa framers through the effective development of seedling nurseries and provision of training and support to farmers via our local agents.

HSBC

Features of the Company	HSBC
Size of the Company in India <ul style="list-style-type: none"> • Number of Employees • Sales Revenue/Investment 	25,000 Income (Interest earned + Other income)=Rs.31,301,908 Net Profit (Income-Expenditure)= Rs.5,149,243
Address of the Head Office in India	5 th floor, 52/60, Mahatma Gandhi road, Fort Mumbai – 400 001 India Tel: +91 22 22674921 Fax: +91 22 22658309 email.info@hsbc.co.in
HSBC Group entities in India	<ul style="list-style-type: none"> • The Hong Kong and Shanghai Banking Corporation Limited (HSBC) • HSBC Asset Management (India) Private Limited • HSBC Electronic Data Processing (India) Private Limited • HSBC Insurance Brokers (India) Private Limited • HSBC Operations and Processing Enterprise (India) Private Limited • HSBC Private Equity Management (Mauritius) Limited a subsidiary of HSBC Private Equity (Asia) Limited in Hong Kong, has a Liaison Office in Mumbai. • HSBC Professional Services (India) Private Limited • HSBC Securities and Capital Markets (India) Private Limited • HSBC Software Development (India) Private Limited

HSBC's origins in India date back to 1853, when the Mercantile Bank of India was established in Mumbai. In India, the Bank offers products and services to its corporate and commercial banking clients as also to a fast-growing personal banking customer base. HSBC offers a range of personal financial services, including personal lending and deposit products, through its branch network in Ahmedabad, Bangalore, Chennai, Chandigarh, Coimbatore, Gurgaon, Hyderabad, Jaipur, Kochi, Kolkata, Ludhiana, Mumbai, New Delhi, Noida, Pune, Thane, Trivandrum and Visakhapatnam.

Employment Policy

- Diversity is a key issue, employment practices of the past have been inclined towards recruiting people for long-term careers and that reflects in the low proportion of women in senior managerial positions but, according to the company, HSBC has more women on its Board than most of the world's largest companies.¹⁰
- The present employment policy of HSBC India states commitment to equality of opportunity across gender, race, nationality, ethnic origin, age, disability, religion or status (*but see below*); in order to ensure this employment policy the company says its managers use the 'Diversity Toolkit' for developing diversity strategies locally.¹¹
- HSBC has committed itself to the Global Compact.
- HSBC also supports the Global Sullivan Principles and is a member of the Institute of Business Ethics and of the anti-corruption body Transparency International (UK).
- HSBC has in place a policy an anti-discrimination policy which states "employees are responsible for treating colleagues with dignity and respect" and creating an environment free from discrimination and harassment, breach of which will result in legal action".
- HSBC says it recognizes that there will be differences in approach, legislation and definition of diversity from country to country. Thus, there is no single best practice that it can adopt. As the world's local bank, HSBC states that it aims to respect the local position, national framework, and business and social context of each country in which it operates.¹²
- HSBC has recently added caste as a non-discriminatory factor in their employment policy. They have also signed the CII Code of Conduct for Affirmative Action.

Comment

In many ways this is the most enlightened company policy we have come across. However, while HSBC says it will not discriminate on caste, it does not seem to appear in the main focus areas, which are gender, disability and disadvantage¹³. Nor does it seem to take sufficiently seriously the need to be specific in the context of the discriminatory system it is addressing. The CII Code of Conduct does not refer to caste and does not appear to require the kind of monitoring that characterises the Ambedkar Principles.

¹⁰<http://www.hsbc.com/hsbc/csr/csr-at-hsbc/faqs>

¹¹http://a248.e.akamai.net/7/248/3622/14756c51a1ca84/www.img.ghq.hsbc.com/public/groupsite/assets/csr/hsbc_csr_report_2005_sust_growth.pdf

¹²http://a248.e.akamai.net/7/248/3622/54a80da1ca53c3/www.img.ghq.hsbc.com/public/groupsite/assets/csr/hsbc_csr_2003.pdf

¹³<http://www.hsbc.co.in/1/2/miscellaneous/careers/an-equal-opportunities-employer>

Lending and Investment

- HSBC is currently working with 6 micro-finance institutions across four states to provide small loans, thrift and insurance services to 70,000 poor households from economically marginalised communities. Loans totalling 318m rupees were sanctioned in 2006.¹⁴ One of the initiatives has been to provide grant to a local NGO (SHARE) in Maharashtra (Raigad) to start self-help groups to women in poorer communities.
- Priority Sector Lending:
 - The minimum legal lending requirement by the foreign banks to the priority sector is 32% of their net credit. However, recognising foreign banks have no rural branch network, the composition of priority sector advances in their case is inclusive of export credits provided by them.
 - Within the overall target of 32% to be achieved by foreign banks, which HSBC says it has reached, advances to the small-scale industries sector is not less than 10% of the net bank credit, and the export credit is not less than 12% of the net bank credit.
 - Commercial Banks are required to disburse 10% of loans to weaker sections, currently including ‘Scheduled Castes and Scheduled Tribes’, small and marginal farmers, artisans and distressed urban poor indebted to non-institutional lenders.

Comment

Access to capital can be one of the greatest problems for groups experiencing discrimination. The Indian Government has sought to address this issue to a moderate degree through the PSL and it is encouraging that HSBC is meeting that target. When HSBC was asked if it was able to indicate how much of this lending and support for economic development assisted Dalit communities it was unable to say, but promised to explore. PSL effectiveness is of course an issue for Government as well as foreign companies investing in India.

Corporate Social Responsibility

With respect to its responsibility to society, central to the Bank’s CSR policy is supporting education projects in the community. It does this through:-

- funding education projects and/or working jointly with Non-Governmental Organisations who work with underprivileged communities across India, e.g. Door Step School, Mumbai (for port communities), supporting and rehabilitation of street children suffering from drug abuse, and a mobile computer-aided

“In Kerala, credit disbursements by commercial banks have mainly focused on housing finance during the period (2001-2003). As a result contribution to development of important priority sectors such as agriculture, small-scale industries and Scheduled Castes/Scheduled Tribes has been low. In fact, the data shows that the advances made to the weakest section of the society, the **Scheduled Castes and Scheduled Tribes**, have even come down in absolute terms. On March 31, 2001, a sum of Rs. 503 crores, constituting 2.6 per cent of the total advances on that date, had gone to this section. On December 31, 2003, it came to Rs. 430 crores and this amount was equivalent to just 1.5 per cent of the total advances on that particular date”.

<http://www.hindu.com/2004/04/02/stories/2004040207020400.htm>

learning centre for children of migrant labourers are some of the key education projects initiated in 2006.

- it's Global Education Trust which in partnership with SOS Children's Villages launched 'Future First' a USD 10m. global five-year programme (2007-2012) focused on education of street children, children in care and orphans; it also supports the work of SOS in New Delhi, Jaipur and Kochi.
- awarding two scholarships of USD 45,000 each to students admitted to undergraduate and graduate studies in England.
- Programmes of poor rural women focusing on improving their financial literacy, such projects have been implemented in Maharashtra and Gujarat.
- Encouraging employees to volunteer their time and skills for community projects; 'Catalyst' launched in 2007 is the name of the new employee volunteering programme.
- undertaking long and short-term projects in the rehabilitation of villages destroyed during the Gujarat earthquake and Tsunami disaster.

Comment

While HSBC has positive programmes in place in relation to employment and a CSR programme directed towards the economically disadvantaged, it is not clear to what degree these address the issue of caste. As a consequence the benefits of such programmes may accrue largely to the upper-caste individuals within that economic segment.

Standard Chartered Bank

Features of the Company	Standard Chartered Bank
Size of the Company in India <ul style="list-style-type: none"> • Number of Employees • Sales Revenue/Investment 	17,000 Income (Interest earned + Other income)=Rs.5,390.1 crore Net Profit (Income-Expenditure)= Rs.1,364 crore ¹⁵
Address of the Head Office in India	90 Mahatma Gandhi Road Mumbai, 400 001, India Tel: +91 (002) 22670162 Number of branches/corporate offices: 89

- The Chartered Bank opened its first overseas branch in India, at Kolkata, on 12 April 1858. Standard Chartered is thought to be the largest foreign bank in the country after incorporating most of Grindlays' operations,
- According to Mr Neeraj Swaroop, CEO India (?), 2006-2007 has been a year of exceptional growth for the bank in India with both income and net profit rising by 51% and 31% respectively. Additionally, the number of employees has increased from 14,500 in 2006 to 17,000 in 2007.

Employment Policy

Diversity and Inclusiveness

- 'At Standard Chartered, Diversity & Inclusion lies at the heart of our values and forms a distinctive element of our brand'. 'Diversity & Inclusion is simple: we want to get the best out of the broadest spectrum of people to sustain strong business performance and competitive advantage'.
- 'Standard Chartered supports the 1948 UN Declaration of Human Rights which contains number of fundamental rights. The bank is committed to uphold and protect these rights in their internal policies and procedures with respect to their employees, customers and communities they operate in'¹⁶.

¹⁵ Standard Chartered Bank registered a 51 per cent growth in net profit and total income increased by 31 per cent. <http://www.blonnet.com/2007/05/22/stories/2007052205410600.htm>

¹⁶ Source: www.standardchartered.com: Human Rights and Sustainability and Diversity Policy

- “Standard Chartered Bank upholds the ten principles of the UN Global Compact, and ensures that these principles are central to our lending and procurement decisions in addition to how we treat our staff and customers”,¹⁷.

Comment

- While Standard Chartered states that it is committed to protect human rights and is inclusive in approach, it does not specifically mention caste in the broad spectrum of diversity that the bank refers to in its policies. In the Indian context this is one of the most important factors to try to offset disadvantage.

Lending and Investment: There is no information on their website or other published documents as to whether the bank meets the target of lending of 32% of their net credit with respect to Priority Sector Lending.

Corporate Social Responsibility

Community Investment Policy

- ‘As an international bank with a significant presence in developing countries’, says the Bank, it is in ‘a strong position to be a force for good in the communities where we do business. We allocate money to be spent in individual countries at the discretion of local managers and staff. We recognise that great ideas are often seeded at a local level’¹⁸.
- In this respect the bank has committed US\$115,000 towards Tsunami rehabilitation programmes which help affected people to develop alternative livelihoods in fishing, agriculture and other activities.
- Additionally the bank recently initiated a programme in New Delhi which aimed to empower women through sports.
- With respect to its policy on responsibility to the society, the bank claims to follow a community investment strategy that encompasses key issues relating to the community.

Comment

- Marginalization and discrimination faced by Dalits in socio-economic spheres is a key issue that the CSR policy of Standard Chartered Bank in India with its long history might have been expected to have been addressing. This community is the most vulnerable in India, with limited access to key essential services such as health facilities, education and income-generating opportunities.

¹⁷ http://www.standardchartered.com/sustainability/reporting_home.html

¹⁸ Source: www.standardchartered.com : Sustainability

Company Response

We believe it is by using our core skills and financial products /services that we can make a sustainable difference.

In addition to the Bank meeting its 32% commitment mandated under priority sector lending, Standard Chartered has a Consumer Finance business which offers the urban-underprivileged access to affordable credit. The Bank is committed to disbursing US\$500m through partner microfinance institutions by 2011. Of this commitment, we expect that US\$100m will go towards enhancing the livelihoods of people within the poorest regions within India. Taking that an average microfinance loan is less than US\$200 we expect more than 500,000 poor people to benefit from the microfinance loans in India.

I am particularly pleased with the confidence the participants of the GOAL programme attained as well as the fact they have acquired skills that will give them a better chance of improving their futures. We continue to work with Naz... to develop the second phase of the GOAL programme following its success in 2007.

I would like to update you on the Bank's review of the Confederation of Indian Industry (CII) code of conduct on affirmative action. The Bank has decided not to adopt the CII code of conduct at this time. In all our markets we continue to focus on fostering an inclusive culture that harnesses differences in our workforce to deliver high performance. The Bank takes this very seriously, demonstrated by the inclusion of our established diversity and inclusion principles and standards into the Group's Equal; Opportunities, Diversity and Dignity at Work Policy 2007.

In 2008, we will continue to build employee awareness around diversity and inclusion in all forms of discriminatory behaviour in the workplace whilst focusing on utilising the talent of all employees within the organisation.

Marks and Spencer

- Marks & Spencer, according to estimates, operates a sourcing business topping Rs600 crore (£75 million) in India¹⁹.
- The Indian Government's new liberal retail policy will allow companies like Marks & Spencer, to acquire up to 51% stake in a business in the country.
- Sources indicate that the development of India as a sourcing hub has resulted in global retailers establishing their own sourcing and buying offices – wholly owned and managed – moving away from third-party buyers. This will result in a more active local hiring strategy, which will require a greater commitment to social responsibility towards the communities in which they operate.
- M&S have shifted operations from Delhi to Bangalore, which is considered to be the centre of the largest domestic textile/garment cluster.
- Mark & Spencer's franchise partner in India is the privately-owned Planet Retail, which is also partnering with Next and Debenhams across India. Planet Retail recently spelled out plans to open 130 new shops in less than a year - more than double its current number of fifty-nine.²⁰
- The company sources a quarter of its shoe stocks from India.²¹

Approach to addressing Labour Standards in Trading

Ethical Trading

- Marks and Spencer is 100% own brand, with influence over 2,000 factories, 10,000 farms and 250,000 workers worldwide and is focused making a difference by trading fairly. In 2007 M&S launched Plan A , its five-year, 100-point 'eco' plan to tackle some of the biggest challenges facing the M&S business. One key element of the plan is fair partner, where M&S have committed to “do everything we can to improve people's livelihoods and help communities flourish - both at home and overseas.”
- Marks and Spencer is a member of the Ethical Trading Initiative, and commits itself to implementing the ETI base code, which is based on the nine labour standards set by the ILO. The ETI base code dealing with discrimination – and hence relevant to Dalits – in India is as follows:
*There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.*²²

¹⁹ <http://economictimes.indiatimes.com/articleshow/1528098.cms>

²⁰ <http://business.guardian.co.uk/story/0,,1802183,00.html>

²¹ This requirement of footwear is now being sourced through Graziella Shoes, a 50:50 joint venture between Tata International and Pucci Dante of Italy. An animal rights group based in the United States says it has persuaded the British retail chain, Marks and Spencer, to stop buying Indian leather because of cruel slaughtering practices. June, 2001. http://news.bbc.co.uk/1/hi/world/south_asia/1400981.stm

²² http://www.ethicaltrade.org/Z/lib/base/code_en.shtml

- Marks and Spencer is committed to the ETI principle on discrimination. In order to better understand and address these issues in the societies M&S sources from, its regional offices are staffed with local people. This commitment and investment in people helps in addressing issues like discrimination in a more proactive and sustainable manner. M&S is also interacting with national business bodies like the Confederation of Indian Industries on its CSR efforts.

Marks and Spencer have made a number of commitments to labour standards including:

- build on our existing global standards and robust monitoring programme by carrying out additional targeted unannounced site visits to provide greater assurance that our requirements are being met at all times
- engage and collaborate with suppliers to provide professional training and local help to drive real change in key labour standards issues worldwide, such as working hours and a living wage for all workers
- significantly increase the number of our employees based overseas in order to follow up locally on labour issues

Fairtrade

- Marks and Spencer also sells a number of products certified under the ‘Fair Trade’ model.
- ‘Fair Trade’ initiatives by M&S suggest a commitment to improving the lives of small scale farmers or producers in the company’s supply chain. This is achieved by “a guaranteed fair price” to the farmers (an international standard for the price which producers should receive to cover their cost of production, plus a reasonable profit).
- For M&S, ‘Fair Trade’ ethical trading is a very important component of ‘Plan A’, promoting a developmental model that will enable local communities to utilize the income generated by Fair Trade initiatives as they think best. Examples of such accomplishments are cited on their website, and include case studies of tea, coffee and cotton growers in India.²³
- “Marks & Spencer has developed another form of partnership, one with the Shell Foundation, aimed at working with a charitable foundation to develop sustainable SMEs (*small and medium enterprises*) in the developing world to alleviate poverty and drive innovative trade links, initially through the production and shipping of flowers”²⁴.

Comment

- In relation to Plan A, M&S could fill the gaps in the chain where rights of Dalit labourers are concerned as they know ‘all of its garment manufacturers, fabric

²³ M&S product lines are Fairtrade. The cotton used in M&S’ initial range of Fairtrade cotton t-shirts and socks launched last March, was produced by 50 Fairtrade cotton farmers in Gujarat, India. More farmers are being included in the Fairtrade system. The cotton farmers are using the Fairtrade premium to invest in much-needed social projects such as the development of a new school, a health centre, fresh drinking water facilities, a nursery and a literacy programme.

<http://www.publications.parliament.uk/pa/cm200607/cmselect/cmintdev/ucfairtrade/123404.htm>

²⁴ http://www.odi.org.uk/speeches/apgood/Agric_in_Africa_05/apgood_nov23/index.html

suppliers and dye houses because of the strict standards they set for ethical, environmental and quality parameters’.

- There appears to be no information of how the premium generated by Fairtrade is being utilized for the benefit of Dalit communities.
- In order to be more truly ethical M&S could take their supply chain one link further and address the rights of Dalits working on the cotton grower farms. These are some important issues that M&S has to address in their ‘Plan A’, in order to be truly ‘fair’ as there apparently is no ‘Plan B’
- In relation to Note 21 stopping the purchase of Indian leather could seriously affect Dalits who traditionally are the leather workers, it would be better to improve the slaughtering methods.
- Is Marks and Spencer working with Shell Foundation or any other charitable foundation in India to develop small and medium enterprises?

Tesco

Details of the Company	Tesco
Size of the Company in India <ul style="list-style-type: none"> • Number of Employees²⁵ • Turnover 	In IT centre: 630 In Tesco India Sourcing: number 'not available' \$200 million in 2004-05 ²⁶ from non-food items
Address of the Company in India:	Tesco Hindustan Service Centre Private Limited # 81& 82, EPIP Area, Whitefield, Bangalore INDIA - 560 066. Ph : 91-80-66588000 Tesco International Sourcing (India Branch/Hub) 5th Floor Millennia, 1 & 2 Murphy Road Ulsoor, Bangalore, India Phone No : 080-55220000,25327130-33 Fax : 080-25323880
Contact person	Mr. Michael Bennett (India Hub Manager)

Tesco in India at a Glance

- In 2004, Tesco bought £43 million worth of goods from India. The company now views India as a huge resource base for the supply of various products (food and non-food).
- Sourcing from India is largely of 'standard' and 'finest' categories, with textiles and clothing forming 90% of the total; Tesco's finest towels come from India.
- Tesco is looking to source footwear and other leather products, and also metal and wood items.
- In addition Tesco has set up an IT Applications Development Centre for handling back-office processing services in Bangalore.
- Tesco now has its own buying office in the state of Haryana which is in the north-western part of India.
- Bharati Enterprise which is one of the biggest Indian retailers has a joint venture – FieldFresh - with UK-based Rothschild, it exports fruit and vegetables to Europe in association with Tesco.

²⁵ http://ibef.org/artdisplay.aspx?cat_id=107&art_id=7582

²⁶ <http://www.thehindubusinessline.com/2003/10/14/stories/2003101400400600.htm>

Approach to addressing Labour Standards in Trading

- Tesco says it follows a supply-chain model in which the welfare of workers is given due importance; it is a founder member of the ETI and uses its base code as the standard with which its suppliers must comply. The ETI Base Code has a “no discrimination is practised” clause. This clause includes discrimination against caste.
- Tesco requires its suppliers to register on SEDEX (Supplier Ethical Data Exchange), a web based system Tesco helped develop, allowing suppliers to share data on ethical/labour standards at production sites. The SEDEX system generates a risk assessment of each supplier site based on the following criteria; site location, industry type, site profile and site completed self assessment questionnaire. The risk assessment categorises supplier sites as high, medium or low risk and the audit programme run by Tesco is based on these assessments.²⁷ Tesco conducts more than 3,500 risk assessments per year covering over one and a half million workers.
- Tesco carries out independent auditing with the help of companies or organisations with a verified track record of experience in conducting ethical audits - during 2007 over 2000 independent audits were conducted. If a supplier site is found to have non-compliances to the ETI Base Code Tesco requires them to implement improvements to ensure that they comply with the ETI Base Code. The non-compliances are monitored and actively managed by Tesco commercial teams. Tesco aim to work with suppliers to improve standards but, where suppliers do not wish to adhere to Tesco’s ethical requirements, will assess the suitability of the site to continue supplying the company.
- The company organises ethical trading training courses and workshops for their suppliers. These courses explain their standards, raise awareness of ethical issues and build supplier confidence in managing ethical issues in their own countries and industries.

Comment

- If they are not already, Indian suppliers should be assessed on Labour Standards, as in Bangladesh, by an independent audit, which includes caste.
- The question of the number of Dalits being employed by the supplier should be included in the audit check-list.
- If they are not, Indian suppliers should themselves be assessed on their own compliance with the ETI base code.

²⁷ [http:// www.tescocorporate.com/crreport07/10_ethicaltrade/sharing_html](http://www.tescocorporate.com/crreport07/10_ethicaltrade/sharing_html)

Company Response

The Tesco business plan is based on our Steering Wheel (see below) where we set out specific projects which the business will deliver over the following 12 months. The Community segment is a significant step in building our commitment to community, corporate responsibility and sustainability.

We have directed resources, energy, focus and vigour to delivering the expectations of customers, communities and stakeholders that:

Tesco will:

- be a good neighbour
- be responsible, fair and honest in the way we do business

The People segment of the business plan embodies the Tesco Core Value of “Treat People How We Like To Be Treated”



Monsoon Accessorize

Details of the Company	Monsoon Accessorize
Address of the Company in India:	Monsoon Accessorize India Private Ltd, Gurgaon, Haryana.
Number of Employees	40
Turnover	No information available
Contact person and phone number	U.K. Bajaj , +91 9811164101

- Monsoon has been sourcing from India since its inception in 1973, when the company’s director started selling clothes from Rajasthan on the Portobello road in West London.
- In 2006, the Foreign Investment Promotion Board of India, approved the proposal of Monsoon Accessorize to trade and export ready-made garments, and accessories, purchased from India for export to Europe, USA and other countries.

Employment Policies

- Monsoon asks all suppliers to commit to minimum standards of pay and working conditions across their supply chain. Suppliers are asked to commit to the “Monsoon Accessorize Code of Conduct” which is based on ETI base code.
- Regular visits and audits are reported to be carried out by in-house Monsoon specialists as well as independent external auditors to monitor compliance and progress of the specified standards; some unannounced visits are carried out as well.
- Monsoon is currently participating in the “Homeworker Project” to investigate how best to ensure that ethical standards are upheld with homeworkers, this is done through testing the ETI homeworkers guidelines.
- A generic practical document – the ETI Homeworkers Guidelines - has been created by ETI to define the roles and responsibilities of companies using homeworkers.
- The guidelines accept that a) homeworkers have an important role to play, b) improving standards with homeworkers is complex and needs a gradual approach, c) members can take an individual and/or collaborative approach.
- There are close to 50 million homeworkers in South Asia and about 30 million are in India, women comprise up to 90% of all home-based workers.
- Monsoon has recently incorporated the Fairtrade Model as a part of their commitment to ethical trading and has launched a Fairtrade cotton T-shirt. “The cotton is sourced from small, disadvantaged farmers in India. Fairtrade guarantees farmers a better price and includes a premium for local community projects such as health centres, water conservation and education”.²⁸
- The company also funds education, health and income-generating projects for the disadvantaged women and children; this is carried out through “The Monsoon Accessorize Trust” set up in 1994 and operating mostly in South Asia because of Monsoon's long- established trading links there.
- Currently the projects supported by Monsoon are with local partners working with underprivileged children in Delhi and Jaipur, Rajasthan.

²⁸ <http://www.monsoon.co.uk/page/fairtrade/>

Comment

With respect to their 'Homeworkers Project', Monsoon should incorporate the following:

- a) monitor the proportion of Dalit women homeworkers in their supply chain.
- b) give special emphasis to addressing compliance with labour/ethical standards for Dalit homeworkers.

Company Response

We concur with your belief that all those who are (and who will subsequently be) involved in the Indian economy need to be aware of the caste issue and actively addressing it wherever they can.

As you will note from our Code of Conduct and in particular Section 7, **NO DISCRIMINATION IS PRACTISED** this makes specific reference to the elimination of discrimination in hiring etc and caste is specifically referred to. We therefore can confirm that we are committed to its elimination within our supply chain.

Where this is a particular problem, then our approach is to address the issue within our audit strategy and our protocol is aligned to ascertain the extent of the problem. This will take the form of worker interviews etc and where it exists register it as a no-compliance and place within the Corrective Action Plan which is part of our normal monitoring procedure.

We will take on board your recommendation of monitoring for the existence of Dalit women within our supply chain and will give this special emphasis where appropriate. For your information we have recently reviewed our audit procedures to ensure that we are adopting social auditing best practice and this issue is something that we will reinforce with our own internal auditors and 3rd party auditing companies that we use.

General Recommendations

Any diversity initiatives in India must focus primarily on caste. Dalit representation in the workforce must be encouraged by taking positive action, ensuring genuine equality of opportunity to employees, irrespective of caste or creed. The UN Global Compact acknowledges that *'most commonly, discrimination is indirect and arises where rules and practices have the appearance of neutrality but in fact lead to exclusions. This indirect discrimination often exists informally in attitudes and practices which, if unchallenged, can perpetuate in organisations. Discrimination may also have cultural roots that demand more specific individual approaches'*. Since several of the companies in this report support the Global Compact, it becomes their responsibility to seek out indirect discrimination within their employment practices and - in the Indian context – this means caste.

One company, HSBC, has signed the Confederation of Indian Industry (CII) Code of Conduct for Affirmative Action. This is a positive development but that code does not refer to caste, and endorsing it cannot level the playing field as effectively as applying the Ambedkar Principles. Because caste-based discrimination is so endemic in Indian society, it is important that companies carefully draft their local recruitment, human resources and wider social responsibility policies to account for caste, and create mechanisms to guard against prejudice among their own local management and staff. The CSR initiatives of the companies give preference to the economically disadvantaged but are not apparently caste-aware. As a consequence the benefits of such programmes accrue largely to the 'upper castes' within any particular economic segment. It is also crucial that companies pay proper attention to Dalit workers in their supply chain, especially in the agricultural and textile sectors.

SPECIFIC RECOMMENDATIONS

Companies should:-

1. endorse the Ambedkar Principles, or at least apply as many of them as possible in their employment policies and practices, make it a requirement for their employment agencies and suppliers to do the same and also sign up to the CII Code of Conduct;
2. ensure their CSR initiatives are caste-sensitive and include caste issues in the monitoring and reporting of all policies and audits;
3. if they source from agricultural production, i.e. foodstuffs and textiles, monitor the supply chain to ensure fair and just employment conditions for Dalit workers;
4. if involved in loans and other financing, require lending policies to be so structured that they provide every opportunity for Dalit communities to engage, and monitor the results;
5. ensure direct and indirect employees (including home workers) are paid the at least minimum wage in their sector, while aiming to pay a living wage within a specific period, e.g. three years.

Appendices

Appendix I - The Ambedkar Principles

EMPLOYMENT AND ADDITIONAL PRINCIPLES ON ECONOMIC AND SOCIAL EXCLUSION FORMULATED TO ASSIST ALL FOREIGN INVESTORS IN SOUTH ASIA TO ADDRESS CASTE DISCRIMINATION

The Principles suggests numerous ways in which the Dalit workforce can be strengthened to enable them to compete among equals. The Principles do not propose a quota system which businesses largely reject as anti-meritocratic, but instead promote a system of conscious inclusion.

The main Employment Principles are firmly rooted in, and seek to build upon, the labour rights that are already supported by the international community - Governments, trade unions and employers' associations alike - in the form of the conventions of the International Labour Organisation (ILO).

The Additional Principles on exclusion have been derived from several international standards such as UN Global Compact. Another source for the Ambedkar Principles are the Global Sullivan Principles, which date back to anti-Apartheid days and state that companies will 'work with Governments and communities in which we do business to improve the quality of life in those communities, their educational, cultural, economic and social well being and seek to provide training and opportunities for workers from disadvantaged backgrounds'.

Companies supporting the Ambedkar Principles are asked to make an annual report on their progress as part of their corporate social responsibility reporting, and also to consider engaging in some form of external audit.

EMPLOYMENT PRINCIPLES

Those who endorse the Employment Principles will be building on existing national anti-discrimination laws and policies, acting in the spirit of internationally recognised human and employment rights and putting into practice the general commitments found in international standards, as referred to above. They will:

- 1 Include in any statement of employment policy a reference to the unacceptability of caste discrimination and a commitment to seeking to eliminate it;
- 2 Develop and implement a plan of affirmative action, including training on caste discrimination for all employees and making specific reference to Dalit women, particularly where Dalits are under-represented as employees in relation to the local population;
- 3 Ensure the company and its suppliers comply with all national legislation, particularly in relation to bonded labour, manual scavenging and child labour, pay specific attention to the role that caste relations might play in legitimising or covering up such forms of labour, and contribute actively to the implementation of existing anti-caste laws such as the Civil Rights Act and the Prevention of Atrocities Act;

- 4 Use fair recruitment, selection and career development processes, with clear objective criteria, and ensure that these processes are open to scrutiny from Dalits themselves as well as other civil society groups;
- 5 Take full responsibility for their workforce, both direct and sub-contracted, including the supply chain, in seeking to detect and remedy any caste discrimination in employment conditions, wages, benefits or job security;
- 6 Evolve comprehensive training opportunities for employees and potential recruits from Dalit communities (integrated with other staff where possible but separate where not), and including language support for English-deficient candidates, with the aim of enabling Dalit workers to fulfil their potential, and will wherever possible set targets for numbers of Dalit employees;
- 7 Designate a manager at a sufficiently senior level to carry out the policy who will aim, in the context of meeting business needs, to maximise the benefits of a diverse workforce and ensure that the policy, its monitoring and the related practices are carried through;
- 8 Develop effective monitoring and verification mechanisms of progress at the level of the individual company, and also co-operate in monitoring at the levels of sector and the state, involving Dalit representatives including women in these mechanisms;
- 9 Publish annually a report on progress in implementing these Principles - preferably in relation to an appropriate section of the Annual Report;
- 10 Appoint a specific board member with responsibility for oversight of this whole policy area.

ADDITIONAL PRINCIPLES TO ADDRESS ECONOMIC AND SOCIAL EXCLUSION

Investors who support the Additional Principles will encourage increasingly wide ownership of land and capital, and broaden opportunities for skills development, in the context of social and economic rights. The Principles should be a vital element in any social and/or environmental audit prior to investment. 'Socially excluded communities' refers primarily to Dalits but in particular contexts may include tribal peoples, women and religious minorities. Those who endorse the Additional Principles will:

- a) Require that all corporate support to community development programmes and other charitable activities in caste-affected countries or areas include the participation of Dalits in both planning and implementation, and that they receive at least an equal share in any benefits;
- b) Where land is leased and/or purchased ensure it has not been misappropriated, or otherwise removed, from socially excluded communities;
- c) Seek to place a proportion of supply and/or service contracts with local enterprises from socially excluded communities;
- d) Avoid exploitation of local resources to the detriment of local communities;
- e) Aim to ensure nothing is done which may drive local communities towards ecologically insensitive activities or the desperation of violent protest, undertaking local consultation to guarantee this;
- f) Vigorously encourage and enable a degree of ownership of the investing institution by socially excluded communities;

- g) If a bank or financial institution, ensure that lending to Priority Sectors (in India a legal requirement) seeks particularly to assist Dalit Self-Help Groups and Dalit entrepreneurs;
- h) Support educational projects for socially excluded communities at all levels, primary, secondary and in the form of training for posts at executive or management level;
- i) Promote and support the teaching of English to Dalit communities, and encourage State and Government authorities to do the same, as the use of English greatly increases employment potential for excluded sectors;
- j) Put in place a protective system for whistleblowers.

http://dsnuk.org/Ambedkar_Principles.htm

Appendix II - Confederation of Indian Industry Code of Conduct for Affirmative Action

1. The Company affirms the recognition that its competitiveness is interlinked with the well being of all sections of the Indian society.
2. The Company believes that equal opportunity in employment for all sections of society is a component of its growth and competitiveness. It further believes that inclusive growth is a component of growth and development of the country.
3. The Company affirms the recognition that diversity to reflect socially disadvantaged sections of the society in the workplace has a positive impact on business.
4. The Company will not practice nor support conscious discrimination in any form.
5. The Company does not bias employment away from applicants belonging to disadvantaged sections of society if such applicants possess competitive skills and job credentials as made public.
6. The Company's selection of business partners is not based on any considerations other than normal business parameters. In case of equal business offers, the Company will select a business partner belonging to a socially disadvantaged section of society.
7. The Company has/ will have a written policy statement on Affirmative Action in the workplace.
8. The Company has/ will have an employment policy that is in the public domain. It may place such policies and employment opportunities on its website to encourage applications from socially disadvantaged sections of society.
9. The Company makes / will make all efforts for upskilling and continual training of employees from socially disadvantaged sections of society in order to enhance their capabilities, and competitive skills.
10. The Company has / will have a partnership programme with educational institution/s to support and aid students from socially disadvantaged sections of society.
11. The Company has / will have a senior executive accountable to the CEO to oversee and promote its Affirmative Action policies and programmes. The senior executive presents / will present a biannual report to the Board of the Company about such policies and programmes.
12. The Company further has a policy to maintain records on Affirmative Action.
13. The Company makes available its learning and experiences as a good corporate citizen in Affirmative Action to other companies desiring to incorporate such policies in their own business.

http://www.cii.in/region_content.php?menu_id=281®ion_id=3

Appendix III - The Global Sullivan Principles

As a company which endorses the Global Sullivan Principles we will respect the law, and as a responsible member of society we will apply these Principles with integrity consistent with the legitimate role of business. We will develop and implement company policies, procedures, training and internal reporting structures to ensure commitment to these Principles throughout our organization. We believe the application of these Principles will achieve greater tolerance and better understanding among peoples, and advance the culture of peace.

Accordingly, we will:

- Express our support for universal human rights and, particularly, those of our employees, the communities within which we operate and parties with whom we do business.
- Promote equal opportunity for our employees at all levels of the company with respect to issues such as colour, race, gender, age, ethnicity or religious beliefs, and operate without unacceptable worker treatment such as the exploitation of children, physical punishment, female abuse, involuntary servitude or other forms of abuse.
- Respect our employees' voluntary freedom of association.
- Compensate our employees to enable them to meet at least their basic needs and provide the opportunity to improve their skill and capability in order to raise their social and economic opportunities.
- Provide a safe and healthy workplace; protect human health and the environment; and promote sustainable development.
- Promote fair competition including respect for intellectual and other property rights, and not offer, pay or accept bribes.
- Work with governments and communities in which we do business to improve the quality of life in those communities — their educational, cultural, economic and social well-being — and seek to provide training and opportunities for workers from disadvantaged backgrounds.
- Promote the application of these Principles by those with whom we do business.

We will be transparent in our implementation of these Principles and provide information which demonstrates publicly our commitment to them.

<http://www.thesullivanfoundation.org/gsp>

Appendix IV - United Nations Global Compact

The Ten Principles

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour Standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

PRINCIPLE SIX

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Discrimination

The definition of discrimination in employment and occupation is "any distinction, exclusion or preference which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation", and is made on the basis of "race, colour, sex, religion, political opinion, national extraction or social origin". Discrimination may also occur on the basis of physical or mental disability. Obviously, distinctions based strictly on the inherent requirements of the job are not discrimination.

<http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>

Appendix V – United Nations Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights (Sections B and D)

B. Right to equal opportunity and non-discriminatory treatment

- Transnational corporations and other business enterprises shall ensure equality of opportunity and treatment, as provided in the relevant international instruments and national legislation as well as international human rights law, for the purpose of eliminating discrimination based on race, colour, sex, language, religion, political opinion, national or social origin, social status, indigenous status, disability, age - except for children, who may be given greater protection - or other status of the individual unrelated to the inherent requirements to perform the job, or of complying with special measures designed to overcome past discrimination against certain groups.

D. Rights of workers

- Transnational corporations and other business enterprises shall not use forced or compulsory labour as forbidden by the relevant international instruments and national legislation as well as international human rights and humanitarian law.
- Transnational corporations and other business enterprises shall respect the rights of children to be protected from economic exploitation as forbidden by the relevant international instruments and national legislation as well as international human rights and humanitarian law.
- Transnational corporations and other business enterprises shall provide a safe and healthy working environment as set forth in relevant international instruments and national legislation as well as international human rights and humanitarian law.
- Transnational corporations and other business enterprises shall provide workers with remuneration that ensures an adequate standard of living for them and their families. Such remuneration shall take due account of their needs for adequate living conditions with a view towards progressive improvement.
- Transnational corporations and other business enterprises shall ensure freedom of association and effective recognition of the right to collective bargaining by protecting the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without distinction, previous authorization, or interference, for the protection of their employment interests and for other collective bargaining purposes as provided in national legislation and the relevant conventions of the International Labour Organization.

[http://www.unhchr.ch/huridocda/huridoca.nsf/\(Symbol\)/E.CN.4.Sub.2.2003.12.Rev.2.En](http://www.unhchr.ch/huridocda/huridoca.nsf/(Symbol)/E.CN.4.Sub.2.2003.12.Rev.2.En)

Appendix VI - The Ethical Trading Initiative Base Code

This is an overview of the code. The full text is available at: www.ethicaltrade.org

1. EMPLOYMENT IS FREELY CHOSEN
2. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING ARE RESPECTED
3. WORKING CONDITIONS ARE SAFE AND HYGIENIC
4. CHILD LABOUR SHALL NOT BE USED
5. LIVING WAGES ARE PAID
6. WORKING HOURS ARE NOT EXCESSIVE
7. **NO DISCRIMINATION IS PRACTISED**
 - 7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, **caste**, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.
8. REGULAR EMPLOYMENT IS PROVIDED
9. NO HARSH OR INHUMANE TREATMENT IS ALLOWED

The provisions of this code constitute minimum and not maximum standards, and this code should not be used to prevent companies from exceeding these standards. Companies applying this code are expected to comply with national and other applicable law and, where the provisions of law and this Base Code address the same subject, to apply that provision which affords the greater protection.

http://www.ethicaltrade.org/Z/lib/base/code_en.shtml

Appendix VII – International Labour Organisation Convention 111

C111 Discrimination (Employment and Occupation) Convention, 1958 [Ratified by India 1960]

Article 1

1. For the purpose of this Convention the term *discrimination* includes--

(a) any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation;

(b) such other distinction, exclusion or preference which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation as may be determined by the Member concerned after consultation with representative employers' and workers' organisations, where such exist, and with other appropriate bodies.

2. Any distinction, exclusion or preference in respect of a particular job based on the inherent requirements thereof shall not be deemed to be discrimination.

3. For the purpose of this Convention the terms *employment* and *occupation* include access to vocational training, access to employment and to particular occupations, and terms and conditions of employment.

Article 2

Each Member for which this Convention is in force undertakes to declare and pursue a national policy designed to promote, by methods appropriate to national conditions and practice, equality of opportunity and treatment in respect of employment and occupation, with a view to eliminating any discrimination in respect thereof.

Full text available at: <http://www.ilo.org/ilolex/english/convdisp1.htm>

Report of the Committee of Experts on the Application of Conventions and Recommendations
Discrimination (Employment and Occupation) Convention, 1958 (No. 111) - India (ratification:
1960) Observation, CEACR 2006/77th Session

The Committee recalls that caste-related discrimination in employment and occupation is a form of discrimination based on social origin that is contrary to the Convention. In its previous observation, the Committee stressed that the practice of untouchability, which continues despite its prohibition under the Constitution, needs to be addressed effectively if discrimination in employment and occupation against *Dalits* based on their social origin is to be eliminated. In this context, the Committee noted recommendations made by the then National Commission for Scheduled Castes and Tribes, including concerning measures to strengthen the enforcement of the Protection of Civil Rights Act, increased cooperation of the responsible public authorities at the various levels and broad awareness-raising campaigns.

Full text of this CEACR observation can be found at:

<http://webfusion.ilo.org/public/db/standards/normes/appl/index.cfm?lang=EN>

Appendix VIII - List of 100 British Companies Operating in India

This list of UK companies operating in India has been provided by Ethical Investment Research Services (EIRIS). Companies were included on the following basis: UK companies with a 20%+ stake in an associate or subsidiary incorporated in India and oil & gas production and exploration companies, and mining companies with a 5%+ stake in an associate or subsidiary incorporated in India. [The use of this list by DSN does not indicate that EIRIS endorses the contents of this report. EIRIS is a leading global provider of independent research into environmental, social, governance and ethical issues.]

AMEC	Diageo	Mowlem
ARM Holdings	Dimension Data Holdings	NDS
Aegis Group	Domino Printing Sciences	Next
Alliance Boots	Druck Holdings	Next Fifteen Communications
Allied Domecq	The EMI Group	Novar
Allied Zurich	Ebookers	Old Mutual
Associated British Foods	Electrocomponents	PZ Cussons
AstraZeneca	Elementis	PartyGaming
Aveva	Exel	Pearson
Aviva	Expamet International	Peninsular & Oriental Steam
Avon Rubber	Expro International Group	Navig. Co.
BAE Systems	Fenner	Premier Oil
BG Group	Filtrona	Prudential
BOC Group	Foseco	Psion
BP	G4S	Reckitt Benckiser
BPB	GKN	Regus
BT Group	GlaxoSmithKline	Renishaw
Babcock International	Glenmorangie	Rolls-Royce Group
Group	Goldshield Group	Royal & Sun Alliance
Barclays	Hampson Industries	Insurance Group
Peter Black Holdings	Huntleigh Technology	The Royal Bank of Scotland
Boosey & Hawkes	IMI	Group
Braemar Seascop	ICAP	SmithKline Beecham
Britax International	Imperial Chemical	Tate & Lyle
British Airways	Industries	Taylor Nelson Sofres
British American	Incepta Group	Titan Europe
Tobacco	Infast Group	WSP Group
Burren Energy	InterContinental Hotels	
Cairn Energy	Group	
Capita Group	Invensys	
Carclo	Jardine Lloyd Thompson	
Charter	Jarvis	
Chubb (UK)	Johnson Matthey	
Coats	Kier Group	
Cookson Group	LogicaCMG	
Croda International	MDY Healthcare	
Daily Mail & General	MTL Instruments Group	
Trust	Melrose	
Datamonitor	Misys	
De La Rue	Morgan Crucible Co.	

Glossary

Dalit A name meaning ‘downtrodden’ or ‘crushed’, is the term adopted by those most affected and now carries a strong sense of resistance to the caste system and imbues political empowerment to the movement.

CSR Corporate Social Responsibility

CII Confederation of Indian Industry

DFID Department for International Development

DSN Dalit Solidarity Network

ETI Ethical Trade Initiative

HLL Hindustan Lever Limited

IDSN International Dalit Solidarity Network

ILO International Labour Organisation

M&S Marks & Spencer

NGO Non-Governmental Organisation

PSL Priority Sector Lending



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