



BUSINESS RESPONSIBILITY GUIDELINES FOR MSME FOUNDRY SECTOR (CUPOLA BASED)

Ajmer Zila Laghu Udyog Sangh (AZLUS)



AJMER ZILA
Laghu Udyog Sangh



Foundation for MSME Clusters (FMC)
(ISO 9001:2008 Certified Organisation)



PREAMBLE

Although, foundry industry is often characterized as a high risk business, under the EU Project, it has been found that supported by foundry associations, the business are increasingly beginning to realize the impact of their actions on society as well as the environment and the importance of meeting the needs of the present generation without compromising the ability of the next. Businesses need to focus their attention on achieving the 'triple bottom line'- people, planet and profit. Thus, the financial performance needs to be balanced with the expectations of the society and the environment.

The National *Voluntary* Guidelines on Social, Environmental and Economic Responsibilities of Business designed by Ministry of Corporate Affairs provides a guidance document for businesses to adopt responsible and ethical practices. It propagates nine principles along with their core elements and suggests that in order to function responsibly a business should integrate each principle in their operations.

Owing to the varied nature, size, stakeholder groups and multiplicity of players involved, there is a need for developing sector specific guidelines to address the critical issues of the particular sector. These specific issues for the foundry sector were identified through initial desk research, stakeholder interactions with members from Ajmer ZilaLaghuUdhyogSangh (AZLUS) and visits to few MSME foundries to understand their operations and efforts made by them for moving towards responsible production.

While adhering to the relevant rules and regulations is mandatory, these guidelines go beyond them. They encourage all units to address various elements of responsible practices. While some units would begin implementing responsible practices the others could take it a step ahead and better the practices already in place. AZLUS is already doing lot of good and responsible practices, however it can use this guidelines to generate awareness about these concepts among its members as well as guide and facilitate the adoption of these principles.

This document may be viewed as a guideline for continuous improvement. This document never implies that the suggested areas are not being practiced as of now.

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

This principle recognizes that ethical conduct in all its functions and processes is the foundation of responsible business. Further, business decisions and actions should be open to disclosure and be visible to relevant stakeholders. Businesses often do not operate with standard process documents and governance structures are not clearly defined which could create issues of transparency and accountability. The principle emphasizes that businesses should inform all relevant stakeholders of the operating risks as well as address and redress the issues raised. In case of market expansion, such examples of standardization could be indicative of not only quality but also adherence to the principle.

Core Elements

1. BMO can assist members to develop further improved governance structures.
2. Promote standard practices to ensure responsible production at all levels..
3. BMO can guide members to easily adhere to all applicable compliances/rules/regulations by providing necessary knowledge/resource offering assistance/training as and when required.
4. BMO can provide relevant technical assistance to members through seminars, training programmes etc.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

This principle emphasizes that in order to function effectively and profitably, businesses should work to improve the quality of life of people. Responsible businesses, therefore, should engineer value in their goods and services by keeping in mind the impacts of their operations. Since many of the foundry operations utilize natural resources these need to be utilized through standard measurement processes which could lead not only to reduction in wastage but also reduction in cost. This principle also encourages businesses to extend these practices to cover the entire value chain – from sourcing of raw materials or process inputs to distribution and disposal.

Core Elements

1. All the resources including fuel, water, coke, pig iron, sand, molasses, scrap etc. should be utilized more efficiently and with proper standard measurement systems. BMO should promote greater monitoring by foundries to ensure minimum wastage.
2. BMO should encourage foundries to adopt greater use of energy efficient and cleaner technology in production processes to ensure energy efficiency.
3. Adopt testing facilities for raw materials and finished products for improving quality and standardization. BMO with the help of its members can create such common facility.
4. BMO should raise awareness among its members to adopt practices for reusing materials like waste sand, rejections and work towards proper disposal of solid waste like slag and waste sand.
5. Undertake regular monitoring and maintenance of foundry equipment as well as safety equipment to ensure proper and efficient functioning for instance, developing periodic equipment maintenance plan. BMO can guide the foundries to adopt these practices.
6. BMO can encourage foundries to prepare product manufacturing flow chart with the quantity of raw material required for daily use for easy understanding of workers.

Principle 3: Businesses should promote the well-being of all employees

The principle covers all policies and practices relating to the dignity and wellbeing of all employees engaged within a business or in its value chain. Due to the presence of heat, physical hazards, exposure to noise and dust, etc. ensuring health and safety of workers is paramount for this industry. However the sector (as seen in Ajmer) does not hire child labour, forced labour or any form of involuntary labour, paid or unpaid.

Core Elements

1. Provide access to appropriate grievance redressal mechanisms for all employees. BMO can raise awareness and guide foundries.
2. BMO to encourage individual foundries to ensure timely payment of minimum wages to employees.

The businesses should provide workers/ supervisors with a guiding document for undertaking various tasks. However, it may be challenging for many of the units (especially smaller units) to prepare such a document. Thus, the BMO can prepare a Process document for foundry processes.

For the benefit of employees

- * Promote opening Bank account for workers
- * Enroll employees in relevant and beneficial schemes such as Pradhan MantriJeevan Ivoti BimaYoina. Atal Pension Yoina etc.

3. Enroll employees in social security schemes such as health insurance etc. BMO can promote such activities.
4. Promote design and layout to have adequate light, ventilation, proper drinking and sanitary facilities as well as temperature and noise minimisation etc.
5. Provide training and support easy implementation of preventive measures for possible health hazards. BMO can provide such training and consultancy support.
6. The use of personal protective equipments such as helmets, gloves, glasses, ear plugs, shoes, masks proper garments etc. should be further encouraged and their use monitored. BMO can raise awareness and promote the use.
7. Promote regular health check-ups to be conducted for their employees, with BMO taking the lead.
8. Management should ensure regular formal training of all employees in the relevant foundry processes and technology upgradations in their operations. BMO can promote and help facilitate such trainings.

Few key characteristics of a good workplace environment:

- * Maintaining usable and clean toilets with separate toilets for female employees
- * Provision of covered dustbin in the toilets and workplace
- * Annual clearance of units
- * Access to clean and safe drinking water at all times
- * Organising regular mock drills with first aid box/ fire safety equipment and having a person in charge
- * Ensuring availability and proper usage of personal protective equipment for employees

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

The principle recognizes that businesses have a responsibility to think and act beyond the interests of its direct shareholders to include all their stakeholders. Thus, companies need to identify all stakeholders who are impacted due to their operations, identify the impacts and work towards addressing their concerns.

Core Elements

1. BMO can conduct regular review meeting with members to discuss any concerns/ challenges as well as best practices which could be shared with respect to waste disposal, pollution minimization, etc.
2. In case of conflicting issues, businesses should work towards resolving differences with stakeholders in a just, fair and equitable manner.
3. BMO should have a grievance redressal mechanism, in case issues are not resolved at the individual foundry level.

Principle 5: Businesses should respect and promote human rights

The principle recognizes that human rights are the codification and agreement of what it means to treat others with dignity and respect. The Foundry sector is a labour intensive industry and a large part of the workforce is semi-skilled and on contractual basis. Thus, this principle recognises the importance of adhering to human rights principles not only for the internal stakeholders (employees) but also the external stakeholders (local residents, customers etc.)

The principle imbibes its spirit from the Constitution of India, which through its provisions of Fundamental Rights and Directive Principles of State Policy, enshrines the achievement of human rights for all its citizens. In addition, the principle is in agreement with the Universal Declaration of Human Rights, in the formation of which, India played an active role. The principle takes into account the “Corporate Responsibility to Respect Human Rights”, as referred in the United Nations “Protect, Respect, Remedy” Framework.

1. BMO can promote and help to further integrate respect for human rights in management systems, in particular by assessing human rights impacts of their operations and ensuring all individuals that are impacted in any way by the business operations have access to grievance redressal mechanisms.
2. Human rights of all relevant stakeholders and groups within and beyond the workplace, including that of communities, consumers, vulnerable and marginalized should be respected. BMO can raise awareness among its members.

Principle 6: Business should respect, protect, and make efforts to restore the environment

The principle encourages businesses to understand and be accountable for direct and indirect environmental impacts of their operations, products and services and to strive to make them more environmental friendly. The Principle urges businesses to follow the precautionary principle of not going ahead with a particular action if it is unsure of its adverse impacts.

Air pollution and solid waste disposal are the critical aspects associated with foundry units which can have major impacts on the environment. Also, these businesses use a variety of natural resources for their operations. This principle encourages the units to operate in a more responsible manner, recognise the impacts of their actions and continuously strive to improve their environmental performance to reduce the negative effects.

1. BMO should promote utilization of natural and manmade resources in an optimal and responsible manner and adoption of measures to improve efficiency and reduce wastage.
2. Continuously seek to further increase energy efficiency by improving or upgrading systems, implementing innovative mechanisms and adopting better technology for reducing energy consumption.
3. Seek to reduce dependence on conventional sources of energy and adopt cleaner methods of energy production such as solar energy etc.
4. Ensure the sustainability of resources by reducing, reusing, recycling and managing waste effectively. BMO should raise awareness and promote such activities.
5. Continuously seek to improve environmental performance.
6. BMO can encourage foundries to develop Environment Management Systems (EMS) and contingency plans and processes that help them in preventing, mitigating and controlling environmental damages and disasters, which may be caused during operations.

The sharing of best practices within the units which are part of the BMO as well as with other associations could be beneficial for adopting measures/ systems to improve efficiency and mitigate any negative impacts.

Environmental Management System (EMS) is a set of processes and practices that enable an organization to reduce its environmental impacts and increase its operating efficiency.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

The principle recognizes that businesses operate within the specified legislative and policy frameworks prescribed by the Government, which guide their growth and also provide for certain necessary restrictions and boundaries. In a democratic set-up, such legal frameworks are developed in a collaborative manner with participation of all the stakeholders, including businesses who can engage with the Government for redressal of a grievance or for influencing public policy and public opinion.

The principle emphasizes that policy advocacy must increase public good and make it available to the maximum number of people. . The business units should actively engage in platforms which influence public policy to ensure relevant authorities are made aware of the concern areas of the industry.

1. While pursuing policy advocacy, ensure that the advocacy positions are consistent with the Principles and Core Elements contained in these Guidelines.
2. To the extent possible, utilize the trade and industry chambers and associations and other such platforms to undertake such policy advocacy.

Principle 8: Businesses should support inclusive growth and equitable development

The principle recognizes the value of businesses and encourages them to innovate and contribute to the overall development of the country, especially to that of the disadvantaged, vulnerable and marginalised sections of society. This also emphasizes the need for collaboration amongst businesses, government agencies and civil society in promoting this development agenda. The principle states that business prosperity and inclusive growth and equitable development are interdependent.

1. BMO should encourage foundries to understand the impact of their operations on social and economic development, and respond through appropriate action to minimize the negative impacts.
2. Innovate and invest in products, technologies and processes that minimise the negative impacts and promote the wellbeing of society. BMO can take the lead in identifying such practices.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

This principle is based on the fact that the basic aim of a business unit is to provide goods and services to its customers in a manner that creates value for both. The principle recognizes that customers have the freedom of choice in the selection and usage of goods and services, and that the enterprises will strive to make available goods that are safe, competitively priced, easy to use and safe to dispose off, for the benefit of their customers.

Core Elements

1. BMO should encourage foundries to always promote and advertise products by providing correct and complete information about the product and its usage to their clients.
2. BMO should promote foundries to always exercise due care and caution while providing the end product to ensure its safety.

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