

# Communication on Progress

REPORTING PERIOD: JUNE 11, 2018 – JUNE 11, 2019

## INTRODUCTION

To ensure that Better Shelter is and remains a sustainable business in the ecological, social and economic environment, we joined the United Nations Global Compact in 2018 – the world’s largest corporate sustainability initiative. After becoming a member, we started preparing for the integration of the UN Global Compact’s ten principles – divided across the areas of Human Rights, Labour, Environment and Anti-corruption – into our business, by completing a company-wide assessment and action plan covering various areas and activities. The Sustainable Development Goals and the UN Global Compact’s ten principles will gradually be incorporated into Better Shelter’s strategies, policies and processes to make sure that we continue to improve and carry out our business in a sustainable and responsible way, both today and in the future.

Within Better Shelter’s first year of joining the UN Global Compact, we gathered data to identify gaps to determine specific areas to focus on and what we can do at a companywide level to improve our sustainability. Several goals for the reporting period were formulated, and new goals will be set for the forthcoming year.

As a member of the UN Global Compact initiative we can structure Better Shelter’s sustainability work, guided by an internationally recognised framework, which will ensure that sustainability aspects are considered in everyday decisions as well as formulated in long-term goals.

## STATEMENT FROM THE MANAGING DIRECTOR

“Better Shelter is a young organisation, and with that in mind, we are proud to already share our first sustainability report. This will lay the foundation for our continued sustainability work and commitment to reporting on the UN Global Compact’s principles over the years to come. The initiative is crucial for us as an individual organization as well as for the humanitarian sector as a whole – we have an obligation to integrate sustainable strategies in all our processes and strategies and there are no other options, nor is there any time to spare for working towards a sustainable future”.

*Johan Karlsson, Managing Director, Better Shelter*

## **PRACTICAL ACTIONS MANAGEMENT**

### *Sustainability at a management level*

During the first year as a UN Global Compact member, we gathered data to help identify gaps and actions that will improve the company's sustainability going forward. Several companywide sustainability goals were formulated, which guided our work during the remainder of the year. New goals will be set for the upcoming reporting period.

### *Actions taken during the year*

The gap analysis revealed that we already have several essential policies in place that guarantee that we act ethically and sustainably. However, important actions taken are rarely documented or followed up on. Several policy documents relating to management, employees and procedures have had to be clarified in order to align with UN Global Compact principles. We identified a need to evaluate our supplier base and introduce stricter requirements within the area of sustainability. Several areas of improvement within the environmental impact of our product and its delivery methods were also identified.

### *Outcome measures*

- The data collection and gap analysis lead to the formulation of company-wide sustainability goals which we worked towards over the remainder of the year.
- We had two company-wide all-day workshops about the UN Global Compact and about sustainability and encouraged employees to attend external workshops and trainings to learn more.

## **HUMAN RIGHTS**

Better Shelter is a social enterprise founded with the sole purpose of providing protection, safety and dignity for displaced people. The shelter is designed with respect to Article 25 of the Universal Declaration of Human Rights and the right to an adequate standard of living – it offers a safe space that can be modified for specific needs and be transformed into a family's temporary, but true, home.

### *How we work*

Better Shelter is a partner and supplier to several humanitarian organisations which operate all over the world. We collaborate with those which have a recognised humanitarian agenda and procedures for field work, to ensure that we do not negatively interfere with or harm the local communities in which the shelters are implemented. Better Shelter's ethical framework and employee policy clearly stipulate that human rights should not be violated as a result of us developing our product and services, or in the way we do business. During regular field visits, technical evaluation missions and assembly trainings, we gather information about the needs of the users in order to improve the product design. Better Shelter is registered in Sweden and operates under Swedish labour law. To ensure employees' good health, Better Shelter has appointed two safety representatives that monitor and report the physical, digital and psychological work environment in the office.

### *Actions taken during the year*

In 2018, UNHCR rolled out a third-party Monitoring and Evaluation (M & E) in three locations where the Better Shelter units have been implemented. The aim was to capture qualitative and quantitative data about the shelters' performance from users' perspective, and to identify how the shelters can be further improved. Better Shelter has initiated internal programmes to collect data from our beneficiaries to measure the human rights effect and impact.

### *Outcome measures*

- The M & E provided key input to the development of the next generation Better Shelter, and it highlighted improvements which can be realised in the current product, such as better manuals and communication of information about use.
- We launched a project to improve the communication about the use and maintenance of the shelters, which will ultimately empower the users and provide them better opportunities to adapt their shelter to specific needs.

## **ANTI-CORRUPTION**

Better Shelter takes a clear stance against any form of corrupt behaviour, as stipulated in our Code of Conduct and Ethical Framework. We collaborate only with trusted humanitarian partners that have well developed anti-corruption policies in place.

### *How we work*

In order to meet the statues of our owner, the Housing for All Foundation, and to ensure that we achieve our social mission, we supply shelters only to partners and projects which contribute to the wellbeing of displaced people. We work in close collaboration with our committed supplier base, offering long contracts to ensure quality in all steps of the value chain. Better Shelter conducts due diligence on new partners to ensure adherence with our strict policies.

### *Actions taken during the year*

In 2019, we began to distribute our Code of Conduct and Ethical Framework to all suppliers as an annex to contracts and purchase agreements. We have evaluated all suppliers based on several risk criteria, including the risk of corrupt behaviour. Additionally, we have formulated a strategy on how to assess and follow up on suppliers deemed to be of higher risk.

### *Outcome measures*

- Nine out of 19 suppliers received Better Shelter's Ethical Framework as an annex to a contract or agreement. Six have signed and approved it. A visit- and auditing plan was formulated for those suppliers deemed to be at highest risk of violating human rights and anti-corruption or Better Shelter's Ethical Framework. These suppliers will subsequently be monitored more regularly.
- We applied the IKEA Supplier Code of Conduct – the iWay Standard – for inbound shipments for 17 out of our 19 suppliers. Among many things, the standard covers minimum requirements for Environment and Social & Working conditions when purchasing products, materials and services.

## LABOUR

Better Shelter is registered in Sweden and operates under Swedish labour law. The company has a *collective agreement* – an agreement between the employer and the trade unions, which regulates crucial matters such as fair wages, pensions, annual leave and insurances. All employees are covered by the collective agreement, whether they are members of a trade union or not.

### *How we work*

We believe that a motivated team builds a highly effective organisation. Through anonymous surveys we systematically monitor the mental and physical health of each and every employee, to make sure that everyone looks forward to going to work every day. Not just because they are contributing to the well-being of thousands of people, but also because we want Better Shelter to remain a great place to work. We strive to uphold a high level of mental and physical safety, in the office and in the field – colleagues that go on field missions receive appropriate training in advance.

### *Actions taken during the year*

We adopted several policies and guidelines, which help us control the work environment in the office and on missions. These shall also guarantee a healthy work-life balance and maintain equality in the workplace. We completed a salary survey to ensure that employees' compensation is equal and fair. With the help of a web-based tool we monitored employee satisfaction and stress on a weekly basis. We follow up on any negative trend and set an internal KPI to ensure that we reach a certain level of employee satisfaction and wellness. By carrying out a number of interactive workshops we aimed at raising areas with low scores. We also carried out all employee trainings in our Security Risk Policy as well as a CPR-training. Training records and a certificate system were initiated, to make sure that employees have the correct training before working with hazardous tools in the workshop or going on field missions.

### *Outcome measures*

- A salary survey was completed, and actions forward were formulated.
- We initiated measurements of employee satisfaction and reached the employee satisfaction goal, set at the beginning of the reporting period.
- We established a training record.
- Two employees received safety representative training
- One employee completed a Hostile Environment Awareness Training (HEAT) course.
- All employees received CPR-training and an Automated External Defibrillator (AED) was installed in the office.

## ENVIRONMENT

Better Shelter exists with the sole purpose of contributing to refugees' wellbeing and to meet their basic needs, while remaining a cost-effective and long-lasting solution for humanitarian response programs. From an environmental perspective, this involves making use of as little resources as possible when producing and shipping the shelter, while maintaining the functionality, lifespan and usability of it. The shelter can be repaired and upgraded with local materials over time, it can be disassembled, moved and reassembled. It does not contain any glued joints or elements, which helps prolong its lifespan even further. By not requiring any use of local materials, it does not contribute to deforestation. Furthermore, installing the shelter requires no additional energy source, and the accompanying lamp and charger unit is powered by solar energy.

### *How we work with environment*

Sustainability and environmental aspects are considered as early as possible in our R&D, to avoid including any new environmental risks into the process. We monitor all chemical substances in the shelter's components to make sure that they comply with REACH, RoHS and legislation in every country the shelters are used. Most of our suppliers are based in Europe and are either ISO 90001/140001 certified or have other well developed environmental and sustainability policies of their own. We are aware of the challenges in waste management and recycling systems in many of the operations where the shelters are used, and therefore we aim to consider environmental aspects and impact at the very beginning of our product development processes. We know that waste reduction can be managed best if we produce or distribute as little unnecessary material as possible in the first place.

### *Actions taken during the year*

Better Shelter has committed to reducing the material consumption of the shelter and the packaging, to reducing manufacturing scrap, to streamline production methods, as well as to remove unnecessary chemicals from components. We have improved container fill rates and have initiated the assessment and reduction of the environmental impact of transports in our value chain. We started a Life Cycle Assessment (LCA) for the shelter to measure the CO<sub>2</sub>-emissions during its life-span. This analysis will not only allow us to be transparent towards our stakeholders, but it will also provide important information for improved sustainability in future product development. We have launched several projects which will help us reduce unnecessary materials in the product as well as in the packaging – such as single-use plastic bags. A decommissioning strategy was initiated – this will become available for all our stakeholders and beneficiaries and provide information about how to maintain and upgrade the shelter and to extend its life-span, and how to manage the shelter and its components when they cannot be used anymore.

### *Outcome measures*

- We started to collect data from business travels, to allow for better planning and to reduce unnecessary travelling.
- Seven out of 19 suppliers have reduced the number of monthly inbound shipments with at least 50%. This leads to a more efficient fill rate in all shipments and thereby a lower carbon footprint.
- We have estimated the carbon footprint for all inbound and outbound shipments during 2018 and used that as input to a product Life Cycle Assessment (LCA).
- Results from the LCA show in which stages of the product's lifecycle that Better Shelter produces most CO<sub>2</sub> emissions. Strategies for how to decrease these emissions have been formulated.
- Sustainability and eco design thinking requirements were introduced as a standard in our product development process.
- We formulated a baseline strategy for the product's decommissioning.

- We launched several projects focusing on improving the sustainability of the next generation products: reducing ingoing material of the product, removing plastic bags from packaging, investigating more environmentally friendly materials of the product.

#### **SUMMARY**

Better Shelter's first year as a member of the UN Global Compact shed light on various activities and processes already in place, which ensure that we do business in a sustainable way. But it also revealed areas where we can improve, and activities to take on over the coming years. Joining the Global Compact has been a great start on a long journey ahead – we have managed to lift the importance of sustainability within the organisation and aim to continue to inspire and learn from our stakeholders. We look forward to continuing integrating sustainable thinking in everything that we do over the years to come with even greater ambitions.