

SHAKTI

Impact Report
2023

1. People
2. Materials
3. Impact

1. People

Our relationships with suppliers are much more than simple transactions. We look for people who share our goals and bring them into our family, supporting their people as we do our own.

Our values are simple.

1. We partner long-term

This provides economic security for the people making our products. Price-shopping is the most common practice in sourcing, and many major brands change suppliers annually (based on the best price that they can get). This dangerous practice creates uncertainty for craftspeople and drives down margins for suppliers, and ultimately it is the individual employees who suffer. Building long-term relationships also allows us meaningful access and influence to ensure our standards are met.

2. We take a hands-on approach to ethics and compliance

This means regular visits from senior leadership to each place where our products are made. It also means we have a full-time representative living in India. They travel regularly to each place of manufacture, ensuring that what we see is what is happening day-to-day. Having this personal connection and deep understanding of the aspirations of our craftspeople lets us shape initiatives and policies that suit them best.

3. We lean on independent auditors

This ensures transparency and accountability. We have an established code of conduct, and a custom audit, which our suppliers must pass to work with us.

4. Going beyond compliance

We are always searching for ways to go further for our team. During COVID this meant distributing funds to ensure wages were still paid, and in Varanasi, this meant providing schooling for the children of our employees. We are currently exploring schools and charity initiatives we can support in the neighbourhoods of our factories.

After almost 10 years of working hands-on with production, we have learned just how complex ethical manufacturing is. We don't do it because it's easy, but because it's the right thing to do, and we believe we can do better for everyone who comes in contact with Shakti.

Our partners

Matman Plastics

Delhi is an ancient city steeped in history and tradition. Over centuries it has grown into a commercial hub, and today it is where the majority of Shakti products are made.



Unlike other partners, production in Delhi is not one factory, but a network of small family businesses all playing their part to put Shakti Mats together. We have a longstanding and personal relationship with the craftspeople there, as this is where we first sourced our Shakti spikes.

The network is led by Amit, and he takes responsibility for the final delivery of our products. Amit is truly a part of our team, and in his own words *“My business is Shakti and Shakti is my business, so of course we are doing this together”*.

Every Shakti Mat made in Delhi passes between numerous locations on its journey to customers, crossing Delhi twice over. The advantages are that rather than a single owner keeping the profits, the work (and profits) are split between numerous family businesses with just a handful of employees.

We prefer this as a way to create opportunity. The way Shakti Mats and Pillows have their spikes clipped on is a perfect example of this.

Amit’s employees carry bundles of mats home at the end of each day and the spikes are clipped on inside family homes. Primarily it is women who take up the work and wives, aunts, mothers-in-law, neighbours and friends gather inside a living room to assemble the mats over cups of chai, television and conversation. It is a way to enhance the family income and we have heard many stories of families purchasing homes that they would otherwise only be renting as a result of this opportunity. It also brings flexible and quality employment to women who wouldn’t otherwise be able to fit more structured work around their household responsibilities.



"I feel a homely atmosphere here. There is a feeling of togetherness. The work is safe and neat. The environment here is very pleasant and everyone has a very friendly nature. I have been very happy since I started my job at Shakti Mat." – Annu

This year Amit's main facility (where the most people are employed, and most of the work is done) passed a stringent SEDEX audit which provides unequivocal certainty around fair working conditions, pay and hours, as well as certainty on fire safety, medical training and freedom of association.

We also work with URS (a UK-based compliance specialist) to audit the other small businesses for compliance with our Code of Conduct, and support them through any changes that need to be made. These audits provide the assurance that comes with independent third party inspections.

In addition, Amit is also seeking a new, larger space where he can bring more processes in-house and streamline them to improve transparency. We are excited to show the world the new facility in 2024.

Key Facts:

- Shakti's largest supplier.
- Fabric is produced and dyed at a GOTS-certified facility.
- Assembly, quality control and dispatch happen at the largest facility (that passed a SEDEX audit for 2023).
- Stitching, hole-making, screenprinting, clipping and assembly are done at different locations (small businesses with employees ranging from 3 to 15 people).
- Workshops and audits of all vendors were undertaken by UK-based URS to ensure that all processes meet our code of conduct.



Varanasi

The Shakti Gratitude Factory is our very own purpose-made workshop in the holy city of Varanasi. We have been making products here since 2009.

One of our values of manufacturing is to cater the work to the needs of the employees, and in the rural outskirts of Varanasi, we saw that women were underemployed and facing a lack of employment opportunities. For this reason, our workforce in Varanasi is exclusively female.

Having a women-only workspace in a traditional and conservative area of India provides security to women who would otherwise be uncomfortable – or unable – to work in a mixed-gender space. It also provides a sense of family that is so important to women who would not have much opportunity to leave their households otherwise. The word ‘Shakti’ in Sanskrit is a feminine principle that symbolises empowerment, abundance and change. It is with these principles that the workshop is run.

All women at the workshop are paid a living wage, sick leave and holiday leave. They are provided weekly meals and daily puja, a medical allowance, and an emergency medical fund for them and their families. So far this has covered the total costs of complications such as heart medication, hospitalisation for dengue fever and sciatica medication.

All employees in Varanasi have the opportunity for their daughters to be provided with private schooling through our Shakti Rising Scholarship, and currently, 22 girls are receiving education through the program.

We heard an inspiring story of the father of one such girl (himself a bicycle trolley-man) proudly seeing his daughter off on the bus to school. The local member of parliament stopped in his visit to the region to ask him how he was sending his girl to a private school. His answer was simply that his wife worked at Shakti!

Through the Gratitude Factory, we aspire to provide a space where welfare and community take priority over production, and where employees are empowered and treated as equals – regardless of caste. The workshop was never set up to be a commercial hub.

The work here is done with purpose, and the culture of the organisation is led by lifestyle and wellbeing. For this reason, we have partnered with other organisations to help us grow, while ensuring Shakti always has two feet grounded firmly in our Gratitude Factory.

Key Facts:

- Number of employees at Shakti Varanasi – 60 (all female).
- Employees are paid a living wage.
- Medical allowance is given according to the needs of the employees.
- A yearly bonus is given to every employee. It includes a bonus of one month's salary.
- All employees have the opportunity to send their daughters to a private school through the Shakti Rising Scholarship.
- Weekly meals are provided.
- Birthdays are celebrated for each employee (cake party!).



Kishor Exports

Finding Kishor Exports in our search to responsibly expand supply was love at first sight. Kishor was awarded Best Corporate Social Responsibility Practice at the World CSR Congress in 2017, and they carry every certification that even the most stringent buyer could ask for; from GOTS to FairTrade to SA8000. Employees are paid a living wage and given fair working hours. They also receive free medical checkups and eye tests.

The real story of Kishor Exports is much deeper than the certifications. Founded by a husband and wife team in 1978, Kishor saw a need to bring employment to people rather than having them migrate to find it. India's major cities are populated with workers who have travelled from relatively poor villages and rural areas to find work, so Kishor founded 3 factories in Ranchi (one of India's poorest areas) to create jobs where they were needed. On the first day they opened they had a small sign on the gate advertising positions, and on the next there was a crowd of hundreds waiting to apply for positions. It is safe to say the need was there!

Since setting up, many of their employees moved back to their homes as they now have the opportunity to work near their families. 85% of Kishor's employees are women.

Kishor also supports elderly employees who are commonly discriminated against in the workforce. This involves retaining employees as long as they want to work, and catering work to suit their abilities (no heavy lifting or hazardous environments).

Kishor Exports are deeply involved in charitable action in their community. They support TEARS (a school for differently-abled children); where they have built a computer lab and provided scholarships. They've even hired some of their graduates.

They also provide training and upskilling for rural women through SEAM (Skill for Employment in Apparel Manufacturing), and have arranged a residence and employment for female survivors of acid attacks.

Kishor is currently exploring ways to improve schooling in the areas around their factories. While school is free in India (Government Schools) the quality is extremely poor and it is a common story for teachers to simply not show up for classes. By investing in, and monitoring, local schools, Kishor can make a lasting impact in their community.

A week before visiting Kishor, a tragedy occurred where an employee and her husband were killed in a senseless act of violence, leaving 3 children orphaned. Deepak (Kishor's CEO) arranged to support the children through private school and provided legal services to ensure that the Government life insurance (provided through Kishor's employment) was paid out to the children and their caregivers.

Key Facts

- Founded in 1978 in Agra.
- Ranchi Facilities opened in 2017.
- Employees are paid a living wage, fair working hours, and provided with medical support, medical insurance and retirement funds.
- Transportation and canteens are provided for workers.
- Awarded Best Corporate Social Responsibility Practice at the World CSR Congress in 2017.
- The facility where Shakti products are produced is GOTS and FairTrade certified.
- Highly ethical, professional and respected garment manufacturer.



Signature Latex

Our Indian latex supplier founded their organisation in 1983. They rely on a network of 400 farmers who each manage a small hevea grove. These farmers supply the latex milk that Signature turns into Blissfoam™ across their 4 facilities in rural Kerala.

After losing some family members to cancer the owners became passionate about wellbeing and strong advocates for organic farming. They knew that organic farming was better for the earth, their family, and their community – but they didn't know where to start.

At the time, no one was farming organic latex in India so they decided to begin the movement themselves. Through trial and error they converted their 1,200-acre plantation to organic, and they are now using their knowledge to teach and support the 400 farmers in their network.

Farmers are eager to make the change as the use of chemicals is a greater concern when they live with their families on the same land they farm. Hesitancy in the past has come from the initial drop in yield that comes with switching to organic. However, by joining the Global Organic Latex Standard (GOLS) certification, customers like Shakti pay a premium on each product – 90% of which returns directly to farmers to support better practices.

“To produce organically you must be passionate about this cause. It does not make sense to do it for purely commercial reasons because you have to train the farmers and assist them in making the change - it is intensive. Because we live on our farms, we know we do not want to be surrounded by chemical sprays.” - Scaria Zacharias (Owner)

The company is truly a force for good in their local community. All of their facilities are GOLS-certified, which guarantees (amongst other things) that their workers are paid fairly, provided medical insurance and a retirement allowance, and guaranteed safe working conditions. They donate 2% of profits to

local charities that have built houses, and provided palliative care and higher education.

The small farms are beautiful and well cared for, dappled with coconut trees for home cooking and teak for long-term investment. Each family has one or two cows to milk and the dung is used to fertilise the land.



Key Facts:

- Our Kerala-based latex supplier is the first and only farm-finish organic latex producer in India.
- 2% of profits are donated to the local community.
- 75% of their latex is supplied by a network of small farms, each with an average of just 8 acres on which they live and farm.
- 30% of these farms are currently organic or in the process of conversion.
- Each farm produces around 80 barrels of latex per year which means there are approximately 4 farms dedicated to making organic latex for Shakti.
- Their books are audited by BDO for transparency.
- All their facilities are certified by GOLS; ensuring organic-friendly processes, and good, safe and fair working conditions.
- They are currently renewing their Forest Stewardship Council (FSC) certification to show their farms are protecting biodiversity and the environment.

Eco Latex

Our second latex supplier is based in Sri Lanka, the tropical island just south of India. Eco Latex is owned and led by Justin Kumar, who, after running businesses in the USA and Malaysia, decided to move back home to give back through his businesses and charity work.

“I want to practise something that I believe, that I shouldn’t damage the environment, or society to earn something for today’s need. Because it is harmful for the next generation. Certifications are just our way to explain to the world that we are doing this.” – Justin Kumar, CEO & Founder of Eco Latex

Eco Latex manufactures some of our Blissfoam™, alongside other high-quality and organic bedding products (pillows and mattresses for European and USA markets). Their latex is mainly sourced from their sister company’s plantation which spans over 17,000 hectares; encompassing villages complete with schools, temples, churches and thriving communities – all of which the company maintains as part of its commitment to the region.

The plantation is FSC-certified which governs good practices concerning the soil, the ecosystem and the environment.

Justin’s two factories are certified by GOTS and GOLDS which gives assurances that good, safe and fair working conditions are adhered to. Staff are provided with hostels and transportation where needed, and free meals along with retirement funds and medical insurance.

But Justin goes beyond this, taking real responsibility for his employees’ wellbeing. Private hospitals are out of the question for most people in Sri Lanka, which means they must wait for state hospitals and risk not getting the procedure on time. So, over the past 5 years, he has paid for angiograms, bi-pass surgeries, and hearing surgeries at private hospitals for his employees and their families. He is committed to ensuring that if his people get sick they will go to the best hospital possible.

Beyond Eco Latex, Justin has started a not-for-profit farm in one of Sri Lanka’s poorest war-torn regions where the employees share all the profits. They grow organic mangoes, cinnamon and organic fertiliser for the latex plantations.

Key Facts:

- Latex is sourced from a 17,000-hectare plantation (Sri Lanka’s second largest). The plantation houses villages complete with churches, temples and schools all maintained by the company.
- Our organic latex comes from a certified organic section of the plantation.
- The latex plantation is Forest Stewardship Council Certified; evidence that the related farms are protecting biodiversity and the environment.
- The factories where our latex is made are GOTS and GOLDS certified ensuring safe and fair working conditions.

2023 People Key Achievements in 2023

- Codified our expectations of manufacturers in the ethical production space into our Shakti Code of Conduct
- Partnered with UK-based URS to implement independent audits of our suppliers based on our code of conduct
- Partnered with Kishor Exports, one of India’s leading ethical suppliers
- Partnered with latex foam suppliers with high standards of ethics to replace our standard foam in our mats
- Passed a stringent SEDEX audit of our main production facility in Delhi.

2. Materials

Enormous thought goes into each component of our products. We consider all of our stakeholders; including the environment, the craftsperson, and the end customer. We are constantly looking for ways to improve the materials we use to better serve our people, the communities we operate in, and our planet.

Organic Cotton

We rely on natural fabrics wherever possible. All the cotton Shakti uses is Global Organic Textile Standard (GOTS) certified. This provides us assurances that the materials are organic because without certification there is a lot of room for abuse. As one supplier told us:

“If it isn’t certified organic, it isn’t organic.”

There are many strong arguments for organic cotton, from environmental protection to the health of the end user. But the most compelling reason for us relates to the working conditions of the farmer.

Cotton is one of the most pesticide-intensive crops. In India, it is commonly grown on small plots with farmers doing most of the processes manually. The exposure to chemicals is severe and mostly affects the men during spraying and women during picking. Non-food-grade pesticides, like those used for cotton, have been linked to DNA damage, hair loss, nausea and chronic endocrine disorders.



The competitiveness of the industry and downward pressure from the garment sector leave many small farmers with little choice but to spray and grow with increasing intensity. There's a generation that now has to live with that story – wanting to bring success to their families but often lacking the resources.

That disjuncture can be devastating and can lead to existential crises of masculinity and suicide. In Telangana (a large cotton-growing region), there are as many as 20,000 suicides per year. The most common form of suicide in the area is, tragically, to drink pesticide.

“The solution for us was obvious: we needed to provide farmers a better alternative.”

When farmers make the switch to organic their yields go down, and their costs go up. This is why we pay a premium for organic, ensuring they can still thrive financially and live in an environment that's healthier for them and their families.

On top of the standards around working conditions and growing, the GOTS standard also assures that the dyes used include natural ingredients that are non-toxic, and that cotton is processed, woven, and dyed under fair working conditions.

Organic Latex

In the past, we used PU Foam exclusively in each Shakti Mat and Pillow. This has never felt right to us, as while it is a product used commonly in bedding and furniture, it is made from petroleum – a non-renewable resource.

We have been so excited to experiment with Blissfoam™ and we now see this solution as our way forward.

Shakti's Blissfoam™ is, simply put, latex foam made from organic rubber latex (we think "Blissfoam" rolls off the tongue a lot easier!). Rubber trees are raised and tapped (like a maple syrup tree) so that the sap can be collected. This liquid is transported in barrels to a processing facility where it is condensed and finally made into the final foam that we use.

Rubber trees live for approx. 30 years, all while producing latex and sequestering carbon. And because we choose organic, the farming practice is better for the soil, the farmer and the planet.

Is it more expensive?

Yes – for us, and the farmer. Yield is also lower compared to non-organic crops, so we pay a premium that goes directly back to the farmer to support their choice to farm organic.

All these benefits come with a cost, and while it has been a big leap for us to introduce Blissfoam™ we're confident that it is the right thing to do.

ABS Plastic

While we have tried to find a renewable alternative for the plastic we use in our spikes, the reality is that the technology does not yet exist (when it arrives, we'll jump onto it!).

The next best thing we can do is to make something that's durable and effective, so for now, our focus is to make the best spikes we can; ensuring that years of use can come from one plastic. We have an entire team in India dedicated to maintaining, improving and refining our spike moulds to ensure that what we are offering is best in class, and can serve our customers for years.

Did you know 50% of plastic made is single-use?

Packaging

Packaging is the only part of our products which is single-use, and as such we strive to minimise our footprint with recyclable or recycled paper packaging and brochures.

2023 "Our Materials" Achievements

- Increased Blissfoam™ usage to 70% of our products

3. Impact

Shakti is committed to making a positive impact beyond the people directly connected with our business. Where possible, we donate to causes operating near where we manufacture so that our impact on our people is extended. In real terms, this is a donation of €0,35 per Shakti Mat sold + 10% of all profits to causes important to humanity and the planet.



Salaam Baalak Trust

We started 2023 with a donation to Salaam Baalak Trust (SBT). Since 1988 SBT has helped children off the street with everything from food and shelter to schooling and higher education. Their head offices are a short drive from our Delhi-based operations and a short walk from where we frequently stay on our visits. For these reasons, the cause felt important and close to home.

We pledged our charitable donation for 2022/23 to them and its potential impact is incredible.

- 53,655 nights off the street
- 160,965 hot meals
- 38,220 days in school

That's based on 21 10-year-olds receiving full support until their 17th birthday (which isn't uncommon). It's also equivalent to 149 children receiving full support for 1 year.'



Safe Water for Rural India

For the rest of 2023 (and some of 2024) we have partnered with Evidence Action on their ambitious project to provide safe drinking water to 60 million people in rural India.

Access to safe drinking water is a challenge in rural India and a family's lack of access to water disproportionately affects women. Women in India devote an average of 150 million workdays every year to fetch water.

For these reasons, our partnership with Evidence Action will benefit our stakeholders and communities.

70% of India's drinking water is contaminated and each year half a million people die from drinking it. We know that we can change this with simple and effective measures to ensure drinking water is accessible, safe and healthy.

Evidence Action is working alongside the Indian Government on the provision of safe drinking water and leveraging their enormous investment in infrastructure in rural India. The result is that this cause may be the single most effective charity at improving wellbeing anywhere in the world.

Tree-Nation

No matter how mindful we are with the materials we use and the ways we conduct business, we recognise that we will always be contributing to the use of the earth's resources.

This is why we have committed to planting a tree for each Shakti Mat we sell. We have partnered with Tree-Nation for this ambitious project and they provide transparency to us and our customers

- not only in terms of the species of each tree planted, but the way in which it supports the community that care for it. Some plantations you can actually visit!

Another thing we love about Tree-Nation is that it isn't just the environment that benefits, but local communities are supported with quality employment while they reforest their local environment.

As of January 2024 we have:

- Planted 83,306 trees
- Captured 5,665.98 tonnes of carbon

And we are just getting started...



2023 “Impact” Achievements

- Planted 83,306 trees
- Captured 5,665.98 tonnes of carbon
- Provided children living on the streets with:
 - 53,655 nights off the street
 - 160,965 hot meals
 - 38,220 days in school
- Partnered with Safe Water in rural India.

What's Next?

While we are proud of where we are at, there are areas that we know we need to improve in.

2024:

- By early 2024 we will have independent audits verifying ethical employment practices at all of our places of manufacture.
- We increasingly value impacts that we can make in the neighbouring communities where we manufacture and we are actively seeking opportunities to do exactly this in 2024.
- Increase the percentage of our products made using Blissfoam.

Long-term Goals:

- We always value connecting our customers with the people making their products. We are searching for transparency platforms that will be able to show our customers the people behind each process in the product, from who grew their cotton, to who stitched their product.
- We want to measure our total carbon footprint so that we can effectively offset the carbon produced by our company.
- Become B-Corp certified.

