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# Corporate Social Responsibility in the Textile Industry

## International overview

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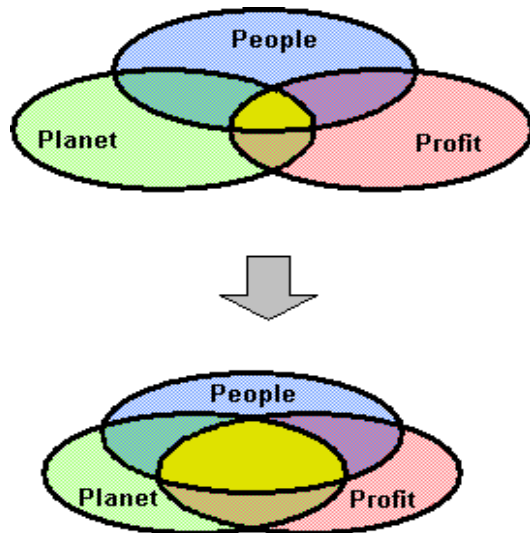
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# 1. Corporate Social Responsibility (CSR)

## 1.1 Introduction to CSR

Corporate Social Responsibility (CSR) is a worldwide-accepted development on how companies can manage their business processes to produce an overall positive impact on society and environment. CSR represents care for social and environmental issues with a profitable business perspective: the so-called 'People – Planet – Profit' philosophy (see next figure).

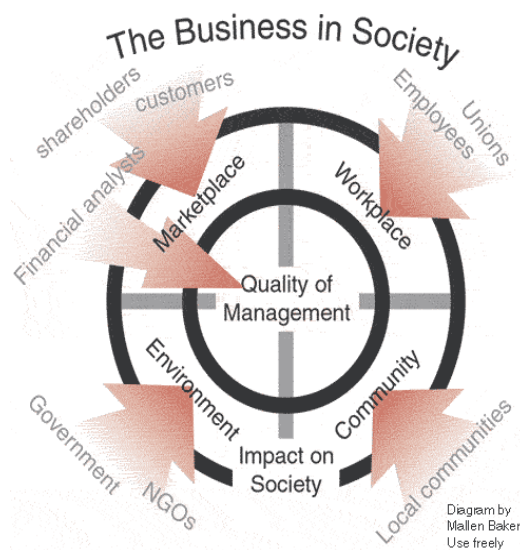


**CSR sees environmental and social trends as opportunities for growth and competitive advantage.**

Employees, especially highly skilled ones, increasingly want to work for a company that cares for their well being and that have a good image in society. Attracting the best people, and having them highly motivated, drives growth. This is one reason sustainability is being integrated into business. Textile companies that work out how to drive the market in that direction, and how to ride that wave, will grow faster with lower risk.

In western countries, current human rights discussions increasingly focus on the conditions under which consumer goods are produced in developing and newly industrialised countries.

Improving social standards in the producing countries, which supplies retailers in industrialised nations, has therefore become a very important topic on many company's agendas. This is also the case for environmental aspects, especially in the cotton producing and processing industry.



Overview of stakeholders

**A growing number of companies participate, make progress, show good financial results and become ever more convinced of the benefits of CSR for all stakeholders, including shareholders.**

These companies invest much in CSR promotion to prevent new regulations and to keep consumers satisfied. However, a majority of companies persist in doing little or nothing - or even actively oppose CSR. But even these companies are openly criticized by a growing share of its shareholders and stakeholders (see figure).

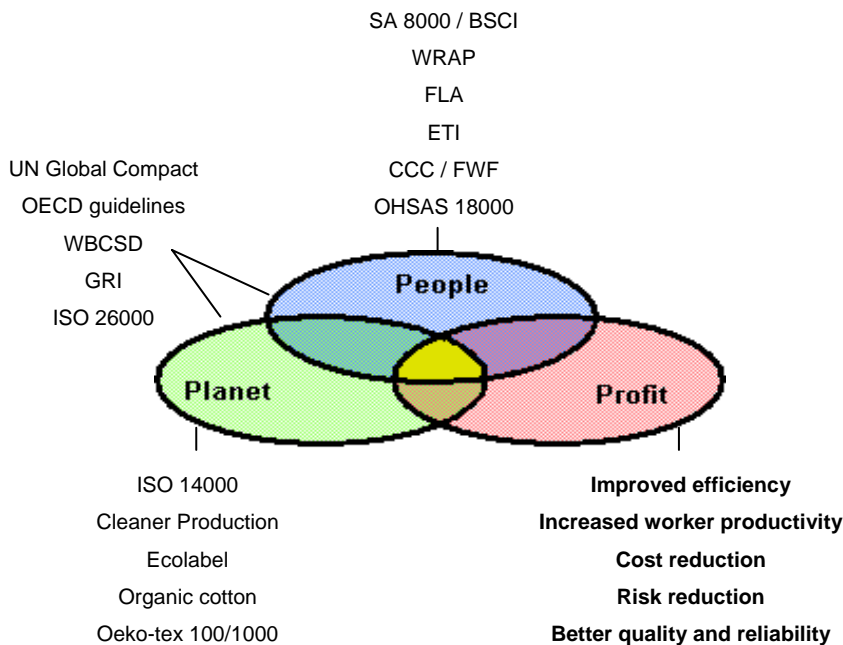
Textile companies lacking behind in the CSR process often have a reactive and short-term management perspective. A reactive response on daily business concerns and pressure can lead to violations to social and environmental performances, often caused by factors like<sup>1</sup>:

- Short lead times to keep up with fast moving trends and fashions;
- Last minute changes in specifications of fabrics or colour and delayed sample approval;
- Unreliable delivery of materials and accessories;
- Inefficiencies in production;
- Low skilled workers, leading to high rates of re-working;
- Seasonality leading to excessive hours in some months and lack of work in others;
- Little commercial incentive to reduce hours if overtime premiums are not paid;
- Low costs for discharge of emissions, solid waste and wastewater.

**Companies who are able to react on a pro-active way on these factors are ensuring on the long term their ‘license to operate’ status from government, customers, NGO’s and consumers and are less vulnerable for banns or bankruptcy.**

CSR is one of the management instruments for this and a large number of systems, schemes and standards have been developed worldwide to implement CSR in textile companies (see next figure).

At the same time, this large number of different standards is rather confusing as they are almost all based on the same international conventions like the UN declaration of human rights, the ILO conventions and the Rio convention for sustainable development. This overview aims to give textile companies more understanding, transparency and grip on these CSR standards.



*Overview of CSR standards*

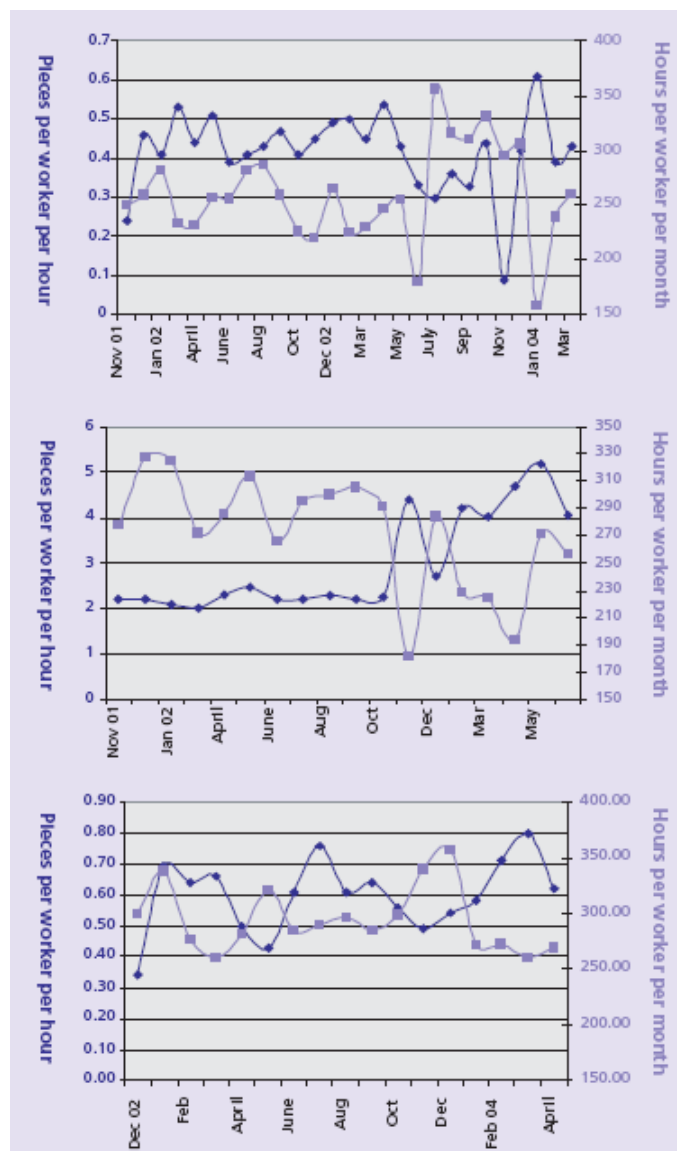
## 1.2 Profits of CSR

An increasing number of scientific research projects show clear and identifiable benefits<sup>2</sup> when companies implement CSR measures. More than 100 empirical studies published between 1972 and 2000 have examined the relationship between companies' socially responsible conduct and financial performance. In these studies, the majority of results (68%) point to a positive relationship between corporate social performance and financial performance.

The London Business School confirms these findings and has identified 80 studies on CSR, of which 42 demonstrated a positive impact, 19 found no link, and 15 produced mixed results and only 4 showed a negative impact (Smith, 2001). Companies with a public commitment to ethics perform better on 3 out of 4 financial measures than those without. These companies also have 18% higher profits on average. (Source: Institute of Business Ethics, 2003).

Other research show that corporations with a public commitment to relying on their ethics code outperformed firms that did not by two to three times (Business and Society Review, 1999).

For China for example, several case studies point out the benefits of CSR when it comes to recruitment, staff retention, productivity and overtime reduction. In some factories studied, turnover rates were as high as 10% per month during particular periods of the year and this created huge amounts of uncertainty over production schedules and the ability to meet orders.



But even a turnover rate of a more common 20% a year is going to add to costs associated with recruitment, training and lost productivity whilst the worker is new to the job and learning the required skills. One factory owner said that since introducing CSR practices he had reduced his staff turnover from 18% per annum to 8% and perceived this to be a significant and valuable cost saving.

In the 'Changing overtime' project<sup>3</sup> a clear relation was measured between overtime and productivity of workers.

**The graphs on the left show the inverse correlation between efficiency and the number of overtime hours (i.e. when hours are long, productivity is low)** and how this was demonstrated in the monthly data submitted by the majority of Chinese factories through the duration of the project. Each graph presents data from a different factory. Although the graphs are clearly influenced by seasonality, external factors and changing business conditions, they provide an interesting visual demonstration of the relationship and highlight the volatility of the production cycles experienced by many factories.

Another example is a factory located on the outskirts of Dongguan, employed 2.500 workers producing accessory goods, which was able to increase their productivity with 30% together with a downward trend in average working hours. In the same time the wages were going up (the percentage of workers earning the minimum wage for normal time increased from 50% to 95%), while the total wages remained static or even increased so long as there were increases in productivity.

One of their factors of success was to reduce overtime and to pass on extra financial benefits to the workers by a bonus system instead of penalty system. Workers, managers and supervisors cited that their motivation increased dramatically with a greater sense of teamwork.

**There is sufficient evidence that employees are more likely to stay with, and more likely to recommend, their employer if they perceive them to be socially responsible.**

Fundamentally it comes down to whether or not they feel proud to work for their company and that starts with the way the company does business and the way it treats its staff. The US Institute of Contemporary Observation<sup>4</sup> for example emerged evidence that offering spacious accommodation for couples with privacy increased the workers loyalty and productivity. And the Fair Wear Foundation conducted a study on excessive overtime, which showed that factories in and around Istanbul that supply Adidas, GAP and Marks & Spencer, were able to reduce overtime without loss of productivity.

**Another group of clear measured (financial) profits of CSR are from the environmental sector.**

Many Cleaner Production studies have been carried out in many countries. A Cleaner Production project in the Vietnamese textile industry<sup>5</sup> shows for example that a textile company saved US\$ 58.400 per year by reducing reactive dyes input and by improving the process control of electricity and steam (investment: US\$ 21.500). Another company in the same project saved yearly US\$ 72.000 by good housekeeping, improved technology and better process control (investment: US\$ 1.180).

Another Cleaner Production study in the Lithuanian textile industry<sup>6</sup> emerged the following examples:

- Fixed leakages and insulation of steam distribution pipes saved US\$ 2.880 per year (payback period: 7 months);
- Recycled condensate from bobbins and insulation of the tank saved US\$ 1.260 per year;
- Replaced chemicals for desizing by using enzyme saved US\$ 6.000 per year;
- More accurate measurement of chemicals and dyes used, saved US\$ 17.700 per year;
- Better adjustment of recipes and procedures saved up to US\$ 10.000 per year;
- Replacing two old boilers by a new one of 1.8 ton/hour saved US\$ 6.000 per year (investment: US\$ 30.000/payback period: 5 years). This option also reduced 188 ton of GHG (CO<sub>2</sub>).

More savings can be made by<sup>7</sup>:

- Reducing energy used in heating water and drying textiles;
- Insulation of all pipes and tanks (can reduce heat loss with 90%);
- Combined scouring, washing, bleaching or pad batch dyeing;
- Adjustment or replacement of boilers, equipment and input materials;
- Avoidance of exaggerated dosage of chemicals;
- Recovering of caustic soda (sodium hydroxide) by evaporation techniques (payback period: 2 years).

A comprehensive overview on environmental measures and savings are given at the e-textile website ([www.e-textile.org](http://www.e-textile.org)) and in the Integrated Pollution Prevention and Control (IPPC) reference document on Best Available Techniques for the Textiles Industry of the European Commission (2003).

**Generally stated, CSR leads to a more beneficial situation in terms of cost saving through improved working conditions, higher loyalty and productivity by workers, saved costs by energy efficiency and cleaner production and better opportunities for international trade and attracting foreign clients and financiers.** For supply chains for example, a major driver of CSR practices tends to

be the big buyers who are keen to protect brands and reputations. CSR is about building relationships with customers. Another driver can be risk management as there are a range of issues that can threaten the value and future health of the company. These range from the publicity around human rights abuses in the supply chain and to environmental incidents such as pollution incidents or explosions leading to regulatory measures, fines and damage to brand reputation. CSR focuses on managing risk and assuring reputation. CSR enables companies to implement a pro-active social and environmental strategy, which reduce pollution in the production processes by means of preventive measures and increase workers productivity and liability. It's a structural business strategy that increases the efficiency and the gross returns (profit).

CSR helps companies to: reduce production costs; attract and retain talented staff; use resources more efficiently; produce safer and better products; reduce levels of pollution and risk; comply with many international standards and codes of conduct; link up with international markets and to improve company image.

Despite there being clear benefits, many obstacles exist for companies wanting to engage with CSR. The main problems are associated with a lack of awareness of CSR issues and practices, costs of engagement, a lack of suitable trained and skilled human resources, inefficient management systems, competing codes of conduct, an overemphasis on factory inspections, corruption and poor procurement practices.

Although many companies still see CSR as a burden, if they are convinced of the proofed human resource and environmental benefits then they will engage.

**Social (people)**

- Better working conditions and increased workers motivation
- Decreased overtime and decreased reworking
- Increased productivity and increased wages
- Improved health & safety, less illness and accidents
- Improved (company) image
- Increased ability to attract and retain quality employees

**Environmental (planet)**

- Reduced raw materials and energy inputs
- Eliminated toxic materials use
- Reduced quantity and toxicity of emissions and waste (water) outputs

**Economical (profit)**

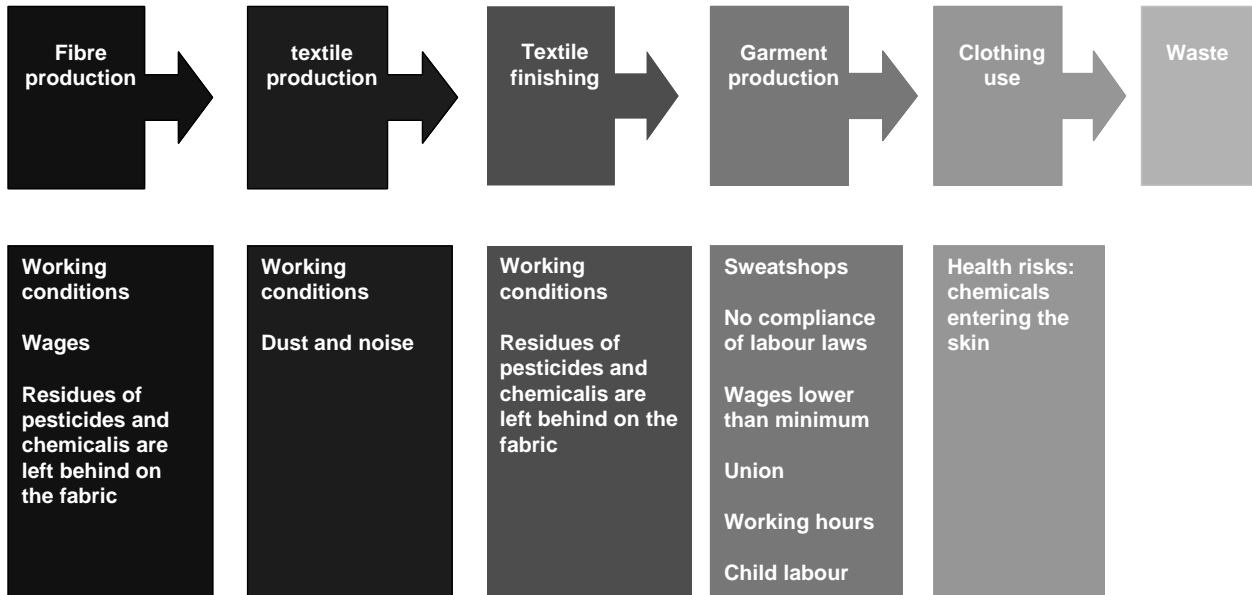
- Reduced costs on input materials and energy
- Reduced (wastewater) treatment costs
- Increased production revenues
- Better product quality
- Enhanced reputation and brand value
- Increased efficiency and productivity
- Increased total income
- Increased sales and customer loyalty
- Attracting and retaining quality investors and business partners

*Overview of CSR benefits*

## 2. CSR issues in textile industry

### 2.1 Social issues in the textile chain

The simplest outline of the different steps in the textile chain is given in next figure. In each step of this chain different social issues are relevant. Working condition related to health and safety issues are very relevant in the Chinese textile industry from the production of fibre until the garment production.



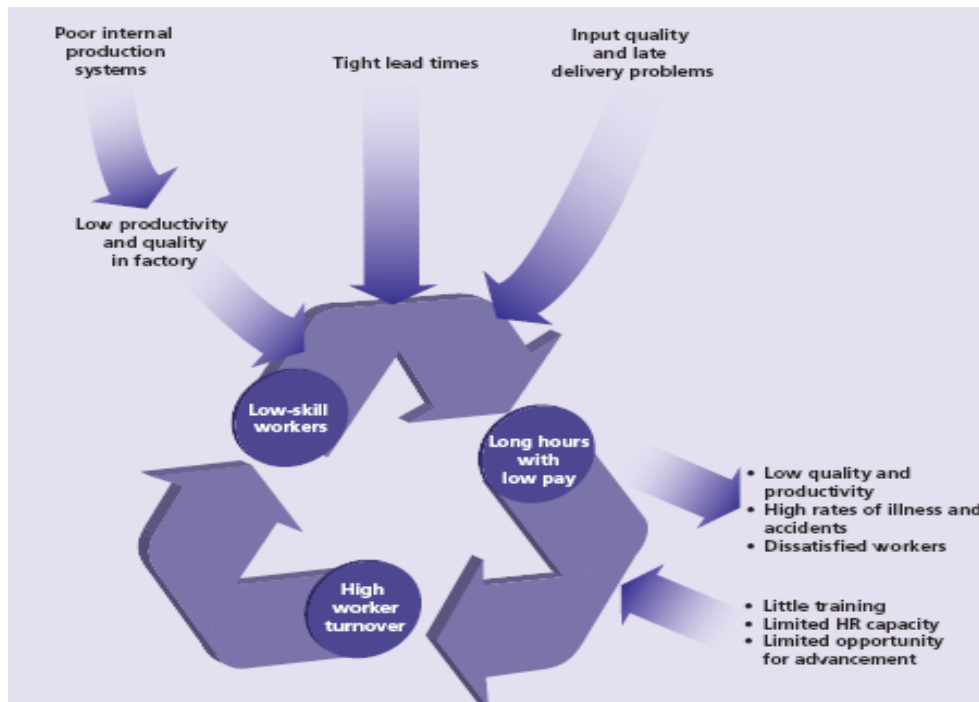
*Social issues in the textile industry*

Nowadays, retailers and brand companies take some responsibility for the labour conditions in their supply chains, at least on paper. Many have developed codes of conduct on labour standards to be implemented in their overseas workplaces. The reality in these workplaces however, is often still quite grim. Wages are too low to live on, 80-hour workweeks are common, and the health and safety of the workers, the majority of whom are women, is constantly being undermined. Workers have no security of employment, women are discriminated against and harassed. In many countries there is also evidence of bonded or child labour. Workers are often not allowed to form trade unions, because the right to organize or collective bargaining is not recognized in the country where they work. Generally, the most frequently found problems in the textile supply chain are in the field of working conditions and labour standards.

#### **Overtime**

Excessive overtime is a common problem in many garment-producing countries. The extent of overtime in China is markedly higher than in other countries. Often, people work seven days a week, 14 or 15 hours a day, for months on end. In factories where overtime is so excessive, reducing hours to a regular 48-hour working week with an occasional 12 hours overtime means a massive reorganization of planning and production. However this can lead to a substantial increase of productivity and profitability (see also 1.2).

Overtime is caused by external and internal factors (see next figures)<sup>8</sup>. External factors are buying behaviour of customers: tight lead times, late sample approval and last minute alterations to product specification, put increased pressure on factories to deliver orders. On the other hand, the suppliers of the factory may further delay the start of production by late delivery of raw material inputs.



*The vicious circle leading to overtime (Changing Overtime, Impactt, 2005)*

Internal factors have to do with mismanagement. There is generally poor production planning including a lack of knowledge of critical path, little awareness of standard times needed to produce items and poor communication between merchandisers, factory management and production.

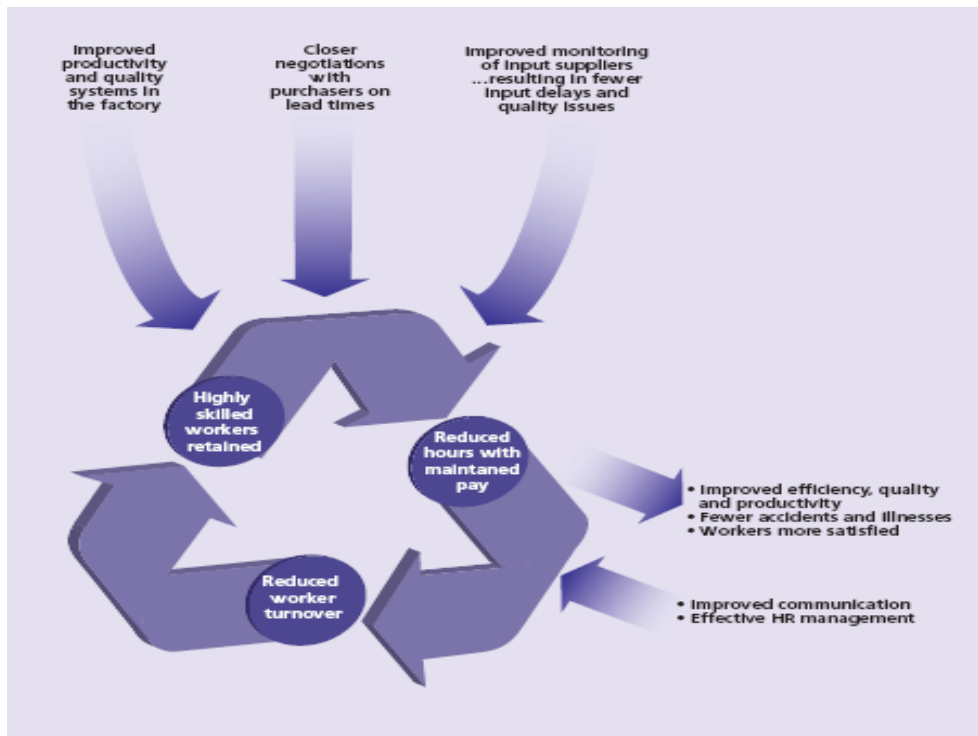
Systems for assessing the skills of new workers seldom exist; therefore factories recruit unskilled workers but often fail to provide training. There are also few systems for monitoring worker performance and little opportunity for workers to improve their skills and be promoted to higher paid jobs.

This robs the companies of tools for improving productivity and creates few incentives for skilled workers to stay. The labour shortage is also forcing factories to take on more low skilled workers. This recruitment of new unskilled workers allows the vicious circle to continue.

### **Wages**

Excessive overtime is closely linked with low pay as workers are forced to work long hours to earn enough to live on. Low-skill workers and poor productivity and quality management in the factory leads to excessive overtime because fewer pieces can be made in each hour and workers spend time doing rework. Long hours lead to tiredness, illness and accidents. These contribute to low productivity and high levels of reworking, which in turn lead to longer hours as workers rework rejected pieces. Piece rate workers are not paid for reworking and so high levels of rework significantly affects their pay. This also contributes to high worker turnover.

Improving internal quality and productivity management systems can lead to a reduction in hours without reducing wages, since workers are making more pieces in standard hours. Piece-rate workers are not paid for re-working. This means that a significant proportion of working time is not only unproductive, but also unpaid. Reducing reworking is therefore an important element of boosting productivity as well as reducing working hours without reducing wages.



*Breaking the vicious circle (Changing Overtime, Impactt, 2005)*

The productivity inputs also encourage improvements in production planning, closer communication with purchasers and assessment of input suppliers. These also mitigate the external factors, which can force factories to work excessive hours.

As hours are reduced, workers are less tired and are therefore more productive, less likely to have accidents or get ill and therefore this has a positive reinforcing effect on productivity, quality and worker satisfaction.

### **Bonded labour**

Bonded (and also forced) labour can be defined as all work done by any person under the menace of a penalty for which the person has not offered him/herself voluntarily or for which such work is demanded as a means of repayment of debt. Holding back wages or requiring deposits in order to keep workers in the factory, due to a shortage of workers because of high staff turnover, are forms of bonded labour. Improved human resources management helps to break this contra productive policy by enabling the company to attract and keep workers and to provide them appropriate training and opportunities for promotion, alongside positive incentives to persuade workers to stay.

### **Freedom of association**

In most countries freedom of association and collective bargaining are legally recognized, with China and Vietnam being the notorious exceptions. Nevertheless, there are very few countries where trade unions are active in garment companies.

The first steps that bigger companies can take are: setting up communication channels between the workers and management, and establishing procedures for consultation and dealing with complaints. Better communication ensures that workers understand and support the changes made to management systems, production and incentives. If workers do not understand the changes there can often be a sense of unfair treatment and dissatisfaction, contributing to continued high worker turnover.

This does not guarantee the right to freedom of association and collective bargaining, but the employer will have created the conditions for those to develop.

### **Discrimination**

Discrimination is very common but often difficult to handle. In most cases women have very few opportunities for promotion to better paid positions and also pregnancy will lead in many cases to discharge. In China young women and migrant workers are often subject of discrimination. Whenever this appears, the company is better off to design a more progressive policy on hiring, promotion and human resource management.

### **Child labour**

Child labour is common in India but less common in China. However, in some factories in China checks on age are inadequate. In these cases, the factories are expected to implement a registration and control system that meets the ILO standards. If child labour is found, it is essential that corrective actions do not inflict harm upon children and should consider the impact of loss of earnings on children. Sometimes it is better to provide them part-time, safe and light work together with education than discharging them. To this end, it may be appropriate for companies to collaborate with NGOs that are experienced in helping children.

### **Legal labour contract**

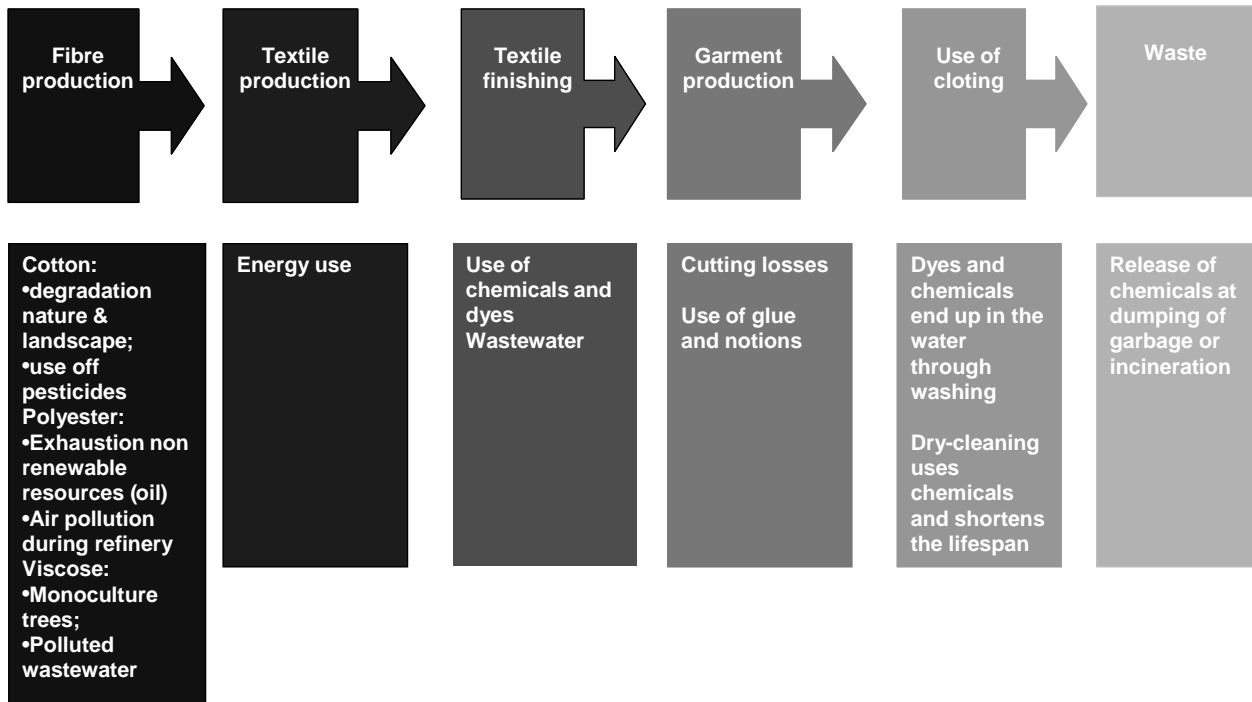
In many cases labour contracts are either lacking or inadequate according to law. This can usually be resolved quickly. Another issue is that many workers do not enjoy obligatory social security provisions, often because they prefer to receive the contribution in cash rather than transferring it.

### **Health and Safety**

While every factory needs to improve working conditions, those that directly endanger workers health and safety must take priority. Problems found in the textile industry are health risks due to: pesticides and chemicals; fire safety and evacuation routes; ergonomic facilities; temperature, noise and dust; and storage of chemicals (see also environmental issues).

## 2.2 Environmental issues in the textile chain

The environmental impact of textile production is considerable (see next figure). This impact starts with the use of pesticides during the cultivation of natural fibres or the emissions during the production of synthetic fibres. From that moment on, a number of processes are applied, using thousands of different chemicals, to process the fibres and to reach the final stage of textile end product.



*Environmental issues in the textile industry*

Environmental problems associated with the textile industry are typically those associated with water pollution caused by the discharge of untreated effluents. Liquid wastes arising from washing operations contain a substantial organic and suspended pollution load, such as fibres and grease. Effluents are generally hot, alkaline, strong smelling and coloured by chemicals used in dyeing processes. Some of the chemicals discharged are toxic and can lower the dissolved oxygen of receiving waters, threaten aquatic life and damage general water quality downstream.

Other environmental issues now considered equally important and relevant to the textile industry include emissions, notably Volatile Organic Compounds (VOCs) and excessive noise or odour, as well as work-space safety.

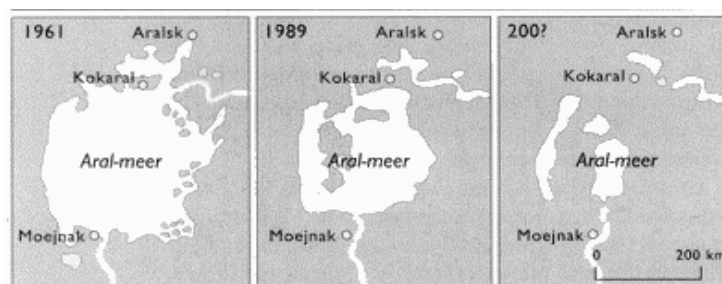
### Fibre production

In the fibre production the environmental burden depends on whether it is natural or synthetic produced. Main environmental problems of synthetic fibres, like polyester, polyacryl and polyurethaan are the use of energy during manufacturing and the production of toxic byproducts.

Natural fibre, mainly cotton, is grown with the use of large amounts of pesticides and artificial fertilizers. This has a large impact on the water quality, as most of these chemicals are toxic, persistent and bioaccumulative. 25% of the pesticides used in the world are used for cotton production, which share of the total world crops is only 3%. Only 10% of these pesticides receive the cotton plant, the remaining 90% disappears in the surface water and environment.

In addition, irrigation of the cotton fields causes scarcity of water, erosion and brackish water. The worst example is lake Aral in Central Asia (see figure). But also lakes in Africa are rapidly disappearing caused by agro-cultural irrigation.

Organic agriculture investigates methods, which will ensure profitable and sustainable agriculture without the use of artificial fertilizers and pesticides (see box). These methods are becoming increasingly successful; environmentally friendly substances and methods are usually sufficient to protect the harvest. The cost of production may be higher, but there is no overcropping or pollution.



CONVENTIONAL COTTON	ORGANIC COTTON
<b>Soil, water and environment</b>	
Applies synthetic fertilizer; Loss of soil fertility due to predominantly mono-crop culture.	Fertility through balanced feeding: animal manure, compost. Builds strong soil through crop rotation. Rich habitat: biodiversity.
Typically treats seeds with fungicides or insecticides; uses GMO-seeds	Uses untreated seeds; never GMO-seeds
Applies herbicides to soil, to inhibit weed germination and to kill weeds	Physical removal of weed
Uses insecticides heavily, accounting for approximately 25% of world consumption (on 2.4% of arable land); Uses pesticides, toxic and probable carcinogens; Contamination soil and water by pesticides.	Maintains a balance between pests and their natural predators through healthy soil; Uses beneficial insects, biological and cultural practices to control pests; May use trap crops, planted to lure insects away from the cotton; No contamination of soil and water.
Intensive irrigation or no optimal use of water.	Retains water more efficiently thanks to increased organic matter in the soil: better soil structure.
<b>Income and risks for small farmers</b>	
Low world market price, low incomes. Small farmers buy synthetic inputs on credit; considerable risks for debt problems.	Farmers get a premium on the market price; No costs for pesticides or synthetic fertilizers; Organic cotton growing may give lower yields per hectare, but the net profit per hectare is higher.
Farmer's illness and poisoning through pesticide use	No pesticide related threats to health
Cases where cotton growing contaminates food or repels food production.	Because of crop rotation: organic food secured.

*Differences between conventional and organic cotton ([www.organiccotton.nl](http://www.organiccotton.nl))*

The Chinese Ministry of Science and Technology is experimenting with Transgenic Pest Resistant Cotton (T-cotton). The commercial transgenic pest resistant cotton production is based on different genetic modification techniques and worked out cottons of high and stable yield and fine quality. The ministry claims to reach goals of protecting ecological environment and reducing pesticide pollution to the environment. Nevertheless, scientists have identified a number of ways in which genetically engineered organisms could potentially adversely impact both human health and the environment. Once the potential

harms are identified, the question becomes how likely are they to occur. The answer to this question falls into the arena of risk assessment. In any case natural conservation areas should be protected from the risk of transgenic contamination by separating transgenic crops from forest and biodiversity reserves<sup>9</sup>.

The textile industry comprises a large number of mechanical and chemical processes. Each process uses its own groups of chemicals. Each process, therefore, has a different impact on the environment. An extensive overview, including alternatives and best practises, is given in the 'Integrated Pollution Prevention and Control (IPPC) reference document on best available techniques for the textiles industry'<sup>10</sup>. The processes from the environmental point of view can be divided into the following categories.

### **Spinning**

During the spinning of fibres, dust and other particles are dispersed into the air. Dust can cause respiratory problems. In these cases workers can be protected with shields and to equip the working space with a good ventilation system. A more expensive measure is to spin the fibres on advanced computer controlled machines that control the dusty atmosphere.

### **Washing/scouring**

This process removes natural and acquired impurities from cotton, linen and wool fibres and fabrics. Agents used in the scouring process are detergents, soaps, alkalis, anti-static compounds, wetting agents, foamers, defoamers, complexing agents and lubricants. Synthetic fabrics are only lightly scoured to remove sizes. Scouring is sometimes carried out by dry cleaning, using solvents. The main solvents in dry cleaning are CFCs and HCFCs. Trichloroethylene is carcinogenic and 1,1,1-trichloroethane, CFCs and HCFCs deplete the ozone layer.

### **Sizing/desizing**

Before weaving, the yarn is strengthened by sizes. Sizes can either be starch-based or synthetic. Common synthetic sizes are acrylates, polyvinylalcohol (PVA) and carboxymethylcellulose (CMC). From an environmental point of view, CMC is the preferred of these three compounds. After the weaving the starch is removed from the textiles; this is also known as desizing. This can be done by means of enzymes, by oxidation substances or by water-soluble sizing substances. An oxidation system instead of an enzyme system has generally lower impact on the environment. In principle, the use of water-soluble sizings (like PVA and CMC) is the least environmentally hazardous. The recycling of these sizings can be done by means of ultra filtration. This can be done when sizing and desizing are done on the same location.

### **Weaving and knitting**

Most textiles are made by weaving or knitting the fibres. Sometimes the fibres are dyed before the process of weaving or knitting, sometimes after. Weaving and knitting are dry operations, but cooling and humidifying water are used in a mill and represents a substantial portion of the total water usage. Weaving and knitting makes a lot of noise and dust and workers should be protected (e.g. ear plugs and ventilation).

### **Bleaching**

Fabrics are often whitened by bleaching prior to dyeing or printing. Hydrogen peroxide, sodium chlorite and sodium hypochlorite are the most common bleaching agents. Other bleaching agents used are peracetic acid and sodium perborate. Auxiliary chemicals such as surfactants, optical brighteners, anti-foam and wetting agents are also used. Fabrics made from synthetic fibres often do not need to be bleached, and regenerated cellulose fabrics are more lightly bleached than cotton. Blends of synthetic and cotton fibres are commonly bleached. Wool is often bleached by using hydrogen peroxide or bisulphite. From an environmental point of view, the negative aspects of the bleaching are the use of water, energy and chemicals. Especially chlorine compounds have a bad effect on the environment. The best option is

not to bleach the fabric. Research should be done after the real need to bleach before dyeing. First of all the use of chlorine compounds should be avoided. Hydrogen peroxides or ammonium salts are good alternatives. Continuous bleaching generally costs about 5 to 15 times less water than batch bleaching.

### **Mercerising**

After the bleaching, the bleaching chemical has to be removed before the dye is applied; otherwise, the bleach and dye react to each other. The traditional method of removing the bleach is by rinsing the fabric in water a number of times, which uses a lot of water. Mercerising is mostly done with caustic soda (NaOH) that will get into the waste stream. NaOH could be recovered from mercerising using membrane technology or by effective evaporation. Recovery systems can reclaim up to 98% of the caustic. Continuous mercerising generally uses much less water than a batch process (about 8 to 30 times less).

### **Dyeing/printing**

The dyeing and printing processes are very polluting and use a vast quantity of water. Lots of different chemicals are used and the improvement options are various. The Integrated Pollution Prevention and Control (IPPC) reference document on best available techniques for the textiles industry<sup>11</sup> gives a comprehensive overview of alternatives. In general, it should be emphasised that, from a health and environmental perspective, the use of dyeing chemicals should be minimised.

### **Finishing**

Finishing is the treatment of fabrics in order to achieve special characteristics, for example water, flame or wrinkle resistance. In general, it should be emphasised that, from a health and environmental perspective, the use of finishing chemicals should be minimised. Halogenated compounds such as bromated diphenylethers (PBDEs) and compounds containing heavy metals used as flame-retardants are very problematic from an environmental point of view. PBDEs are extremely persistent and phosphor-based flame-retardants cannot be degraded by conventional biological treatment. Inorganic salts and phosphonates are better alternatives, although not entirely satisfactory from the quality point of view. Biocides such as chlorinated phenols (PCP), metallic salts (arsenic, zinc, copper or mercury), DDE and DDT are used as preservatives on exported fabrics to prevent mildew and mold. All these substances are highly toxic. The use of all preservation compounds should be avoided. Mechanical processes such as UV-treatment, heat sterilization and dry storage are better alternatives to chemical preservatives.

### **Garment production and use**

At the garment production the main environmental problem is the cutting losses, package materials and the use of notions, such as buttons and zippers, which can contain heavy metals. Prevention of cutting losses by smart design and process control includes environmental savings of all processes described above. When the clothes are used the chemicals and pesticides can turn up in the water during washing. When clothes are incinerated after disposal these chemicals will be released as well.

## 2.3 International developments

### 2.3.1 Trade issues in the textile industry

The international textile market has experienced some turbulence with China as a major participant. The WTO agreement on Textiles and Clothing (ATC) and all restrictions connected terminated in January 2005. Developing countries are now able to become a competitor on the international textile market, which generates considerable uncertainties for factory workers, as well as for European producers and garment companies. In face of fierce competition for orders from retailers, many producing companies are quick to accept every order they can get, and determine only later how they are actually going to produce the goods – not to mention upholding responsible working practices. In such a context, it is not easy for producing companies to work in an ethical way.

From that date countries have been anxiously looking at China as biggest supplier with its cheap production and low labour costs (see figure)<sup>12</sup>. In January 2005 the export of textiles and garments to the European Union have increased with 46.8% compared to the same period in 2004. The export to the United States of America (USA) for garments increased with 80.2%.

TOP 10 EU-25 SUPPLIERS IN TEXTILES							
N°	Origin	Million euros				% Share 2005	% growth 2002/2005
		2002	2003	2004	2005		
	<b>World</b>	<b>17.660</b>	<b>16.902</b>	<b>17.531</b>	<b>17.908</b>	<b>100,0</b>	<b>1,4</b>
1	China	2.462	2.710	3.182	3.974	22,2	61,4
2	Turkey	2.444	2.532	2.777	2.878	16,1	17,7
3	India	1.850	1.791	1.955	2.011	11,2	8,7
4	Pakistan	1.246	1.278	1.406	1.239	6,9	-0,5
5	Switzerland	1.167	1.092	999	921	5,1	-21,1
6	USA	1.332	1.040	872	883	4,9	-33,7
7	South Korea	1.085	929	830	775	4,3	-28,6
8	Japan	683	564	536	503	2,8	-26,4
9	Taiwan	616	500	427	472	2,6	-23,3
10	Romania	267	325	380	402	2,2	50,4

Source: Eurostat

The response of European countries and the USA was to establish new quotas to Chinese textiles in order to protect their own production. The textiles and clothing sector is an important part of European manufacturing industry with a turnover in 2002 of over €200 billion produced in roughly 177.000 enterprises employing more than 2 million people - a figure that increased to 2.7 million after the EU enlargement in May 2004 (EU-25). Textiles and clothing account for around 4% of total manufacturing

value added and 7% of manufacturing employment in the EU-15. Nevertheless, the total EU export in textiles and clothing decreased while the import increased dramatically over the last years (see figure)<sup>13</sup>.

<b>EU-25 EXTERNAL TRADE</b>					
	<b>Million euros</b>				<b>% growth 2001/2004</b>
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	
<b>Textiles</b>					
Imports	17.660	16.902	17.531	17.908	1,4
Exports	21.434	20.566	21.351	21.080	-1,7
Balance	3.774	3.664	3.820	3.172	
<b>Clothing</b>					
Imports	46.532	47.197	49.788	53.531	15,0
Exports	14.801	13.937	14.167	14.717	-0,6
Balance	-31.731	-33.260	-35.621	-38.814	
<b>Textiles/clothing</b>					
Imports	64.191	64.099	67.320	71.440	11,3
Exports	36.235	34.503	35.518	35.797	-1,2
Balance	-27.956	-29.596	-31.802	-35.643	

Source : Eurostat

China promised in May 2005 that it would raise taxes on 74 categories of textile products, such as T-shirts, cotton underwear and silk shirts, but retracted this promise the same month. An agreement was reached between China and EU in June 2005. It will last for 3 years until the textile trade will be completely liberal in 2008. This bilateral agreement involves 10 categories, such as T-shirts. China agreed to limit its annual growth of textile export with 10%. As a result of this agreement enormous quantities of textiles - ordered by European retailers and brand companies - were being held in European harbours by customs. This has cost another round of negotiations. An agreement was reached in September 2005, which permitted that the textiles at the harbours could be released and deducted from the amount China could export to Europe in 2006.

In the EU-15, the textiles industry is concentrated in the five most populated countries, accounting for about three quarters of EU-15 production of textiles and clothing, i.e. Italy, UK, France, Germany and Spain. On the other hand, the sector plays a more important role in the economy and employment of the new member states (Eastern Europe) and candidate countries (e.g. Turkey) than in the EU-15. Many of the new member states are very dependent upon the textiles and clothing industry in terms of value added and employment.

The pressure for restructuring and modernisation in the textiles and clothing sector in the new member states and candidate countries is set to rise as a result of increased access by third countries to the EU and acceding countries markets, which will pose challenges to European policy makers.

### 2.3.2 Stakeholder perspectives on CSR

Many good CSR practices are not achieved by companies working alone, but with other enterprises, civil society organisations (e.g. NGO's) and government. An emphasis on multi-stakeholder partnerships in the region is therefore likely to promote good CSR practices in the future.

#### NGOs, media and consumers

Today's globalisation has created more awareness of circumstances in countries all over the world. Many NGOs are concerned with the situation in companies regarding working conditions, human rights and environmental degradation. Consumers, especially those from Western countries, are demanding more information about production.

A number of organisations are active in the field of garments and textiles, which are trying to obtain more information about the circumstances of the producing companies. An example is the Clean Clothes Campaign<sup>14</sup> an international NGO with the aim to improve working conditions in the global garment industry (see 3.1.7). But also Fair Trade labels<sup>15</sup>, Oxfam International<sup>16</sup> and labour unions like the Dutch FNV<sup>17</sup>. The international media is regularly giving attention to these campaigns and demonstrations.



*Consumer campaign in Germany*

The purchasing power of consumers is increasingly mobilized on the issue of working conditions by initiatives as the Clean Clothes Campaign or the Made-By initiative whose members use eco-cotton<sup>18</sup>. Information on working conditions in the garment industry is distributed via newsletters, actions, the internet, movies (like 'China Blue'<sup>19</sup>) and research publications. But also opinion leaders like pop stars, radio DJ's and TV celebrities have substantial impact on young and fashionable consumers. The famous U2 singer Bono for example launched his own fashion brand 'Edun'<sup>20</sup> which is produced under sound labour and environmental conditions in African countries, like Lesotho and Tanzania.



*China Blue actresses fighting against sleep*

Consumer studies in Europe and the USA shows that a growing number of consumers are interested in the social and environmental conditions under which the garment and textiles were produced. Therefore, retailers and brand companies are more and more concerned about how consumers perceive their company.

#### Companies

Brand companies and retailers, especially multinational corporations, have become aware of the concerns of consumers and NGOs and aware that they can contribute to sustainable development as well. As a response to the international attention about CSR issues and consumer pressure, brands such as Nike, Adidas, Reebok, Mattel, Levi's,



*U2 singer Bono is promoting CSR with Edun*

Gap and others developed codes of conduct designed to ensure that suppliers in which they had only a contractual relationship to produce goods complied with a basic standard of workplace practices. Many textiles production companies in Asia, Latin America and East and South Europe experience this and feel themselves sandwiched between tight production orders and a diversity of different codes and standards on CSR to comply with.

As an answer to this proliferation of codes, standards and guidelines, a group of European retail companies, associated in the Foreign Trade Association (FTA), initiated the 'Business Social Compliance Initiative' (BSCI) which is a shared European approach to improve social performance in supplier countries through a uniform social standards monitoring solution for retail, industry and importers<sup>21</sup>. All these initiatives show that brand companies and garment retailers are increasingly recognizing the responsibility for a social and environmentally sound production of their textile products.

### **Unions**

Global trade union federations have established an ongoing social dialogue with a number of multinational enterprises in their sectors or industries. These discussions have led to a wide range of formal and informal agreements and understandings. This includes regular contacts through well-established communication channels as well as, in some cases, formal framework agreements e.g. Carrefour and H&M. A framework agreement is an agreement negotiated between a multinational company and a global union federation concerning the international activities of that company. For a list of framework agreements see International Confederation of Free Trade Unions: [www.icftu.org](http://www.icftu.org) Main constraint for Western labour union organisations is the lack of freedom of association and the numerous violations on workers rights. Especially the relation with China and Vietnam is under pressure, as these countries do not recognize the ILO conventions on the right to freedom of association and collective bargaining (ILO convention 87 and 98) and the ban on forced labour (ILO convention 29 and 105). For this reasons many western labour unions do not recognize the All China Federation of Trade Unions (ACFTU), which is a controlled by the communist party.

### **Governments**

In industrializing countries like China, laws on labour and environment do exist, but the mayor constraint is the enforcement of this legislation on lower levels. In China both labour law and cleaner production law are well developed and meet Western standards, but on provincial and city level the compliance to these laws is low due to a lack of skilled officials and sometimes corruption. Several studies proof that only 20% of the companies were in compliance with the labour law. These governments are recommended to support capacity building amongst their officials, to tackle corruption and to ensure that laws are obeyed.

Western governments are buyers and customers themselves. In June 2005, the Dutch Parliament passed a motion requiring 'sustainability' as a criterion that will affect every purchase the Central government makes by 2010. Many Dutch cities have already included the ILO labour standards and the requirement for independent verification in their production contracts for workers' uniforms.

For buyers within the central and lower governments in Netherlands and Europe, this is a challenging matter because a large number of the garment they need come from countries where production costs are low. However, some pioneering purchasers have met this challenge with excellent results. For example, the City of Amsterdam has investigated how both environmental and social conditions can be included in contracts when buying industrial garments for city staff.

### **International organisations**

Many organisations have been set up standards and codes of conduct with the aim to improve the situation regarding corporate social responsibility issues in companies. Governments and normative institutions, industry associations and business networks are working together and setting up programs. Next chapter will highlight the most important initiatives.

### 3. International organisations, policies and standards

Globally a number of standards have been developed in order to help companies address various aspects of CSR. These have included the ISO14000 series for environmental management systems and related aspects, OHSAS18000 for occupational health and safety, SA8000, WRAP (Worldwide Responsible Apparel Production) and FLA for labour standards<sup>22</sup>.

Beyond the standards are guidelines such as OECD, United Nations Global Compact, World Business Council on Sustainable Development and GRI.

Regionally, there have also been some interesting developments, with perhaps the most important one China’s homegrown social responsibly standard for the apparel sector, CSC9000T, launched in May 2005<sup>23</sup>. Similar to SA8000 (i.e. a management systems approach), CSC9000T was developed and will be administered by the China National Textile and Apparel Council (CNTAC), a national non-profit organization of all textile-related industries set up to help modernize China's textile industry. It is based on the relevant Chinese laws and international standards, but does not call for freedom of association and collective bargaining and simply notes that the ACFTU is the legal representative of workers in China.

As a response on the increasing pressure from stakeholders, many brand companies have developed their own corporate code of conduct on social responsibility (see next box for examples)<sup>24</sup>. An OECD study in 2000 found 246 codes of conduct, 37 of which applied to the textile and clothing sector. Some of companies also participate in international standards like SA8000, ETI and FLA.

Corporate codes of conduct	
<i>Levi Strauss</i>	Focuses on what they call 'local empowerment' of female workers to implement compliance criteria. Emphasis is on awareness raising issues like HIV/Aids prevention, education access, and stimulation of local entrepreneurship via micro credits ( <a href="http://www.levistrauss.com/responsibility/toe/index.htm">www.levistrauss.com/responsibility/toe/index.htm</a> ).
<i>Adidas</i>	Has an internal auditing team of 30 people responsible for enforcing the company’s standards, as well as training and supporting suppliers. They sometimes collaborate with FLA accredited auditors. Main topics of attention: health and safety issues.
<i>GAP</i>	Has a nearly 100 full-time employee team to work on improvements of labour standards in accordance to its Code of Vendor Conduct. This counts for the 3.000 factories they work with. GAP is member of the Corporate Involvement Program of SAI, and also of ETI. The program encourages manufacturers to develop their own comprehensive code of conduct. Emphasis is on a training program and a telephone hotline for workers to defend their basic rights. Other elements are: building a savings program with workers, healthcare, HIV/Aids prevention programs.
<i>Marks &amp; Spencers</i>	Have own Global Sourcing Principles to be encouraged further down the supply chain. A team of 100 trained technicians help the implementation of the principles. M&S has a phased implementation plan to socially audit all first tier factory sites. Suppliers are strictly screened on compliance for human rights compliance. Within the ETI membership procedures, 1.200 M&S suppliers were evaluated. M&S runs training courses for suppliers and workers to build understanding of labour standards.
<i>Nike</i>	Has a Compliance Team of 80 people taking care of compliance with its New Country and New Source Approval Process (NSAP). This helps Nike better determine where to build business. In 2003, these audits were conducted 276 times, representing 30% of its supply. External and independent auditors working under the FLA are critical to Nike in building chain transparency. FLA regularly audits independently Nike sites. Projects are: health care centres, schools, micro-loans, after-work training for in total 6.500 workers ( <a href="http://www.nikebiz.com">www.nikebiz.com</a> ).
<i>Puma</i>	Sources over 50% from China. Their Cde of Conduct is sent to all manufacturers, requiring compliance. Puma staff conducts audits on a yearly bases. With non-compliance a re-audit takes place within 8 weeks.

The major standards for workplace conditions in supply chains are SA8000 (from Social Accountability International and for use in any manufacturing sector), WRAP (for apparel) and a number of initiatives based on a membership model such as the Business Social Compliance Initiative (BSCI), Fair Labour Association (FLA, for apparel), Ethical Trading Initiative (ETI, based in UK and with member companies across a number of sectors, particularly retailers), Worker Rights Consortium (WRC, with membership based on US colleges and universities in a range of manufacturing sectors but mainly apparel), the Clean Clothes Campaign (CCC, a European NGO based on apparel production), and the Fair Wear Foundation (FWF, based in the Netherlands and targeting apparel).

To bring together key organizations different aspects of code implementation and enforcement in a program of collaborative work, the Joint Initiative on Corporate Accountability & Workers Rights (Jo-In) was established. Members of Jo-In are: SAI, FLA, ETI, CCC, FWF and WRC (see also 4.1.2).

### **3.1 Social policies and standards in the textile chain**

#### **3.1.1 United Nations and ILO conventions**

All of the social standards and initiatives are founded on a base code of conduct that is in turn based on international workplace norms outlined in the ILO conventions and the Universal Declaration of Human Rights and the Convention on Rights of the Child.

##### **Universal Declaration on Human Rights (UDHR)**

The Universal Declaration on Human Rights<sup>25</sup> was adopted by the United Nations in 1948 and is the most universally recognised definition of human rights. It covers civil and political rights, as well as economic, social and cultural rights. Most CSR policies and standards are based on the UDHR. Together with two other Covenants from 1996, it is called the International Bill of Human Rights. Those covenants are: International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR).

##### **UN Convention of the Rights of the Child (CRC)**

The Convention on the Rights of the Child ([www.unicef.org/crc/crc.htm](http://www.unicef.org/crc/crc.htm)), adopted in 1989, is a universally agreed set of non-negotiable standards and obligations. It spells out the basic human rights that children have everywhere: the right to survival; to develop to the fullest; to protection from harmful influences, abuse and exploitation; and to participate fully in family, cultural and social life. It has been ratified by every country in the world, except for two countries: USA and Somalia which have signaled their intention to ratify.

##### **UN Convention on the Elimination of All forms of Discrimination against Women (CEDAW)**

This convention ([www.un.org/womenwatch/daw/cedaw/cedaw.htm](http://www.un.org/womenwatch/daw/cedaw/cedaw.htm)) was adopted by the UN in 1979 and entered into force in 1981. The convention contains 30 articles, defines what constitutes discrimination against women and sets up an agenda for national action to end such discrimination. China is one of the 176 parties that have signed the convention.

##### **ILO Conventions**

The International Labour Organisation<sup>26</sup> is a tripartite UN organization representing governments, businesses and workers and has set up a legal and policy framework for labour issues. The ILO has issued almost 200 conventions on working conditions. Eight of these specify the four fundamental labour rights:

- Freedom of association and the right to collective bargaining;
- A ban on forced labour;

- A ban on child labour;
- A ban on discrimination in the workplace and in professions.

The ILO conventions focus in particular on governments responsibilities with respect to labour rights. The Tripartite declaration of Principles Concerning Multinational Enterprises and Social Policy extends the ILO Conventions, listing corporate responsibility with regard to labour issues and also including a number of additional labour standards falling under the specific responsibility of corporations. Most codes of conduct and social standards are based on these conventions.

International conventions									
Convention	Forced labour		Freedom of association		Discrimination		Child labour		Minimum age
Number	C.29	C.105	C.87	C.98	C.100	C.111	C.138	C.182	C.138
Ratification date	1930	1957	1948	1949	1951	1958	1973	1999	1973
<b>Bangladesh</b>	1972	1972	1972	1972	1998	1972		2001	
<b>China</b>					1990		1999	2002	16
<b>India</b>	1954	2000			1958	1960			
<b>Thailand</b>	1969	1969			1999		2004	2001	15
<b>Vietnam</b>					1997	1997	2003	2000	15

*ILO conventions and ratification data for some Asian countries*

### 3.1.2 Social Accountability 8000

#### General data

In 1997, SAI launched Social Accountability 8000 (SA8000), a voluntary standard for workplaces, based on ILO and UN conventions. SA8000 is a uniform, auditable standard for a third party verification system on social issues, initiated by Social Accountability International (SAI). SAI is a non-governmental, international, multi-stakeholder organization dedicated to improving workplaces and communities by developing and implementing socially responsible standards.

SAI works with companies (International brands such as Chiquita, Dole, Gap, Timberland, Avon Products and Co-op Italia; ), consumer groups, non-governmental organizations (NGOs like Amnesty International and CARE), labour organizations (which currently include a total of 15 million workers in their ranks), governmental agencies, and certification bodies around the world. Together with these stakeholders and with other multi-stakeholder initiatives, fair trade, environmental organizations, development charities, and anti-corruption groups, they carry out research, training and capacity-building programs. SAI is member of the Joint Initiative on Corporate Accountability & Workers Rights (Jo-In).



<b>Social Accountability 8000 (SA8000)</b>	
<b>Administered by</b>	SAI/Social Accountability International
<b>In operation since</b>	1997
<b>Initiative</b>	Multi-stakeholder (companies, NGOs, governmental organizations, unions)
<b>Focus</b>	Social (labour/ILO conventions)
<b>Sector</b>	General, including textile and clothing
<b>Verification/certification</b>	Third party audits leading to certification
<b>Audited/certified companies</b>	App. 1038 facilities worldwide are certified (June 2006) across 58 industries and in 55 countries covering around 500.000 workers employed. App. 25% of the total certified facilities operates in the textile and apparel industry
<b>Participating textile brands</b>	Charles Vogele, Cutter & Buck, Eileen Fisher, Gap, Otto Versand, Tex Line, Timberland, WE
<b>More information</b>	<a href="http://www.sa-intl.org">www.sa-intl.org</a>

### Provisions

Elements of SA8000 are:

- *Child Labour*: No workers under the age of 15; minimum lowered to 14 for countries operating under the ILO Convention 138 developing-country exception; remediation of any child found to be working;
- *Forced Labour*: No forced labour, including prison or debt bondage labour; no lodging of deposits or identity papers by employers or outside recruiters;
- *Health and Safety*: Provide a safe and healthy work environment; take steps to prevent injuries; regular health and safety worker training; system to detect threats to health and safety; access to bathrooms and potable water;
- *Freedom of Association and Right to Collective Bargaining*: Respect the right to form and join trade unions and bargain collectively; where law prohibits these freedoms, facilitate parallel means of association and bargaining;
- *Discrimination*: No discrimination based on race, caste, origin, religion, disability, gender, sexual orientation, union or political affiliation, or age; no sexual harassment;
- *Discipline*: No corporal punishment, mental or physical coercion or verbal abuse;
- *Working Hours*: Comply with the applicable law but, in any event, no more than 48 hours per week with at least one day off for every seven day period; voluntary overtime paid at a premium rate and not to exceed 12 hours per week on a regular basis; overtime may be mandatory if part of a collective bargaining agreement;
- *Compensation*: Wages paid for a standard work week must meet the legal and industry standards and be sufficient to meet the basic need of workers and their families; no disciplinary deductions;
- *Management Systems*: Facilities seeking to gain and maintain certification must go beyond simple compliance to integrate the standard into their management systems and practices.

Industry	Number of facilities	% of Total
Apparel	167	17.1%
Textiles	86	8.29%
Cleaning Services	53	5.11%
Transportation	50	4.82%
Chemicals / Chemical Products	44	4.24%

*Certified facilities by industry (top 5)*

Country	Number of facilities	% of Total
Italy	395	38.05%
India	141	15.80%
China	129	12.43%
Brazil	99	9.54%

*Certified facilities by country (top 4)*

### 3.1.3 Business Social Compliance Initiative

#### General data

The Business Social Compliance Initiative (BSCI) is an initiative of European retail companies initiated by the Brussels based Foreign Trade Association (FTA). The BSCI is a European approach to improve the social performance in supplier countries through a uniform social standards monitoring solution for retail, industry and importers.

By the mid-1990s, more than 80% of companies responding to surveys indicated that they had an own code of conduct applicable to their supply chains. And even companies sourcing for major brands themselves were implementing own codes of conduct, like Li & Fung and Lark International Apparel. As a response to this, the members of the FTA decided to develop a common European monitoring system for social compliance. In 2002 a common platform was established for the various different European Codes of Conduct and monitoring systems and to lay the groundwork for a common European monitoring system for social compliance. In 2002 and 2003, retail companies and associations held several workshops to determine the framework for such a system. In March 2003 the FTA formally founded the Business Social Compliance Initiative (BSCI).



Business Social Compliance Initiative (BSCI)	
<b>Administered by</b>	FTA/Foreign Trade Association ( <a href="http://www.fta-eu.org">www.fta-eu.org</a> )
<b>In operation since</b>	2004
<b>Initiative</b>	Business initiative with 60 members in 10 countries (mainly retailers)
<b>Focus</b>	Social (labour/ILO conventions)
<b>Sector</b>	General, including textile and clothing
<b>Verification/certification</b>	Third party audits, certification possible via SA8000
<b>Audited/certified companies</b>	> 1300 companies audited (2006)
<b>Participating textile brands</b>	See next box
<b>More information</b>	<a href="http://www.bsci-eu.org">www.bsci-eu.org</a>

The experience and the know-how gained by companies like Lindex, Otto, Migros, Vögele, Inditex and others and the association AVE from their monitoring systems were cornerstones for the development of

the management instruments of the BSCI. In the spring of 2004 the development phase was achieved and since then the implementation of the system has started.

The BSCI process is accompanied by local and European stakeholder networks, which must ensure the spread, and in the long-term local ownership of the process. Cooperation with non-governmental organisations, governmental authorities, trade unions and associations will also ensure social acceptance and independence of the system.

The BSCI is a non-profit organisation and, initially intended as a sector solution for retail, open to any and all European and non-European companies or associations. There are currently 60 members registered (see next box). BSCI members commit themselves that within three years 66% of their non-western suppliers must have started the BSCI process.

Member	Country	Member	Country
Adolfo Dominguez	Spain	Lidl	Germany
Ahold	The Netherlands	Lindex	Sweden
AVE	Germany	Londré-Hatten	Sweden
Balancia-Midania	Sweden	M & S	The Netherlands
Calida	Switzerland	Magazijn de Bijenkorf	The Netherlands
Celio	France	Maxeda DIY Group	The Netherlands
Charles Vögele Group	Switzerland	Metro Group	Germany
Claudia Sträter	The Netherlands	Migros	Switzerland
Coop	Switzerland	Miss Etam	The Netherlands
Dansk Supermarked	Denmark	Multifort	Switzerland
Deichmann	Germany	New Wave Group	Sweden
Difrax	The Netherlands	Nilson Group	Sweden
Dr. Rehfeld Fashion	Germany	Novi Footwear	Singapore / Switzerland
Esprit	Germany	OBI	Germany
Euretco	The Netherlands	Otto Group	Germany
Globus	Switzerland	Peek & Cloppenburg	Germany
Hema	The Netherlands	Perry Sport	The Netherlands
Hoss Intropia	Spain	PKZ	Switzerland
HPH	Switzerland	Polarn O. Pyret	Sweden
Hudson's Bay Company	Canada	Prénatal	The Netherlands
Hunkemöller	The Netherlands	Promiss	The Netherlands
ICA	Sweden	Scapino	The Netherlands
IIC Intersport International	Switzerland	Stockmann	Finland
Inditex	Spain	Textilimportörerna	Sweden
Intrade Partners Oy	Finland	The Cotton Group	Belgium
JC	Sweden	Tom Tailor	Germany
KappAhl	Sweden	Unibrands	Sweden
KarstadtQuelle	Germany	Vroom & Dreesmann	The Netherlands
Kesko	Finland	WE International	The Netherlands
Leomil Group	The Netherlands	Wehkamp	The Netherlands

*BSCI members*

## Provisions

In accordance with the ILO conventions, the United Nations' Universal Declaration of Human Rights and the UN's conventions on children's rights and the elimination of all forms of discrimination against women, the BSCI Code of Conduct aims to attain compliance with certain social and environmental standards. The following requirements are of particular importance:

- *Legal Compliance*: Compliance with all applicable national laws and regulations, industry minimum standards, ILO and UN Conventions, and any other relevant statutory requirements whichever requirements are more stringent;
- *Freedom of Association and the Right to Collective Bargaining*: In situations or countries in which the rights regarding freedom of association and collective bargaining are restricted by law, parallel means of independent and free organization and bargaining shall be facilitated. In accordance with ILO conventions 87, 98 and 135;
- *Prohibition of Discrimination*: No discrimination shall be tolerated on the basis of gender, age, religion, race, caste, social background, disability, ethnic and national origin, nationality, membership in workers organizations including unions, political affiliation, sexual orientation, or any other personal characteristics. In accordance with ILO conventions 100 and 111;
- *Compensation*: Wages paid for regular working hours, overtime hours and overtime differentials shall meet or exceed legal minimums and/or industry standards. Illegal or unauthorized deductions from wages shall not be made. In situations in which the legal minimum wage does not cover living expenses and provide some additional disposable income, companies shall strive to provide employees with adequate compensation to meet these needs. In accordance with ILO conventions 26 and 131;
- *Working Hours*: Overtime hours are to be worked solely on a voluntary basis. The maximum allowable working hours in a week are 48 and the maximum allowable overtime hours in a week are 12. An employee is entitled to at least one free day following six consecutive days worked. In accordance with ILO conventions 1 and 14;
- *Workplace Safety*: A clear set of regulations and procedures must be established and followed regarding occupational health and safety. Workplace practice and conditions, which violate basic human rights, are forbidden. In accordance with ILO convention 155 and ILO recommendation 164;
- *Prohibition of Child Labour*: Child labour is forbidden as defined by ILO and United Nations conventions and/or by national law. Of these various standards, the one that is the most stringent shall be followed. Any forms of exploitation of children are forbidden. Working conditions resembling slavery or harmful to children's health are forbidden. The rights of young workers must be protected. In accordance with ILO conventions 79, 138, 142 and 182;
- *Prohibition of Forced Labour*: All forms of forced labour are forbidden, as is prisoner labour that violates basic human rights. In accordance with ILO Conventions 29 and 105;
- *Environment and Safety Issues*: Procedures and standards for waste management, handling and disposal of chemicals and other dangerous materials, emissions and effluent treatment must meet or exceed minimum legal requirements.

## Implementation and verification

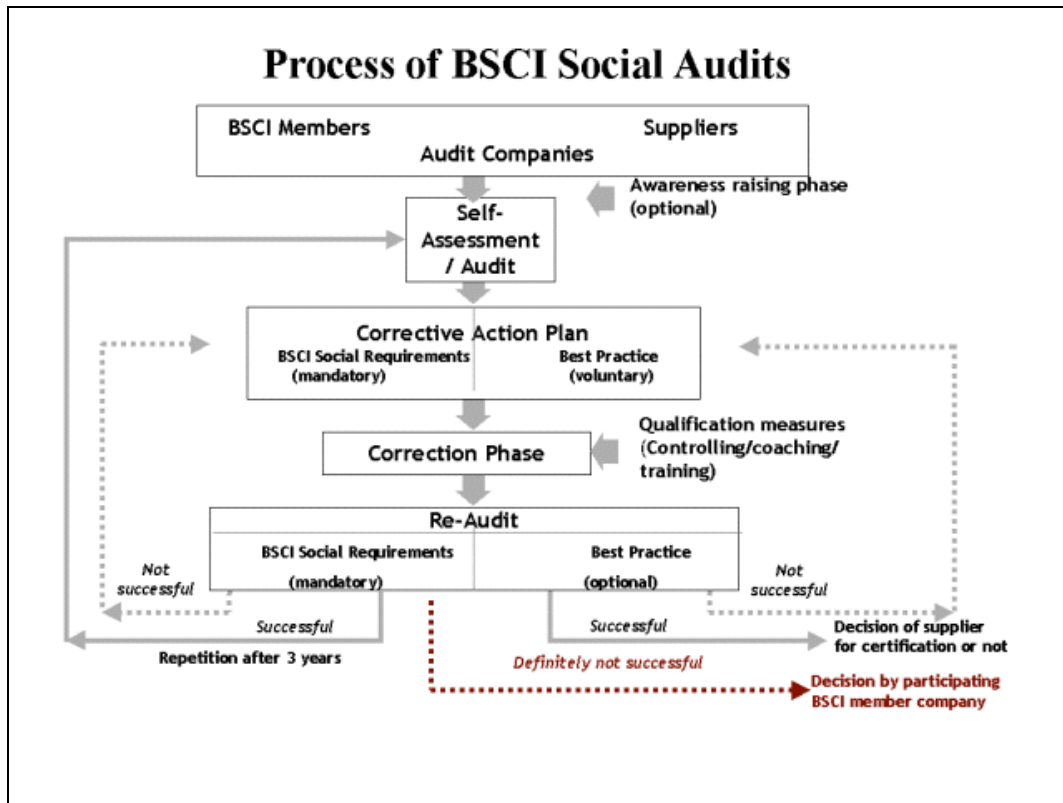
The initiative aims at continuously improving the social performance of suppliers, leading to Best Practice like SA8000 certification or equivalents and thus enhancing working conditions in factories worldwide.

BSCI itself is not a verification or certification system and therefore does not issue a certificate. BSCI provides a specific monitoring process with uniform management instruments for members, suppliers, auditors and qualifiers. This approach ensures uniform audit procedures and evaluation thus comparability of the results.

The practical implementation is controlled through audits by independent auditing companies. These companies are accredited at Social Accountability International (SAI), the New York-based organisation which issued the internationally recognised social management standard SA8000.

Follow-up measures like implementation controls or comprehensive training measures aim at supporting suppliers with improving their social performance.

BSCI is a development approach in which suppliers are enabled to work step by step towards best practises, like SA8000 certification. The first stage in the implementation process is mandatory followed by an optional part leading to best practises (see next figure).



The outcomes of the currently re-audited companies show that this development approach improves the social performance (see box).

Audited suppliers are registered in the BSCI Database so that there is no need for other BSCI members to assess the same supplier. This decreases the costs for the supplier and enhances the efficiency of the improvement process.

<b>BSCI first audit</b>
7 % good
18% improvement needed
75% critical
<b>BSCI re-audit</b>
45% good
21% improvement needed
34% critical

### 3.1.4 Worldwide Responsible Apparel Production

#### General data

The Worldwide Responsible Apparel Production (WRAP) is an independent, non-profit organization dedicated to the certification of lawful, humane and ethical manufacturing throughout the world. The initiative is mainly applied in US and Latin American countries.

WRAP is a civil society organization dedicated to promoting humane, ethical, and lawful conditions and practices in manufacturing facilities all over the world. The organization achieves this by a Certification Program that certifies individual factories for compliance with WRAP's principles and procedures. The WRAP Apparel Certification Program has operated since 2000; programs for other industries will be added in the future. In addition various training programs educate workers, factory managers, government inspectors, and others about issues related to global supply chains and their workers. Apparel producers are accountable for their global production practices to consumers, retailers, governments, and others.



Worldwide Responsible Apparel Production (WRAP)	
<b>Administered by</b>	WRAP organisation
<b>In operation since</b>	2000
<b>Initiative</b>	Industrial associations initiative (American Apparel and Footwear Association, other industry associations). Academia and NGOs in board
<b>Focus</b>	Social (labour/ILO conventions)
<b>Sector</b>	Apparel (programs for other sectors are under development)
<b>Verification/certification</b>	Third party audits leading to certification
<b>Audited/certified companies</b>	App. 600 facilities are certified (2004) of which 33 in China. 1400 factories (belonging to some 700 manufacturers) have applied for the WRAP program
<b>Participating textile brands</b>	See next box
<b>More information</b>	<a href="http://www.wrapapparel.org">www.wrapapparel.org</a>

The American Apparel and Footwear Association (AAFA), whose members produce 85% of sewn products sold at wholesale in the United States, gave birth to the idea of WRAP in 1998. Other major international business and industry associations have endorsed not only WRAP's principles but also its Apparel Certification Program (see box).

<b>Organizations that subscribed to the WRAP principles and promote the certification program among their members (January 2004)</b>	<b>Country</b>
American Apparel & Footwear Association	USA
Asociación Dominicana De Zonas Francas, Inc.	Dominican Republic
Asociación Gremial De Exportadores De Productos No Tradicionales Agexpront	Guatemala
Asociación Hondureña De Maquiladores	Honduras
Asociación Nacional de Industria, Cámara de Algodón-Fibras-Textiles-Confecciones	Colombia
Asociación Salvadoreña De La Industria De La Confección	El Salvador
Association Des Industries D'haiti	Haiti
Cámara Nacional De La Industria Del Vestido	México
Cámara Textil Costarricense	Costa Rica
Caribbean Central American Action- CCAA	USA
Clothing Federation Of South Africa	South Africa
Clothing Industry Training Authority - CITA	Hong Kong
Comisión Nacional De Zonas Francas	Nicaragua
Confederation Of Garment Exporters Of The Philippines, Inc.	Philippines
Hong Kong Exporters' Association	Hong Kong

Istanbul Textile And Apparel Exporters' Association	Turkey
Jamaica Apparel Institute	Jamaica
Mauritius Export Processing Zone Association - Mepza	Mauritius
Sri Lanka Apparel Exporters Association	Sri Lanka
Textile Council Of Hong Kong Ltd.	Hong Kong

In its governance and finances, WRAP is independent of the industrial sectors for which it offers factory certification programs. Since its incorporation in 2000, its charter mandates that the majority of its Board members be from non-industry professions drawn from academia, civil society, and other arenas.

WRAP is not a membership association to which companies or licensors, such as universities, pay dues. Factories pay WRAP an application fee. Auditing companies pay WRAP an annual registration fee for each country in which they seek WRAP accreditation. Each factory then negotiates an inspection fee with the accredited auditor of its choice.

### Provisions

The objective of the Apparel Certification Program is to independently monitor and certify compliance with the following standards:

- *Compliance with Laws and Workplace Regulations:* Manufacturers of sewn products will comply with laws and regulations in all locations where they conduct business;
- *Prohibition of Forced Labour:* Manufacturers of sewn products will not use involuntary or forced labour - indentured, bonded or otherwise;
- *Prohibition of Child Labour:* Manufacturers of sewn products will not hire any employees under the age of 14, or under the age interfering with compulsory schooling, or under the minimum age established by law, whichever is greater;
- *Prohibition of Harassment or Abuse:* Manufacturers of sewn products will provide a work environment free of harassment, abuse or corporal punishment in any form;
- *Compensation and Benefits:* Manufacturers of sewn products will pay at least the minimum total compensation required by local law, including all mandated wages, allowances and benefits;
- *Hours of Work:* Manufacturers of sewn products will comply with hours worked each day, and days worked each week, shall not exceed the legal limitations of the countries in which sewn product is produced. Manufacturers of sewn product will provide at least one day off in every seven-day period, except as required to meet urgent business needs;
- *Prohibition of Discrimination:* Manufacturers of sewn products will employ, pay, promote, and terminate workers on the basis of their ability to do the job, rather than on the basis of personal characteristics or beliefs;
- *Health and Safety:* Manufacturers of sewn products will provide a safe and healthy work environment. Where residential housing is provided for workers, apparel manufacturers will provide safe and healthy housing;
- *Freedom of Association & Collective Bargaining:* Manufacturers of sewn products will recognize and respect the right of employees to exercise their lawful rights of free association and collective bargaining;
- *Environment:* Manufacturers of sewn products will comply with environmental rules, regulations and standards applicable to their operations, and will observe environmentally conscious practices in all locations where they operate;
- *Customs Compliance:* Manufacturers of sewn products will comply with applicable customs law and, in particular, will establish and maintain programs to comply with customs laws regarding illegal transshipment of apparel products;
- *Security:* Manufacturers of sewn products will maintain facility security procedures to guard against the introduction of non-manifested cargo into outbound shipments (e.g. drugs, explosives, biohazards, and/or other contraband).

### Implementation and verification

The WRAP certification scheme starts first by a Self-Assessment. The handbooks are written in English, Spanish, and Chinese and explain WRAP's principles and procedures. Factory management must adopt all the principles and prepare documentation that indicating that it is implementing certain procedures.

After self-assessment, WRAP authorizes factory management to hire an independent auditor from a list of auditing companies and civil society organizations that regularly perform audits for compliance with policies and procedures required by third parties. WRAP has accredited them to audit factories in one or more specified countries for compliance with WRAP's detailed policies and procedures.

After evaluation and corrective actions, the factory meets the certification stage. During the one-year certification period, all facilities, especially those that needed a second audit, are subject to unannounced inspections.

All certified facilities are listed in the free accessible database.

### 3.1.5 Fair Labour Association

#### General data

The US based Fair Labour Association (FLA), formed in 1999, is a non-profit organization representing a multi-stakeholder coalition of companies, universities and NGOs who combined their efforts to promote adherence to international labour standards and improve working conditions worldwide.

There are currently 35 companies participating in the FLA, of which 20 leading brand-name companies in the sports industry. These companies have committed to a rigorous program of Workplace Standards implementation, monitoring and remediation in order to bring their manufacturing sites into compliance with FLA standards.

The FLA, facilitates the involvement of local and international NGOs to help ensure that the implementation of Codes of Conduct ultimately results in worker empowerment and the meaningful protection of workers' rights.

FLA is member of the Joint Initiative on Corporate Accountability & Workers Rights (Jo-In).



Fair Labour Association (FLA)	
Administered by	FLA organisation
In operation since	1999
Initiative	Multi stakeholder initiative (brand companies, NGOs, Universities)
Focus	Social (labour/ILO conventions)
Sector	Mainly sportswear and outdoor wear
Verification/certification	Third party audits, no certification
Audited/certified companies	3.700 factories in 18 countries (2006)
Participating textile brands	Adidas, Asics, Eddie Bauer, Drew Pearson Marketing, Gear for Sports, Gildan Activewear, H&M, Liz Claiborne, Mountain Equipment Coop, New Era Cap, Nordstrom, Nike, Outdoor Cap, Patagonia, Phillips-Van Heusen, Puma, Reebok, Top of the World, Twins Enterprise, Umbro and Zephyr Graf-X
More information	<a href="http://www.fairlabor.org">www.fairlabor.org</a>

## Provisions

The FLA Workplace Code of Conduct focuses, like other social standards, on:

- *Forced Labour*: There shall not be any use of forced labour, whether in the form of prison labour, indentured labour, bonded labour or otherwise;
- *Child Labour*: No person shall be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15;
- *Harassment or Abuse*: Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse;
- *Non discrimination*: No person shall be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin;
- *Health and Safety*: Employers shall provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities;
- *Freedom of Association and Collective Bargaining*: Employers shall recognize and respect the right of employees to freedom of association and collective bargaining;
- *Wages and Benefits*: Employers recognize that wages are essential to meeting employees' basic needs. Employers shall pay employees, as a floor, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and shall provide legally mandated benefits;
- *Hours of Work*: Except in extraordinary business circumstances, employees shall (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country do not limit the hours of work, the regular work week in such country plus 12 hours overtime and (ii) be entitled to at least one day off in every seven day period;
- *Overtime Compensation*: In addition to their compensation for regular hours of work, employees shall be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws do not exist, at a rate at least equal to their regular hourly compensation rate.

## Implementation and verification

Any Company that determines to adopt the Workplace Code of Conduct have to, in addition to complying with all applicable laws of the country of manufacture, comply with and support the Workplace Code of Conduct and must apply the higher standard in cases of differences or conflicts.

In addition, any company also have to require its licensees and contractors and, in the case of a retailer, its suppliers to comply with local laws and this code.

The FLA accredits monitors to conduct independent external monitoring of facilities used by companies participating in the FLA. The FLA monitoring methodology requires monitors to demonstrate independence, impartiality and a high degree of rigor and thoroughness in assessing compliance with the FLA Code of Conduct.

The Monitoring Guidance Document of the FLA provides information to participating companies and independent external monitors that will enable them to monitor applicable facilities in accordance with the Workplace Code of Conduct and the Monitoring Principles adopted by the Fair Labour Association. The Principles of Monitoring, a part of the Charter of the Fair Labour Association, provide the framework within which monitoring is to be conducted. Both companies and monitors have accepted certain obligations for the way those principles are to be implemented.

The FLA has a public accessible on line factory disclosure database. This database will be updated regularly and will also have search features so that you can find out which factories are monitored, by which participant, and the remedial actions taken.

**3.1.6 Ethical Trading Initiative**

**General data**

The Ethical Trading Initiative (ETI), is an UK based alliance of companies, non-governmental organisations (NGOs) and trade union organisations, which want to promote and improve the working conditions in the supply chain. ETI wants to ensure that the working conditions of workers producing for the UK market meet or exceed international labour standards.



Ethical Trading Initiative (ETI)	
Administered by	ETI organisation
In operation since	1998
Initiative	Multi stakeholder initiative (brand companies, NGOs, Unions)
Focus	Social (labour/ILO conventions)
Sector	General, including textile and clothing
Verification/certification	Verification of the members by ETI on implementation of the code, no certification
Audited/certified companies	No clear data (in 2000 app. 4.000 factories complied with the ETI CoC)
Participating textile brands	See next box
More information	<a href="http://www.ethicaltrade.org">www.ethicaltrade.org</a>

The initiative started in the late nineties, when companies selling food and clothing to UK consumers were coming under increasing pressure – from trade unions, non-governmental organisations (NGOs) and consumers – to ensure decent working conditions for the people who produce the goods they sell. Such companies typically responded by adopting a code of practice setting out minimum labour standards that they expect their suppliers to comply with. Many companies who adopted such codes soon found that they had neither the public credibility, nor the necessary experience and skills, to answer these questions alone. They realised they needed the backing of relevant civil society organisations, in particular of trade union organisations and NGOs with expertise in labour issues and overseas development. With this need in mind, ETI was set up in 1998 to bring the combined knowledge and influence of relevant NGOs and the international trade union movement to work alongside these companies in identifying and promoting good practice in code implementation.

ETI is member of the Joint Initiative on Corporate Accountability & Workers Rights (Jo-In).

Companies		Trade Unions
Adolfo Dominguez	Pentland Group	International Confederation of Free Trade Unions
Asda	Premier Foods	
Associated British Foods Chiquita International	Quantum Clothing	International Textile, Garment and Leather Workers Federation
DCC Corporate Clothing	Ringtons	
Debenhams Retail	Rohans Designs	International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers Associations (IUF)
Dewhirst Group plc	Rombouts GB	
Ethical Tea Partnership Flamingo Holdings	Sainsbury's	
	Supremia	
	Tesco	

Fyffes Group	The Body Shop	Trades Union Congress	
Gap Inc	International		
Greencell	The Boots Group		
Inditex	The Co-operative group		
Levi Strauss & Co	Typhoo Tea		
Madison Hosiery	Union Coffee Roasters		
Marks and Spencer	WH Smith		
Marshalls	WIBEDCO		
Monsoon	William Lamb Footwear		
Mothercare	World Flowers		
New Look Retailers	Next		
<b>NGOs</b>			
Africa Now	Fairtrade Foundation		Save the Children
Anti-Slavery International CAFOD	Home Workers worldwide	Traidcraft Exchange	
Quaker Peace and Social	Oxfam	Twin Trading	
CARE International UK Christian Aid	National group on	WIEGO	
Witness (religious society friends)	homeworking	Women Working Worldwide	
Central American Women's Network			

### Provisions

ETI has developed a code of labour practice - the 'Base Code' - reflecting the most relevant international standards with respect to labour practices which will be used as the basis of its work:

- *Employment is freely chosen:* There is no forced, bonded or involuntary prison labour. Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.
- *Freedom of association and the right to collective bargaining are respected:* Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively. The employer adopts an open attitude towards the activities of trade unions and their organisational activities. Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace. Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.
- *Working conditions are safe and hygienic:* A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment. Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers. Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided. Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers. The company observing the code shall assign responsibility for health and safety to a senior management representative.
- *Child labour shall not be used:* There shall be no new recruitment of child labour. Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child; "child" and "child labour" being defined in the appendices. Children and young persons under 18 shall not be employed at night or in hazardous conditions. These policies and procedures shall conform to the provisions of the relevant ILO standards.

- *Living wages are paid:* Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income. All workers shall be provided with written and understandable Information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid. Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.
- *Working hours are not excessive:* Working hours comply with national laws and benchmark industry standards, whichever affords greater protection. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7 day period on average. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.
- *No discrimination is practised:* 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.
- *Regular employment is provided:* To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice. Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub- contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.
- *No harsh or inhumane treatment is allowed:* Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

### **Implementation and verification**

Unlike certification or auditing bodies the ETI doesn't pass or fail suppliers. ETI does not offer consultancy services, nor does it offer prizes or labels in recognition of good performance. What ETI does offer its members is a space where they can develop the skills and share the experience of trying to be a responsible company in an era of global supply chains.

Member companies accept the principle that the implementation of codes will be assessed through monitoring and independent verification by ETI; and that performance with regard to monitoring practice and implementation of codes will be reported annually. Companies will engage with other members in the design, implementation and analysis of pilot schemes to identify good practice in monitoring and independent verification and share this experience with other members.

Company members will draw on this experience in establishing where relevant with other ETI members work plans to implement programs of monitoring, independent verification, and reporting, and will report progress against these programs to and through the ETI in a format and timing to be agreed. Workers covered by the code shall be provided with a confidential means to report failure to observe the code and shall be otherwise protected in this respect.

Member companies commit themselves, on the basis of knowledge gained from monitoring to; negotiate and implement agreed schedules for corrective actions with suppliers and where serious violations of the code persist, to terminate any business relationship with the supplier concerned.

### 3.1.7 Clean Clothes Campaign

#### General data

The Clean Clothes Campaign (CCC) is an international campaign, focused on improving working conditions in the global garment and sportswear industries. The CCC believes that retailers and brand companies are responsible for the working conditions in which their products are made.

The CCC is made up of autonomous coalitions with NGOs (consumer, research, women's, fair trade and youth organisations, solidarity groups, churches, etc) and trade unions as members in European countries, each with a secretariat, and each sending a representative to the European Coordination Meeting. There is a Clean Clothes Campaign in: Austria, Belgium, France, Germany, the Netherlands, Spain, Sweden, Switzerland and the United Kingdom.

In addition to this the CCC is in close cooperation with organisations or coalitions that run similar campaigns in other consumer countries, such as US groups, Fair Wear in Australia, and Ethical Trade Action Group in Canada.

The campaigns work autonomously at the national level, and come together to work jointly at the European level. This European campaign network is backed up by a broader, international network that includes trade unions, NGOs, and individuals in countries where garments are produced, i.e. Asia, Africa, Eastern Europe, and Central America. The international secretariat of the campaign is based in Amsterdam. Over 200 different organisations participate in the campaign.



Clean Clothes Campaign (CCC)	
Administered by	Country secretariats and International secretariat
In operation since	Late nineties (no specific data available)
Initiative	NGO/Trade Union initiative
Focus	Social (labour/ILO conventions)
Sector	Garment and sportswear industry
Verification/certification	Unannounced inspection visits by CCC accredited monitors, no certification
Audited/certified companies	No clear data
Participating textile brands	200 different NGOs/Trade Unions, No companies
More information	<a href="http://www.cleanclothes.org">www.cleanclothes.org</a>

The Clean Clothes Campaign aims to improve working conditions and support the empowerment of workers in the global garment and sports shoe industries.

The CCC is founded upon ILO principles that all workers - regardless of sex, age, country of origin, legal status, employment status or location - have a right to good and safe working conditions, where they can exercise their fundamental rights to associate freely and bargain collectively, and earn a living wage, which allows them to live in dignity. The CCC approaches working conditions from the perspective of the workers themselves and the consumers buying clothes and shoes. Workers have a right to know about their rights. And the public has a right to know where and how their garments and sports shoes are produced.

For that reason the CCC organises awareness and lobby campaigns in order to stimulate:

- The workers and their (labour) associations to assess their needs;
- The public and consumers to take action to see that workers rights are respected. However, the CCC does not generally endorse or promote boycotts as a tool for action;
- The national governments and international authorities to implement legislation that meets the standards set out in ILO conventions and to implement ethical procurement policies;
- The garment and sports shoe industries to ensure that good labour practices are the norm at all levels of the industry and to adopt the CCC model code including their suppliers;
- The Brand name garment companies and retailers to actively pursue social dialogue with trade union organizations, and sign international framework agreements to facilitate such dialogue;
- Trade unions and NGOs to cooperate nationally, regionally and globally to improve conditions in the garment and sports shoe industries and facilitate worker empowerment, without resorting to protectionism and constructive criticism.

### Provisions

The CCC uses a model code with similar provisions as the previous codes and standards:

- *Employment is freely chosen*: no use of forced, including bonded or prison, labour. Nor shall workers be required to lodge "deposits" or their identity papers with their employer;
- *No discrimination in employment*: equality of opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or other distinguishing characteristic shall be provided (ILO conventions 100 and 111);
- *No child labour*: there shall be no use of child labour. Only workers above the age of 15 years or above the compulsory school-leaving age shall be engaged (ILO Convention 138). Adequate transitional economic assistance and appropriate educational opportunities shall be provided to any replaced child workers;
- *Freedom of association and the right to collective bargaining are respected*: (ILO Conventions 87 and 98) and workers representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to enable them to carry out their representation functions (ILO Convention 135 and Recommendation 143);
- *Living wages are paid*: for a standard working week, which will meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income. Deductions from wages for disciplinary measures shall not be permitted;
- *Hours of work are not excessive*: and shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7 day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate;
- *Working conditions are decent*: a safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer are strictly prohibited;
- *The employment relationship is established*: obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment. Younger workers shall be given the opportunity to participate in education and training programmes.
- *Contractors, subcontractors, suppliers and licensees shall support*: and co-operate in the implementation and monitoring of this code by providing relevant information concerning their operations and by permitting inspection at any time of their workplaces and operations by approved inspectors.

### Implementation and verification

Monitoring and verification is taken place by actual observance of working conditions through unannounced inspection visits ("spot checks") to all workplaces covered by the code; the frequency of inspections must be established; accredited monitors must be permitted to interview workers on a confidential basis; in addition to regular or routine inspections, inspections shall be undertaken at specific locations following substantiated complaints, where there is sufficient reason to believe that the code is not being observed; inspections shall be conducted in a way which does not cause undue disruption to the performance of work in the premises being inspected; written reports shall be provided by accredited monitors to all parties and to the participating company concerned following each visit.

If violations of the code are found, the company receives a recommendation of the CCC. This recommendation shall in the first instance be aimed at improving the existing situation. Where such improvement is not possible or satisfactory, then the CCC may release any relevant information to the public. The independent monitoring process shall form the basis for any public claims by the CCC or by participating companies as to the operation of the code or concerning the actual labour practices covered by the code.

#### 3.1.8 Fair Wear Foundation

##### General data

The Fair Wear Foundation (FWF) aims to promote humane labour conditions in the supply chain of the garment industry. According to FWF, cheap garments are too often produced under unacceptable labour conditions. Fair Wear Foundation is an initiative of Dutch business associations in the garment sector (Modint and Mitex), trade unions (FNV), and NGOs (Clean Clothes Campaign, Oxfam Novib, Max Havelaar Foundation). FWF was founded in The Netherlands, but is currently working hard to join similar initiatives in a European initiative. To that aim, FWF is consulting with stakeholders at a European level and in neighbouring countries: companies, unions, and NGOs. The Fair Wear Foundation works with the Code of Labour Practices for the Garment Industry. Member companies endorse this code. In doing so, they commit themselves to auditing labour conditions in their factories against the provisions of the code and to implementing improvements, where necessary. FWF is member of the Joint Initiative on Corporate Accountability & Workers Rights (Jo-In).



Fair Wear Foundation (FWF)	
Administered by	FWF organisation
In operation since	1999
Initiative	Multi stakeholder initiative (NGOs, Trade Unions and Business associations)
Focus	Social (labour/ILO conventions)
Sector	Garment industry
Verification/certification	Verification of the members by FWF on implementation of the code, no certification
Audited/certified companies	32 audits worldwide in 2005 (409 violations reported)
Participating textile brands	Gsus, Espresso, Falcon, O'Neill, Hess Natur, 2-pack, Buttonboss, KLM corporate wear, Faithful, Power workwear, Pama International
More information	<a href="http://www.fairwear.nl">www.fairwear.nl</a>

### Provisions

The Code of Labour Practices contains eight internationally respected labour standards; these need to be implemented in the factories step-by-step. The factories are mostly located in Asia, Eastern Europe, and North Africa. The code contains the following main provisions:

- No forced labour;
- No discrimination;
- No child labour;
- Freedom of association and the right to collective bargaining;
- Payment of a living wage;
- No excessive overtime;
- A safe and healthy workplace;
- A legally-binding labour contract.

### Implementation and verification

Labour conditions in the factories are improved by means of a step-by-step approach. It is usually impossible to bring the labour conditions up to the level of the ILO standards at once.

The member company regularly performs audits of labour conditions at all its garment suppliers, and carries out corrective action plans where necessary. Audits are carried out not just at the factories that directly deliver to the company, but also at their subcontractors, in as far as they produce for the company.

Independent verification of the implementation of the code of conduct is done by FWF. FWF checks whether labour conditions are in accordance with the labour standards, and whether improvements are actually carried out. This takes place by a set of four instruments:

- Unannounced visits to production companies ("External" factory audits);
- A complaints procedure for workers and others;
- Contacts with local organisations;
- Checking the books of the member company (Audit of the management system).

The Fair Wear Foundation operates in various countries where garments are being produced. In these countries, a Network of Partner organisations is set up, the partner organisations are systematically consulted about the labour conditions in the garment industry, investigations are carried out into the labour conditions and into relevant laws and regulations, audits on labour conditions are being executed in garment factories, and a complaints procedure is inaugurated.

FWF provides country specific background studies, which is particularly important as a background for audit teams that will inspect factories. The background study on China is made by the Hong Kong based labour NGO 'Christian Industrial Committee'. Other background studies are available for India, Bangladesh, Turkey and some Eastern European countries.

### 3.1.9 The Worker Rights Consortium

#### General data

The Worker Rights Consortium (WRC) is a US non-profit organization created by colleges and universities, students and labour rights experts. The WRC's purpose is to assist in the enforcement of a manufacturing code of conduct to ensure that factories producing clothing and other goods bearing college and university names respect the basic rights of workers. There are more than 150 colleges and universities affiliated with the WRC.



WRC is member of the Joint Initiative on Corporate Accountability & Workers Rights (Jo-In).

<b>Workers Right Consortium (WRC)</b>	
Administered by	WRC organisation
In operation since	2000
Initiative	University and colleges initiative
Focus	Social (labour/ILO conventions)
Sector	Garment industry
Verification/certification	Verification by WRC on workers complaints and implementation of the code, no certification
Audited/certified companies	15 factories in e.g. Indonesia, Philippines, Thailand, Central America, India, Kenya
Participating textile brands	No companies, 150 universities and colleges
More information	<a href="http://www.workersrights.org">www.workersrights.org</a>

### Provisions:

- *Wages and Benefits:* licensees recognize that wages are essential to meeting employees' basic needs. Licensees shall pay employees, as a floor, wages and benefits which comply with all applicable laws and regulations, and which provide for essential needs and establish a dignified living wage for workers and their families;
- *Working Hours:* hourly and/or quota-based wage employees shall not be required to work more than the 48 hours per week or the limits on regular hours allowed by the law of the country of manufacture, and be entitled to at least one day off in every seven day period, as well as holidays;
- *Overtime Compensation:* all overtime hours must be worked voluntarily by employees. In addition to their compensation for regular hours of work, hourly and/or quota-based wage employees shall be compensated for overtime hours at such a premium rate as is legally required in the country of manufacture or, in those countries where such laws do not exist, at a rate at least one and one-half their regular hourly compensation rate;
- *Child Labour:* licensees shall not employ any person at an age younger than 15 (or 14, where, consistent with International Labour Organization practices for developing countries, the law of the country of manufacture allows such exception). Licensees agree to consult with governmental, human rights, and NGOs, and to take reasonable steps as evaluated by the University to minimize the negative impact on children released from employment as a result of implementation or enforcement of the Code.
- *Forced Labour:* there shall not be any use of forced prison labour, indentured labour, bonded labour or other forced labour;
- *Health and Safety:* Licensees shall provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of Licensee facilities;
- *Non discrimination:* no person shall be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin;
- *Harassment or Abuse:* every employee shall be treated with dignity and respect. No employee shall be subject to any physical, sexual, psychological, or verbal harassment or abuse. Licensees will not use or tolerate any form of corporal punishment;
- *Freedom of Association and Collective Bargaining:* licensees shall recognize and respect the right of employees to freedom of association and collective bargaining. No employee shall be subject to harassment, intimidation or retaliation in their efforts to freely associate or bargain collectively. Licensees shall not cooperate with governmental agencies and other organizations that use the power

of the State to prevent workers from organizing a union of their choice. Licensees shall allow union organizers free access to employees. Licensees shall recognize the union of the employees' choice;

- *Women's Rights:* women workers will receive equal remuneration, including benefits; equal treatment; equal evaluation of the quality of their work; and equal opportunity to fill all positions open to male workers. Pregnancy tests will not be a condition of employment, nor will they be demanded of employees. Workers who take maternity leave will not face dismissal nor threat of dismissal, loss of seniority or deduction of wages, and will be able to return to their former employment at the same rate of pay and benefits. Workers will not be forced or pressured to use contraception. Workers will not be exposed to hazards, including glues and solvents that may endanger their safety including their reproductive health. Licensees shall provide appropriate services and accommodation to women workers in connection with pregnancy.

### **Implementation and verification**

The WRC launches factory investigations in direct response to worker complaints and also initiates investigations on a proactive basis when there are indications from reliable local NGOs that serious problems exist at a factory.

When worker complaints are received, the WRC weighs several issues in deciding whether to launch an investigation. These include the reported violations, the views of local NGOs and the number of affiliate schools affected.

In every investigation, the WRC builds an investigative team comprised of knowledgeable representatives of the local community, including officials of local labour rights NGOs and/or local academic experts, and at least one member of the WRC staff or governing board. A central criterion in the selection of investigative team members is an individual's capacity to assess the evidence objectively.

The team conducts comprehensive interviews with workers in their homes and communities (where they are free to speak candidly). The team also interviews plant managers, local government labour authorities, relevant labour union officials, local academic and legal experts, and any other relevant parties and visually inspects the plant, if management allows. The team reviews relevant records and documents. The team then analyzes all of the evidence gathered and makes findings as to whether there are any code of conduct violations at the plant. When code violations are identified, the WRC makes recommendations for remedial action. A report is drafted communicating all findings (whether positive or negative), the evidentiary basis for the findings, and any recommendations for remediation. The report is conveyed first to affiliate colleges and universities and then to the public.

### **3.1.10 OHSAS 18000**

#### **General data**

OHSAS 18000 is an international occupational health and safety management system. It helps companies to control occupational health and safety risks. OHSAS 18001 was created via a concerted effort from a number of the world's leading national standards bodies, certification bodies, and specialist consultancies. This was outside of the ISO process, owing to decisions by ISO not to enter into this field of activity at that time.

Since its publication, OHSAS 18001 has become the de-facto international standard for the certification of (occupational) health & safety management systems, and is being adopted as a national standard by a constantly increasing number of national standards bodies.

The OHSAS 18000 series consists of two parts, as follows:

- OHSAS 18001: the "Occupational Health and Safety Management Systems Specification". Developed in response to urgent demand for a recognized standard against which occupational safety management systems can be assessed. It is compatible with ISO 9001 and ISO 14001.

- OHSAS 18002: provides guidelines for the implementation of OHSAS 18001 and explains the requirements of this and how to work towards implementation/registration.

OHSAS 18000	
Administered by	National OH&S institutes and certification bodies
In operation since	1999
Initiative	OHSAS Project Group (consortium of national standards bodies, OH&S Institutes and Certification bodies)
Focus	Health and safety
Sector	General
Verification/certification	Third party audits leading to certification
Audited/certified companies	No data
Participating textile brands	No data
More information	Check national OH&S institutes, consultancies and certification bodies

### Provisions

OHSAS 18000 is a typical management system and not really a code of conduct. It helps companies to set up a health and safety system and how to control this.

It covers issues such as planning for hazard identification, risk assessment/control, OHS management, awareness and competence, training, communication, emergency preparedness and response, performance measuring and improvement. Other provisions are e.g:

- *Worker participation*: the employer should ensure as appropriate, the establishment and efficient functioning of a health and safety committee and the recognition of workers health and safety representatives in accordance with national laws and practice;
- *Responsibility and accountability*: establishment of prevention and health programs;
- *Competence and training*: training should be provided to all participants at no cost and should take place during working hours if possible;
- *Hazard prevention and control measures*: measures for the management of risk should reflect the principle of the elimination of hazards where practicable, followed in turn by risk reduction (either by reducing the likelihood of occurrence or potential severity of injury or damage), with the adoption of personal protective equipment (PPE) as a last resort;
- *Procurement*: safety and health requirements of the organization should be incorporated into purchasing and leasing specifications and national laws and regulations should be identified prior to procurement;
- *Contracting*: the organization's safety and health requirements are applied to contractors;
- *Investigation of work related injuries*: ill health, diseases and incidents, and their impact on safety and health performance should be assessed and evaluated.

### Implementation and verification

The OHSAS 18001 Specification follows the Plan-Do-Check-Review cycle, with a concurrent emphasis on continual improvement. This model fits in neatly with the structure of other management system documents such as ISO 14001. This alignment of the management system documents helps in the facilitation of Integrated Management Systems.

The management system must be checked and corrective actions, if necessary, must be taken according to self-assessments until the registration phase is reached. Registration is a phased approach adding value and facilitating the development of the system. During registration the OHSAS 18001 management system of the company will be reviewed.

Once the company have received registration and been awarded with a certificate, the company will be audited periodically to check and to ensure that the companies system continues to meet the requirements of the specification. Companies can obtain certification by an external accredited organisation.

## 3.2 Environmental policies and standards in the textile chain

### 3.2.1 European commission and Integrated Pollution Prevention Control (IPPC)

#### General data

In order to control the considerable share of the overall pollution from Industrial production processes in Europe, the EU has set up the Integrated Pollution Prevention and Control (IPPC) Directive in 1996. In essence, the IPPC Directive is about minimising pollution from various industrial sources throughout the European Union. Operators of industrial installations are required to obtain an authorisation (environmental permit) from the authorities in the EU countries. About 50.000 installations are covered by the IPPC Directive in the EU. The remaining existing installations must be brought into compliance by 30 October 2007; the key deadline for the full implementation of the Directive.



IPPC Directive	
Administered by	EU
In operation since	1996
Initiative	EU member states (permit & control) and industrial sectors
Focus	Implementation of best available techniques per industrial sector
Sector	General (including textile sector)
Verification/certification	Legislation by environmental permits
Audited/certified companies	50.000 industrial installations cover the directive, by the end of 2007 all industrial installations will cover the directive
Participating textile brands	No data
More information	<a href="http://ec.europa.eu/environment/ippc/index.htm">http://ec.europa.eu/environment/ippc/index.htm</a>

#### Provisions

The IPPC Directive is based on four principles, namely:

- *Integrated approach*: the permits must take into account the whole environmental performance of the plant, covering e.g. emissions to air, water and land, generation of waste, use of raw materials, energy efficiency, noise, prevention of accidents, and restoration of the site upon closure. The purpose of the Directive is to ensure a high level of protection of the environment taken as a whole;
- *Best Available Techniques (BAT)*: the permit conditions including emission limit values must be based on BAT Reference Documents (so-called BREFs) as defined in the IPPC Directive. To assist the licensing authorities and companies to determine BAT, the EU organises an exchange of information between experts from the EU Member States, industry and environmental organisations. This work is co-ordinated by the European IPPC Bureau of the Institute for Prospective Technology Studies at EU Joint Research Centre in Seville (Spain). There is also a BREF for textile industry<sup>27</sup>;
- *Flexibility*: the IPPC Directive contains elements of flexibility by allowing the licensing authorities, in determining permit conditions, to take into account: (a) the technical characteristics of the installation, (b) its geographical location and (c) the local environmental conditions;
- *Public participation*: the Directive ensures that the public has a right to participate in the decision making process, and to be informed of its consequences, by having access to (a) permit applications in order to give opinions, (b) permits, (c) results of the monitoring of releases and (d) the European Pollutant Emission Register (EPER). In EPER, emission data reported by Member States are made accessible in a public register, which is intended to provide environmental information on major industrial

activities. EPER will be replaced by the European Pollutant Release and Transfer Register (E-PRTR) from 2007 reporting period onwards.

### Implementation and verification

The original IPPC directive has been amended twice since it entered in force. The first amendment reinforced public participation in line with the Aarhus Convention. The second amendment clarified the relationship between the permit conditions established in accordance with the IPPC Directive and the EU greenhouse gas emission trading scheme.

The Member States have chosen various approaches to implement the IPPC Directive, such as case-by-case permitting or use of General Binding Rules for industry sectors. The implementation reports of the first and second reporting period have been sent to the European Commission and can be found at the IPPC website.

The Commission has adopted in November 2005 its first IPPC Report. It includes an IPPC Implementation Action Plan set up to support the Member States and monitor the progress made towards meeting the deadline of 30 October 2007 for the full implementation of the Directive.

### 3.2.2 ISO 14000

#### General data

The International Organization for Standardisation (ISO) has developed the ISO 14000 series. ISO 14000 is one of ISO's most widely known standards and primarily concerned with environmental management, which can be applied to any organization in any sector. It will minimize harmful effects on the environment caused by the organization's activities and achieve continual improvement of the company's environmental performance.

ISO, a non-governmental organization, is a federation of the national standards bodies of 157 countries, one per country, from all regions of the world, including developed, developing and transitional economies.



Nearly 37.000 organizations in 112 countries had their environmental management system certified as ISO 14001. The number of certified firms in China grew by more than 200 percent to 8.865 in 2005 from 2.802 in 2002.

ISO 14000 series	
Administered by	ISO organisation
In operation since	1997
Initiative	Network of national standards institutes of 157 countries
Focus	Environmental management system
Sector	General
Verification/certification	Third party audits leading to certification
Audited/certified companies	37.000 organizations in 112 countries are certified
Participating textile brands	No data
More information	<a href="http://www.iso.org">www.iso.org</a>

#### Provisions

The ISO 14000 series is a typical management system and not really a code of conduct. It's generic management system refers to the organization's structure for managing its processes - or activities - that

transform inputs of resources into a product or service which meet the organization's objectives, such as satisfying the customer's quality requirements, complying to regulations, or meeting environmental objectives.

The ISO 14000 series helps companies to set up an environmental management system and how to control this. It covers areas as:

- *Environmental management system*: guidelines for a staged implementation of an environmental management system, including the use of environmental performance evaluation (14001 & 14004);
- *Life cycle assessment*: description of environmental performance of products and prioritising environmental aspects (14040);
- *Environmental design*: integrating environmental aspects into product design and improvement of environmental performance of products (14062);
- *Environmental communication*: communicating environmental performance, information about environmental labels, declarations and the environmental aspects of products (14020);
- *Environmental performance evaluation*: monitoring of the environmental performance and evaluation (14030);
- *Monitoring system performance*: information about the performance of the environmental management system (14010).

### Implementation and verification

The ISO systems follow the Plan-Do-Check-Review cycle, with an emphasis on continual improvement. This model fits in neatly with the structure of other management system documents such as ISO 9000. This alignment of the management system documents helps in the facilitation of Integrated Management Systems.

When an organization have successfully implemented such a management system, then the process will be independently audited and confirmed as being in conformity with ISO 14001:2004, for which the organization will receive a certificate.

### 3.2.3 United Nations Cleaner Production

#### General data

The United Nations Environmental Programme (UNEP) has defined Cleaner Production as: “the continuous application of an integrated preventive environmental strategy to processes, products and services to increase overall efficiency, and reduce risks to humans and the environment. Cleaner Production can be applied to the processes used in any industry, to products themselves and to various services provided in society.”

UNEP's Cleaner Production Activities began in response to UNEP's Governing Council Decision in 1989. From the beginning, UNEP has been providing leadership and encouraging partnerships to promote the preventive concept of Cleaner Production on a worldwide scale. The concept of Cleaner Production is a cost-effective and 'win-win' approach towards sustainable development.

Cleaner Production has proved to be an important way of demonstrating the financial benefits of preventive measures in companies.

UNEP's Cleaner Production objectives are to increase worldwide consensus on a Cleaner Production 'vision' and to catalyse implementation of policies and strategies, environmental management systems, environmentally sound technologies, products and the establishment of National Cleaner Production Centres.

UNEP and the United Nations Industrial Development Organisation (UNIDO) have joined forces to help introduce Cleaner Production in developing countries



and countries in transition. The UNEP/UNIDO Program for National Cleaner Production Centres (NCPCs) focuses on capacity development to help achieve adoption and further development of the Cleaner Production concept at the national level.

<b>Cleaner Production (CP)</b>	
Administered by	UNEP and National CP Centres (NCPCs)
In operation since	1989
Initiative	UNEP & UNIDO
Focus	Eco-efficiency, waste minimisation, pollution prevention in production processes
Sector	General
Verification/certification	Voluntary initiative, not regulatory preventative method on improving the environmental performance, self-interest
Audited/certified companies	-
Participating textile brands	No data
More information	<a href="http://www.uneptie.org/pc/cp">www.uneptie.org/pc/cp</a>

### Provisions

Cleaner Production describes a preventative approach to environmental management. It is a broad term that encompasses what some countries/institutions call eco-efficiency, waste minimisation, pollution prevention, or green productivity, but it also refers to a mentality of how goods and services are produced with the minimum environmental impact under present technological and economic limits.

Cleaner Production does not deny growth, it merely insists that growth be ecologically sustainable. It should not be considered only as environmental strategy, because it also relates to economic considerations.

In this context, waste is considered as a 'product' with negative economic value. Each action to reduce consumption of raw materials and energy, and prevent or reduce generation of waste, can increase productivity and bring financial benefits to enterprise.

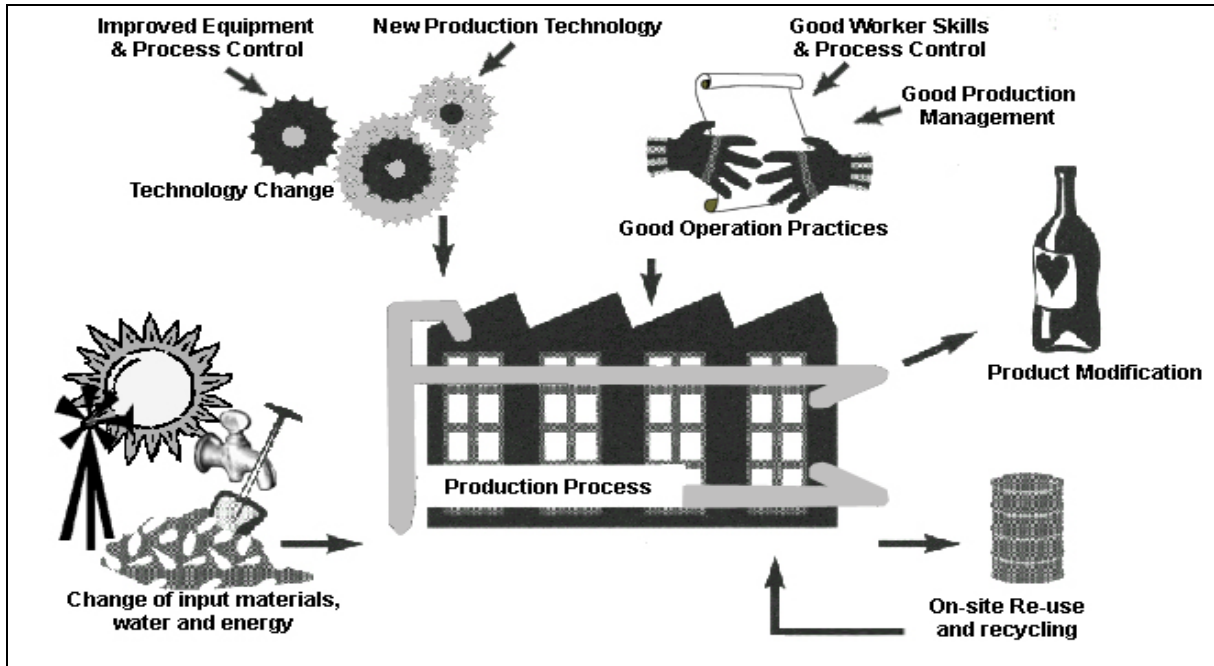
Cleaner Production is a 'win-win' strategy. It protects the environment, the consumer and the worker while improving industrial efficiency, profitability, and competitiveness.

The key difference between pollution control and Cleaner Production is one of timing. Pollution control is an after-the-event, 'react and treat' approach. Cleaner Production is a forward-looking, 'anticipate and prevent' philosophy.

For production processes, Cleaner Production is a combination of conserving raw materials, water and energy; eliminating toxic and dangerous raw materials; and reducing the quantity and toxicity of all emissions and wastes at source during the production process.

For products, Cleaner Production aims to reduce the environmental, health and safety impacts of products over their entire life cycles, from raw materials extraction, through manufacturing and use, to the 'ultimate' disposal of the product (see next figure).

For services, Cleaner Production implies incorporating environmental concerns into designing and delivering services.



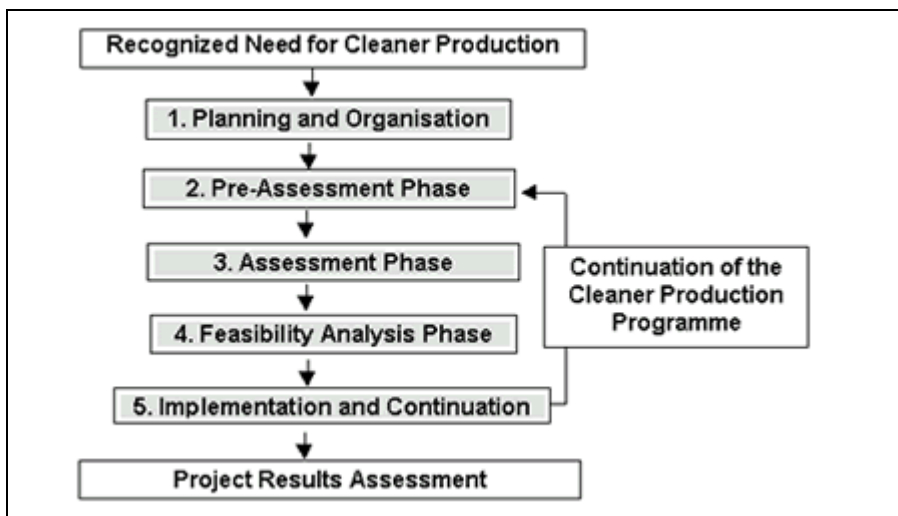
*CP aims to reduce the environmental impact from raw materials extraction, through manufacturing and use, to the 'ultimate' disposal*

### Implementation and verification

The International Declaration on Cleaner Production is a voluntary but public statement of commitment to the strategy and practice of Cleaner Production. The number of regional and national declaration partners to the Signatory List is now about 1700.

UNEP encourages government leaders, company presidents, NGO executive directors, business association presidents and other community leaders to publicly affirm their commitment and exercise leadership in Cleaner Production by signing and implementing this Declaration.

The Cleaner Production assessment methodology is used to systematically identify and evaluate the Cleaner Production opportunities and facilitate their implementation in industries. The main steps of a Cleaner Production assessment are outlined in next figure. This procedure is useful in organising the CP program in a company and bringing together persons to be involved with the development, evaluation, and implementation of Cleaner Production measures.



The Declaration Implementation Questionnaire (DIQ) is a tool UNEP has developed for monitoring of signatories' progress on implementation and is distributed to signatories every two years.

### 3.2.4 The European Eco-label

#### General data

The European Eco-label was established in 1992 and is a certification scheme to help European consumers distinguish more environmentally friendly products and services. All products bearing the Eco-label, the 'flower', has been checked by independent bodies for complying with strict ecological and performance criteria. There are currently 23 different product groups, among which textile products. More than 250 licences have been awarded of with 63 for textile products. A Chinese translation has been made for the textile criteria.



For garment the Eco-label counts for the whole supply chain, from fibre to end product. H&M is one of the companies who certified some of their baby collection.

EU Eco label	
Administered by	European Eco-labelling Board (EUEB), support by European Commission
In operation since	1992
Initiative	Multi stakeholder initiative (industry, environment protection groups and consumer organisations)
Focus	Limited use of substances harmful to the environment & health, reduced water and air pollution
Sector	23-three different product groups, e.g. clothing and bed linen: 63 textile products with the flower
Verification/certification	Certification scheme
Audited/certified companies	250 licensees have been awarded for several hundred products
Participating textile brands	66 textile companies in Europe, e.g. H&M
More information	<a href="http://www.eco-label.com">www.eco-label.com</a>

The EU Eco-label is administered by the European Eco-labelling Board (EUEB) and receives the support of the European Commission, all member states of the European Union and the European Economic Area (EEA). The EUEB includes representatives such as industry, environment protection groups and consumer organisations.

#### Provisions

The EU Eco-label scheme has a set of environmental and performance criteria for judging products. Only if products meet all the criteria they can be awarded the EU Eco-label. These environmental criteria will take into account all aspects of a product's life, from its production and use to its eventual disposal (cradle-to-grave approach). The applicant shall supply detailed information as to the composition of the textile product. The criteria are developed for:

- Acrylic, Polyamide, Polyester, Polypropilene;
- Elastane;
- Cotton and other cellulosic seed fibres;
- Flax and other bast fibres like hemp and jute;
- Greasy wool from sheep, camel, alpaca, goat etc;
- Biocidal or biostatic products;
- Detergents, fabric softeners and complexing agents;

- Bleaching agents;
- Dyes (metal complex, azo, chrome mordant, pigments and impurities);
- Auxiliaries and finishing agents;
- Flame retardants;
- Fillings, coatings, laminates and membranes;
- Energy and water use;
- Waste water discharges from wet processing.

### Implementation and verification

One of the members of the EUEB are the Competent Bodies. They are independent and neutral organisations responsible for implementing the Eco-label award scheme at national level, including drafting Eco-label criteria; assessing applications and awarding the Eco-label to companies that apply. They play a central role in the operation of the EU Eco-label award scheme and are the first point of contact for manufacturers, importers or retailers who apply for certification.

The application must include all required certification and necessary documents. The Competent Body is obliged to verify that the product complies with the criteria. The Competent Body will also verify if the application conforms to the assessment and verification requirements and consult the EUEB if necessary. Generally, getting the Eco-label logo for each product group will be based on its own environmental criteria (published in the Official Journal of the European Communities).

Once a product has been awarded the EU Eco-label, the distinctive Flower logo can be displayed on any part of the product, which provide valuable information to the consumers of the product and assist the company on their own marketing efforts.

### 3.2.5 Oeko-tex standard 100/1000

#### General data

The Oeko-tex 100 and Oeko-tex 1000 standard for textile products was developed by the International Association for Research and Testing in the Field of Textile Ecology. Oeko-tex is an Austrian initiative, but increasingly on other EU markets available.

The standard contains analytical tests for specified harmful substances and gives limiting values based on scientific considerations. A manufacturer whose product meets the requirements set by the standard is licensed to use the registered mark or label "Tested for Harmful Substances according to Oeko-Tex Standard 100" on his product.

At the beginning of 1993, further renowned textile institutes joined the International Association as members. All members tested textile products to the same Oeko-Tex standard 100 methods and accordingly used the registered label to certify these products.

In 1995, the first edition of the Oeko-Tex Standard 1000 was issued. Here the requirements for environmentally friendly production were outlined. Manufacturing sites fulfilling a strict set of limiting value criteria, addressing areas such as banned chemicals and harmful manufacturing processes were licenced to carry the label; "Environmentally Friendly Manufacturing Site" and were able to then demonstrate an environmental management system. In 1999, the label "Oeko-Tex Standard 100 plus" was awarded for the first time. This related to a finished product, which fulfilled the requirements of the Oeko-Tex Standard 100 and was produced only on sites carrying the Oeko-Tex Standard 1000.



Oeko-tex 100/1000	
Administered by	International Association for Research and Testing in the Field of Textile Ecology (Öko-Tex)
In operation since	1992 (oeko-tex 100) and 1995 (oeko-tex 1000)
Initiative	Textile (research) institutes
Focus	Human ecology for workers and consumers (Oeko-tex 100) and environmentally friendly production (Oeko-tex 1000)
Sector	Textile
Verification/certification	Independent testing on harmful substances, certification
Audited/certified companies	Hundreds for oeko-tex 100 / 28 for oeko-tex 1000 (2004)
Participating textile brands	Mainly suppliers/producers
More information	<a href="http://www.oeko-tex.com">www.oeko-tex.com</a>

### Provisions

Textiles with the Oeko-tex 100 mark are:

- Textiles that do not contain allergenic dye-stuffs and carcinogenic dye stuffs;
- Textiles, that had been tested for pesticides and chlorinated phenols;
- Textiles that have been tested for the release of heavy metals under artificial perspiration conditions;
- Textiles free from formaldehyde or containing amounts significantly lower than required legal limits;
- Textiles with a skin friendly pH;
- Textiles free from chloro-organic carriers;
- Textiles for garments free from biologically active finishes.

Products to be labelled are categorised into four distinct product classes according to their intended use:

- *Products for Babys*: all articles, basic materials and accessories for babies and children up to the age of 36 months with the exception of leather clothing;
- *Products with direct contact to skin*: articles, which are worn with a large part of their surface in direct contact with the skin (e.g. blouses, shirts, underwear, etc.);
- *Products without direct contact to skin*: worn with only a little part of their surface in direct contact with the skin (e.g. stuffings, linings, etc.);
- *Decoration material*: all articles including initial products and accessories which are used for decoration such as table cloths, wall coverings, furnishing fabrics and curtains, upholstery fabrics, floor coverings and mattresses.

In the different product classes, components of finished articles at all stages (fibres, yarns, fabrics) as well as accessories may be certified as well as the finished products themselves. The product classes differ generally in the requirements that the products have to fulfil and by the test methods applied.

To complement the product-related Oeko-Tex Standard 100, the Oeko-Tex Standard 1000 is a testing, auditing and certification system for environmentally-friendly production sites throughout the textile processing chain.

To qualify for certification according to the Oeko-Tex Standard 1000, companies must meet stipulated criteria in terms of their environmentally-friendly manufacturing processes and provide evidence that at least 30% of total production is already certified under Oeko-Tex Standard 100.

The required criteria include:

- Use of environmentally-damaging auxiliaries and dyestuffs prohibited;
- Compliance with standard values for waste water and exhaust air treatment;
- Optimisation of energy consumption;
- Avoidance of noise and dust pollution;

- Defined measures to ensure safety at the workplace;
- Use of child labour prohibited;
- Introduction of basic elements of an environmental management system.

**Implementation and verification**

Companies can apply for certification when they comply with the requirements. The standard requires regular performing control tests on the licence holders. Furthermore the International Association also performs market controls on its own costs. Every year for 10% of all certificates samples are collected from the market and verified.

For Oeko-tex 1000, the company is monitored by an independent auditor from one of the member institutes of the "Oeko-Tex International - Association for the Assessment of Environmentally Friendly Textiles". The certificate is valid for three years.

**3.2.6 Organic cotton**

**General data**

In a nutshell, organic cotton helps to preserve the environment and empowers farmers in developing countries (see also 2.2). Organic cotton is constantly expanding. The portal for organic cotton ‘Organic Exchange’ predicts that the market share for organic cotton will grow rapidly in the next future. Some Western initiatives support and subsidise this development. In Mali for example, more than 1700 cotton farmers changed their conventional production into ecological production. The Fair Trade organization covers the extra costs for organic cotton growing.



The Control Union World Group (formerly Skal International), an international group of companies specialising in independent certification, offers two certification programmes for sustainable textile production. To make sure that these programs are workable in practice they were developed in cooperation with experts of the textile industry, consumer organisations and environmental groups.



Control Union (Skal International)	
Administered by	Control Union World Group
In operation since	No data
Initiative	Business initiative (incl. Organic exchange companies)
Focus	Organic cotton
Sector	Textile (they have other certification programs for other sectors as well)
Verification/certification	Certification program (2 programs for organic cotton)
Audited/certified companies	No data
Participating textile brands	Members of Organic Exchange: Coop, Cutter & Buck, Hess Natur, Marks and Spencer, Mountain Equipment Cooperative, Nike, Norm Thompson, Otto Versand, Patagonia and Timberland
More information	<a href="http://www.controlunion.com">www.controlunion.com</a>

**Provisions**

The certification programs of the Control Union World Group are:

- Sustainable Textile certification: requires that the product must be use 100% certified organic material;
- Organic Exchange certification: a traceable percentage of certified organic cotton is used (without pesticides, artificial fertilizers and genetically modified organisms);

- Supply of dyes and processing aids: not a real certification programme, but an assessment of conformity to the Sustainable Textile program for specific dyes and processing aids that are used in the production of textile and textile products.

The used cotton fibres should be natural and have to be grown in an organic way, based on the production standards, which are laid down in the EEC-Regulation 2092/91.

For certification, the whole production process should be taken into account. This means that every processing step must meet certain criteria. The criteria for the production process are laid down in the "Skal International standards for sustainable textile production". They encompass every process-step of textile production (spinning, weaving, washing, etc) and for every step it is laid down which processing aids may (not) be used, in order to gain as much environmental profit as possible.

### Implementation and verification

After CU/Skal International has received the invoiced licence fee, it shall plan the first inspection visit and when all the necessary inspections have been fulfilled, the company shall be provided with a report of findings. Based on the contents of this report, the company can whether or not be granted with a certificate. Also certain parts of the business can be certified, together with certain recommendations for the remaining parts of the business that could not be certified.

Each year following the official certification, CU/Skal International will perform inspections to determine whether the requirements for certification are still met. Every year is evaluated whether the previously issued certificate can be continued, has to be amended, or even has to be withdrawn.

An example of the Organic Exchange certified companies is mega brand Nike, which aims to have at least 5% organic cotton in all their cotton garments by 2010. In addition they want to expand their 100% organic cotton fashion line. Because of this attempt, Nike became already the world largest buyer of organic cotton.

Another 'big player' is the Swiss retailer COOP who works together with Remei on organic cotton projects in Tanzania and India and sells successfully organic cotton garment to consumers.

The availability and demand of the fibre is fast growing now that leading companies and many others are using it more and more (see next box).

Organizations that work with and promote organic cotton	Additional remarks
Organic exchange ( <a href="http://www.organicexchange.org">www.organicexchange.org</a> ) and int. brands	Marketplace & portal on eco cotton
Made-by initiative ( <a href="http://www.made-by.nl">www.made-by.nl</a> ) with member brands	Members use eco-cotton & SA8000
YOI network ( <a href="http://www.yoi.nu">www.yoi.nu</a> or <a href="http://www.yoistore.nl">www.yoistore.nl</a> )	Promotion of 'hiphonest' fashion
Bo Weevil ( <a href="http://www.boweevil.nl">www.boweevil.nl</a> ) and their brand Ecotton	Pioneer since 1989 in organic cotton
Remei ( <a href="http://www.remei.ch">www.remei.ch</a> )	Swiss company using organic cotton
Elsewear ( <a href="http://www.elsewear.org">www.elsewear.org</a> ) represents int. clothing factories	Dutch initiative to promote organic cotton
Organic cotton ( <a href="http://www.organiccotton.nl">www.organiccotton.nl</a> )	Portal on organic cotton from Elsewear
Clean Cotton Company ( <a href="http://www.cleancottoncompany.com">www.cleancottoncompany.com</a> )	Dutch fashion brand using organic cotton
Intoxica Jeans ( <a href="http://www.intoxica-jeans.com">www.intoxica-jeans.com</a> )	Dutch fashion brand using organic cotton
Sustainable Cotton project ( <a href="http://www.sustainablecotton.org">http://www.sustainablecotton.org</a> )	Promotes organic farming practices in US

### 3.3 CSR related policies and standards in the textile chain

#### 3.3.1 United Nations Global Compact

##### General data

The Global Compact was founded in 2000 by United Nation Secretary-General Kofi Annan. It has the aim to bring companies together with UN agencies, labour and civil society to support universal environmental and social principles.

Through the power of collective action, the Global Compact seeks to promote responsible corporate citizenship so that business can be part of the solution to the challenges of globalisation. In this way, the private sector – in partnership with other social actors – can help realize the Secretary-General’s vision: a more sustainable and inclusive global economy.



The Global Compact is a voluntary initiative with two objectives:

- Mainstream ten principles in business activities around the world;
- Catalyse action in support of UN goals.

UN Global Compact	
Administered by	UN Global Compact Office
In operation since	2000
Initiative	Multi stakeholder initiative (UN agencies, companies, governments, labour unions, civil society organizations)
Focus	10 principles based on: UN conventions (human rights, anti-corruption), ILO conventions (labour), Rio Declaration (environment)
Sector	General
Verification/certification	Voluntary initiative, not regulatory instrument on public accountability, transparency, self-interest
Audited/certified companies	-
Participating companies	3730 participants worldwide (2934 Companies)
More information	<a href="http://www.unglobalcompact.org">www.unglobalcompact.org</a>

##### Provisions

The ten principles are derived from the Universal Declaration of Human Rights, the ILOs Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention against Corruption. Business members are expected to communicate about their progress. The principles are:

- *Human Rights:*
  1. Businesses should support and respect the protection of internationally proclaimed human rights; and
  2. Make sure that they are not complicit in human rights abuses.
- *Labour standards*
  3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
  4. The elimination of all forms of forced and compulsory labour;
  5. The effective abolition of child labour; and
  6. The elimination of discrimination in respect of employment and occupation.
- *Environment*
  7. Businesses should support a precautionary approach to environmental challenges;
  8. Undertake initiatives to promote greater environmental responsibility; and

9. Encourage the development and diffusion of environmentally friendly technologies.
  - *Anti Corruption*
10. Businesses should work against all forms of corruption, including extortion and bribery.

### Implementation and verification

To achieve these objectives, the Global Compact offers facilitation and engagement through several mechanisms: Policy Dialogues, Learning, Country/Regional Networks, and Projects.

The Global Compact is not a regulatory instrument – it does not “police”, enforce or measure the behavior or actions of companies. Rather, the Global Compact relies on public accountability, transparency and the enlightened self-interest of companies, labour and civil society to initiate and share substantive action in pursuing the principles upon which the Global Compact is based.

Almost 3.000 companies in 80 countries have now signed up to the ten principles of Global Compact, and it is increasingly being seen as a way for businesses to engage in helping to build better supply chains.

### 3.3.2 World Business Council on Sustainable Development

#### General data

The World Business Council for Sustainable Development (WBCSD) is a coalition of 180 international companies that share the belief that the pursuit of sustainable development is good for business and business is good for sustainable development. By introducing Eco-efficiency they have shown making profit and achieving environmental improvements within a company can be realised. Other themes include corporate social responsibility.



World Business Council on Sustainable Development (WBCSD)	
Administered by	WBCSD organisation
In operation since	1991
Initiative	Business initiative
Focus	The Business Case (profit), Eco-Efficiency, CSR (employees & community)
Sector	General and specific sector projects (f.e. agriculture, chemistry)
Verification/certification	Voluntary commitment to sustainable development through economic growth, ecological balance and social progress
Audited/certified companies	-
Participating textile brands	180 international companies from over 30 countries and 20 industrial sectors
More information	<a href="http://www.wbcSD.org">www.wbcSD.org</a>

#### Provisions

The WBCSD mission is to provide business leadership as a catalyst for change toward sustainable development, and to support the business license to operate, innovate and grow in a world increasingly shaped by sustainable development issues.

The objectives include:

- Business Leadership: to be a leading business advocate on sustainable development;
- Policy Development: to help develop policies that create framework conditions for the business contribution to sustainable development;
- The Business Case: to develop and promote the business case for sustainable development;
- Best Practice: to demonstrate the business contribution to sustainable development and share best practices among members;
- Global Outreach: contribute to a sustainable future for developing nations and nations in transition.

### Implementation and verification

Membership of the WBCSD is by invitation of the Executive Committee to companies committed to sustainable development and to promoting the role of Eco-Efficiency, Innovation and Corporate Social Responsibility (CSR).

Member companies pledge their support and contribution to the WBCSD by making available their knowledge and experience, and appropriate human resources. They are asked to publicly report on their environmental performance and to aspire to widen their reporting to cover all three pillars of sustainable development: economic, social and environmental.

A key element is the personal commitment of the Chief Executive Officers (CEOs), acting as Council Members. They are influential advocates for the WBCSD's policy positions, and they co-chair the working groups. They also organize support for the WBCSD's work program and ensure the adoption of sustainable management practices within their companies.

Finally, the WBCSD benefits from company experts brought in to help on individual projects, and staff seconded to the secretariat by member companies.

### 3.3.3 OECD Guidelines for multinational enterprises

#### General data

The Organisation for Economic Co-operation and Development (OECD) have drawn up the OECD Guidelines, these are recommendations on responsible business conduct addressed by governments to multinational enterprises. The governments of the 30 member countries will communicate to multinational enterprises in their country. China is not a member of the OECD.



OECD Guidelines	
Administered by	Organisation for Economic Co-operation and Development
In operation since	2000
Initiative	OECD governments & international business
Focus	Employment, consumer interests, human rights, science and technology, environment, info disclosure, taxation, bribery
Sector	General
Verification/certification	Voluntary principles and standards for responsible business conduct (good governance)
Audited/certified companies	Recommendations on responsible business conduct addressed by governments to multinational enterprises
Participating textile brands	No data
More information	<a href="http://www.oecd.org">www.oecd.org</a>

#### Provisions

The guidelines apply to multinational enterprises and contain the following subjects:

- *Information disclosure:* Enterprises should ensure reliable and relevant information is disclosed regarding their activities, structure, financial situation and performance.
- *Employment and industrial relations:* Collective bargaining by trade unions or representatives of employees; No child labour; No forced or compulsory labour; No discrimination; Information to employees about the performance of the entity; Standards of employment not less favourable than those observed by comparable employers in the host country; Occupational health and safety in their operations; Employ local personnel, if practicable, and provide training to improve skill levels; Provide notice of changes, such as closure of an entity.

- *Environment*: Environmental management system; Environmental, health and safety impact assessments; Plans for prevention, mitigation and controlling environmental and health damage; Continuous improvement; Education and training of employees; Contribute to public policy making.
- *Combating bribery*: Enterprises should not offer, promise, give, or demand a bribe or other undue advantage to obtain or retain business or other improper advantage. Nor should enterprises be solicited or expected to render a bribe or other undue advantage.
- *Consumer interests*: When dealing with consumers, enterprises should act in accordance with fair business, marketing and advertising practices and should take all reasonable steps to ensure the safety and quality of the goods or services they provide.
- *Science and technology*: Compatible with the science and technology policies and plans of the countries in which they operate; Development of innovative capacity; Transfer and diffusion of technologies and know-how; Perform science and technology development work; Intellectual property rights; Ties with local universities, public research institutions and co-operative research projects.
- *Competition and taxation*: Conduct activities in a competitive manner; Making timely payments of the tax liabilities.

### Implementation and verification

National Contact Points (NCP) have been established in member countries. They are government offices promoting multinational companies adherence to the OECD guidelines, they are also responsible for handling complaints about multinational corporations not applying the guidelines. The OECD is currently exploring the possibilities to also apply the guidelines for international trade organisations and retailers.

### 3.3.4 Global Reporting Initiative

#### General data

The Global Reporting Initiative (GRI) is a common framework for sustainability reporting. The objective is that reporting on economic, environmental, and social performance by all organizations becomes as routine and comparable as financial reporting. GRI accomplishes this by developing, continually improving, and building capacity around the use of its Sustainability Reporting Framework.

The GRI international network of business, civil society, labour, and professional institutions create the content of the Reporting Framework in a consensus-seeking process. The GRI guidelines can be used to produce the Global Compact's annually required Communication on Progress.



Global Reporting Initiative (GRI)	
Administered by	International GRI secretariate (Amsterdam)
In operation since	1998
Initiative	Multi stakeholder initiative (20.000 stakeholders from 80 countries: companies, governments, NGOs, universities)
Focus	Reporting on economic, environmental, and social performance
Sector	General
Verification/certification	Sustainability Reporting Guidelines, different application levels
Audited/certified companies	Nearly 1000 organizations released sustainability reports in over 60 countries
Participating textile brands	No data
More information	<a href="http://www.globalreporting.org">www.globalreporting.org</a>

## Provisions

The Sustainability Reporting Guidelines consist of Reporting Principles, Reporting Guidance, and Standard Disclosures (including Performance Indicators). These elements are considered to be of equal in weight and importance.

The Guidelines should be used as the basis for all reporting. They are the foundation upon which all other reporting guidance is based, and outline core content for reporting that is broadly relevant to all organizations regardless of size, sector, or location.

To help determine what to report on, the guidelines covers the Reporting Principles of materiality, stakeholder inclusiveness, sustainability context, and completeness, along with a brief set of tests for each principle. Application of these principles with the Standard Disclosures determines the topics and Indicators to be reported. This is followed by principles of balance, comparability, accuracy, timeliness, reliability, and clarity, along with tests that can be used to help achieve the appropriate quality of the reported information. The guidelines include guidance on how to define the range of entities represented by the report (also called the ‘Report Boundary’).

The Standard Disclosures of the guidelines identify information that is relevant to most organizations and of interest to most stakeholders for reporting the three types of Standard Disclosures:

- *Profile*: disclosures that set the overall context for understanding organizational performance such as its strategy, profile, and governance;
- *Management Approach*: disclosures that cover how an organization addresses a given set of topics in order to provide context for understanding performance in a specific area;
- *Performance Indicators*: indicators that elicit comparable information on the economic, environmental, and social performance of the organization.

## Implementation and verification

GRI provides an applications level tool (grid) to assess how much of the reporting framework has been utilized in the report. For a report to be recognized as GRI-based, self-declaration of a level is required. Report makers may exercise their option to seek opinions from a third party or the GRI Secretariat on the accuracy of their self-declaration.

GRI will only recognize reports on as GRI-based if they contain an applications level grid reflecting, at minimum, a self-declared level. A third party or GRI check of the self-declaration is not required for inclusion on the database.

For higher application levels external assurance have to be utilized for the report. For purposes of meeting this requirement, a report maker should only declare a “plus” (+) level if it believes that it has applied external assurance mechanisms. If GRI is requested to check a “plus” (+) level report it will check for the presence of a statement from the assurance provider, but it will not conduct reviews to determine whether external assurance has met the criteria.

### 3.3.5 ISO 26000

#### General data

ISO, the International Organization for Standardization, is developing an international standard providing guidelines for social responsibility (SR). The guidance standard will be published in 2008 as ISO 26000 and be voluntary to use. It will not include requirements and will thus not be a certification standard.

The need for organizations in both public and private sectors to behave in a socially responsible way is becoming a generalized requirement of society. In the wake of increasing globalization, the society has become increasingly conscious not only of what we buy, but also how the goods and services have been

produced. Environmentally harmful production, child labour, dangerous working environments and other inhumane conditions are examples of issues being brought into the open. All companies and organizations aiming at long-term profitability and credibility are starting to realize that they must act in accordance with norms of right and wrong.

This vision is shared by the stakeholder groups that are participating in the ISO working group to develop ISO 26000: industry, government, labour, consumers, nongovernmental organizations and others. In addition, interested international and broadly based regional organizations are also able to appoint a maximum of two experts each.

ISO has chosen the Swedish Standards Institute and the Brazilian Association of Technical Standards to provide the joint leadership of the ISO working group on social responsibility.



ISO 26000	
Administered by	ISO organisation (working group on social responsibility)
In operation since	To be published in 2008
Initiative	Multi-stakeholder (industry, government, labour, consumers, NGOs)
Focus	International CSR standard (under development)
Sector	General
Verification/certification	Guidelines (voluntary)
Audited/certified companies	Not yet
Participating textile brands	Not yet
More information	<a href="http://www.iso.org/sr">www.iso.org/sr</a>

The standard is intended to add value to, and not replace, existing inter-governmental agreements with relevance to social responsibility, such as the United Nations Universal Declaration of Human Rights, and those adopted by the International Labour Organization (ILO). The standard should be usable for organizations of all sizes, in countries at every stage of development. The Common basic definitions, working methods and methods of evaluation in the standard intend to simplify things for everyone.

### Provisions

The draft principles of ISO 26000 includes three different types of principles:

General principles:

- Organizations shall respect internationally recognized conventions and declarations and widely recognized instruments derived from them; respect the rule of law; and recognize the right of stakeholders to be heard and of the organization to respond.

Substantive principles:

- *Environment:* organizations should ensure that their activities respect, promote and advance internationally recognized environmental principles and commitments. For example: precautionary approach to environmental challenges; initiatives to promote greater environmental responsibility; the development of environmentally friendly technologies; and accept the “polluter pays” principle;
- *Human rights:* organizations should ensure that their activities respect, promote and advance internationally recognized human rights. For example: respect and promote internationally recognized human rights, and ensure that they are not complicit in human rights abuses; and that all relevant staff are provided with appropriate cultural and human rights training and guidance;
- *Labour practices:* organizations should ensure that work performed on their behalf, either directly or indirectly, is performed within the appropriate legal and institutional framework, and that their activities respect, promote and advance internationally recognized standards and fundamental human

rights at work. For example: respect the principle of freedom of association and the right to collective bargaining; no employment of children nor practice any form of forced labour; no discrimination, whether based on race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status; the duty to provide decent conditions of work for their workers, to invest in skills development and to encourage good industrial relations; and that work done is performed in a healthy and safe working environment;

- *Organizational governance*: organizations should ensure that their activities respect, promote and advance internationally recognized principles for organizational governance. For example: comply with all laws, regulations, standards and international conventions which apply to them and to their relationships with their stakeholders; disclose information about the organization to appropriate regulators, their stakeholders and the public; no corruption, including extortion and bribery;
- *Fair business practices*: organizations should ensure that their activities respect, promote and advance internationally principles for fair business practice;
- *Community involvement*: organizations should ensure that their activities respect, promote and advance internationally recognized principles for community involvement. For example: a positive impact on the people and communities in which they operate, and be respectful of local and indigenous people, their values, traditions and culture; and to contribute to the sustainable economic development of host communities through procurement of goods and services from local vendors where appropriate;
- *Consumer issues*: organizations should ensure that their activities respect, promote and advance internationally recognized principles for consumer rights and obligations. For example: responsibility for the direct and indirect impacts of the goods and services companies distribute.

Operational principles:

- *Accountability*: the organization should be held accountable to its stakeholders for its actions and omissions and should respond – whether positively or negatively – to their legitimate claims;
- *Boundaries*: the organization should identify, understand and take responsibility for its direct and indirect impacts;
- *Management integration*: the organization should integrate social responsibility issues within its core management systems and decision-making processes;
- *Materiality*: the organization should identify and understand its material issues, and respond to these issues;
- *Multi-stakeholder approach*: the organization should make due provision for the interests and needs of all its stakeholders;
- *Transparency*: the organizations should be transparent about its actions and communicate progress made with regards to their social responsibility performances on a regular basis;
- *Life cycle approach*: the organization should consider the environmental and social impacts of its services and products throughout their life cycles.

### **Implementation and verification**

The guidance standard will be voluntary to use. It will not include requirements and will thus not be a certification standard. The standard will encourage voluntary commitment to social responsibility and will lead to common guidance on concepts, definitions and methods of evaluation.

## 4. Comparison of standards

### 4.1.1 Overview of the standards

This overview describes a total of 19 standards. Nine of them are focused on social accountability, five of them aims at environmental improvement and five on combined social and environmental performance. All standards and codes are released around 1998 and 2004, except the OECD guidelines, which were released already in 1976 but revised in 2000.

In the next box, the standards are compared on:

- Their main focus (social and/or environmentally);
- Whether it leads to certification;
- The way of verification (independent third party audits, audits by the standard organization itself or just voluntary guidelines);
- Whether it is a multi stakeholder or a single stakeholder initiative;
- Whether the standard is specific for the textile sector or in general for all sectors.

Standard	Social focus	Environm. focus	Certification	Verification	Initiative/sector
<b>Social standards</b>					
SA 8000	Labour/ILO convent.	-	Certificate	Third party audit	Multi/general
BSCI	Labour/ILO convent.	*	-	Third party audit	Business/general
WRAP	Labour/ILO convent.	*	Certificate	Third party audit	Multi/textile
Fair Labour Association	Labour/ILO convent.	-	-	Third party audit	Multi/textile (sports)
Ethical Trading Initiative	Labour/ILO convent.	-	-	ETI audit	Multi/general
Clean Clothes campaign	Labour/ILO convent.	-	-	CCC audit	NGO/textile
Fair Wear Foundation	Labour/ILO convent.	-	-	FWF audit	Multi/textile
Workers right consort.	Labour/ILO convent.	-	-	WRC audit	University/textile
OHSAS 18000	Occup. health&safety	*	Certificate	Third party audit	Multi/general
<b>Environmental standards</b>					
Control Union/Skal	*	Organic cotton	Certificate	Skal audit	Business/textile
Cleaner Production	-	Eco efficiency	-	-	Multi/general
ISO 14000	-	Env. Managem.	Certificate	Third party audit	Multi/general
EU Eco label	Product health&safety	Eco production	Certificate	Third party audit	Multi/general/textile
Oeko-tex 100/1000	Product health&safety	Eco production	Certificate	Third party audit	Sector/textile
<b>Integrated CSR standards</b>					
Global Compact	Labour/ILO convent.	Env. Managem.	-	Guidelines	Multi/general
OECD guidelines	Labour/ILO convent.	Env. Managem.	-	Guidelines	Gov/general
WBCSD	Labour/ILO convent.	Eco efficiency	-	Guidelines	Business/general
GRI	Soc. reporting	Env. reporting	-	Guidelines/check	Multi/general
ISO 26000 (2008)	Labour/health&safety	Eco efficiency	-	Guidelines	Multi/general

\* = Some basic environmental or social provisions included

Third party audit = Verification by third party (independent) auditors

Multi = Multi-stakeholder initiative (different parties involved, including companies)

Business = Business initiative

NGO = NGO/trade union initiative

Gov = (international) governmental initiative

General = all sectors

#### 4.1.2 Similarities and differences between the standards

For all involved stakeholders, whether they are companies, suppliers, retailers, NGO's, government or any other, the large number of standards and the diversity between the standards can lead to confusion. A common complaint made by many factory managers is that they have a number of different standards to which they have to adhere depending on the number of different customers they have. At the same time, factories are repeatedly audited (some factories reported more than 50 audits per year) to standards that are in many respects identical provisions. Although differences exist, multiple audits are often simply inspections of the same issues. For this reason several initiatives have started to mainstream these standards, for example Jo-In (see further) and BSCI (see 3.1.3).

##### Social standards

Basically the social standards are more similar to each other than at first sight appear. There are many different standards, but in reality most have language on the same general (ILO) provisions, and all standards reference international law. Factories in compliance with widely recognized international labour standards are, to a large extent, in compliance with all of the given social standards. All social standards, except OHSAS 18000, are based on international workplace norms outlined in the ILO conventions and the Universal Declaration of Human Rights and the Convention on Rights of the Child.

When supply companies are open, transparent and in compliance with the ILO conventions, then they comply with most, or probably all, social standards, whether it is SA8000, BSCI, WRAP, FWF or FLA. The main differences are in means of implementation, verification, certification and transparency. For example, two social standards, SA8000 and WRAP, lead to (third party) certification, while other standards have their own verification schemes. When searching for third party certification on social and labour issues then SA8000 is international most recognised.

Another difference is that not all standards list the audited or certified factories on their website, making it not easier for civil society and buyers to discover whether specific workplaces are certified. Some of the social standards are developed only for the textile sector, like WRAP, FLA, CCC, FWF and WRC, while SA8000, BSCI and ETI can be applied for other sectors. See 3.1 for more detailed differences.

To conduct better co-ordination and co-operation between the standards, the Joint Initiative (Jo-In) was set up in 2003 ([www.jo-in.org](http://www.jo-in.org)). The six standards that joined Jo-In are SA8000, FLA, ETI, CCC, FWF and WRC.



Their first effort is to bring together different aspects of code implementation and enforcement in a program of collaborative work. The other aims of Joint Initiative are:

- To maximise the effectiveness and impact of multi-stakeholder approaches to the implementation and enforcement of codes of conduct, by ensuring that resources are directed as efficiently as possible to improving the lives of workers and their families;
- To explore possibilities for closer co-operation between the standards;
- To share learning on the manner in which voluntary codes of labour practice contribute to better workplace conditions in global supply chains.

##### Environmental standards

The environmental standards are more distinctive to each other compared with the social standards. The specific focus of these standards makes the differences between them rather clear. When organic cotton is required, then the organic exchange initiative and the Control Union/Skal certification scheme are the dominant standards to follow.

When it comes to implementation of cost saving options on energy use, water use, raw material use, waste (water) treatment, recycling and eco-design, then Cleaner Production in combination with IPPC/Best Available Techniques is the method to choose. A major difference of Cleaner Production with the other environmental standards is that it does not lead to any certification, but directly aims to improve the efficiency of the production process.

The other standards like ISO 14000, Ecolabel and Oeko-tex are certification programs and are specifically focused on the improvement of the environmental management (ISO), the textile product itself (Oeko-tex 100) and the avoidance of harmful and hazardous substances in the products (Oeko-tex 100 and Ecolabel) and the production process (Oeko-tex 1000).

### **CSR standards**

The more general CSR standards do not have auditing and certification schemes, but are guidelines. The major difference between guidelines and standards is that guidelines are a set of provisions and tools to be used as voluntary guidance, where standards are a set of provisions together with implementation, verification and sometimes certification.

Basically the guidelines support the same framework of international conventions on economical, social and environmental issues. Companies are the major player in the implementation of the guidelines, no matter if they follow Global Compact, WBCSD or OECD. Some (bigger) companies are member of more than one of these initiatives. The CSR guidelines, including ISO 26000, are all integrative approaches in combining social, environmental and economical performances and the reporting on it to share- and stakeholders.

Global Compact and WBCSD are voluntary guidelines for companies to contribute to a sustainable development and especially the Millennium Development Goals in respect to the Global Compact. Both provide network platforms for cooperative exchange of improvement tools, measures and other relevant information. Global Compact is a UN based initiative for companies, while WBCSD is a business initiative of companies.

The OECD guidelines are governance directions for multinational enterprises active in developing countries. They are binding for the governments of OECD countries in a sense that they have to promote and check the implementation of the guidelines by their national registered multinational enterprises.

ISO 26000 is going to provide a comprehensive management guideline comparable (most likely) to SA8000 on social and labour issues and ISO14000 on environmental management.

## Glossary

- **Auditing/monitoring/verification:** Activities undertaken to assess workplace conditions of a given facility. These terms may also be used to describe a broader set of activities undertaken to assess a company's (usually a brand's) adherence to defined social and/or environmental standards in its supply chain.
- **Brand/buyer/retailer:** Companies that buy goods through contracts with manufacturers.
- **Certification:** The process of confirming that a standard or component complies with its specified requirements and is acceptable for operational use.
- **Code of conduct:** See standard.
- **CSR:** integrative vision on improving the social, environmental and economical performance of organisations (people, planet, profit).
- **Guidelines:** Set of provisions to be used as voluntary guidance.
- **Globalization:** Development of extensive worldwide patterns of economic relationships between nations.
- **Human Resource Management/HRM:** a specific vision on staff and workers management: workers are not seen as cost, but as a profitable resource, as the company's capital.
- **ILO conventions:** Declaration of Fundamental Principles and Rights at Work (1998) of the International Labour Organisation, signed by 170 countries.
- **Lead time:** Period of time required to prepare a certain product or project. Lead time is the time it would take a supplier to delivery goods after receipt of order. Overtime is a result of short lead times.
- **MSI/Multi-stakeholder Initiative:** A project or organization that brings together various stakeholders (e.g. companies, trade unions, and/or NGOs) to address specific issues (e.g. effective implementation of Codes of Conduct).
- **NGO/non-governmental organization:** Organizations that are not part of the government nor companies.
- **Overtime:** Hours worked in excess of the maximum regular number of hours fixed by law, union contract, or custom.
- **Productivity:** A measurement of output per hours worked. For example pieces of textile product per worker per hour.
- **Remediation/corrective action:** Action taken to correct non-compliance with a labour or environmental provision. A corrective action plan is the program of action drawn up to resolve the code violation.
- **Reworking:** Redoing or removal of defects, mistakes or errors from units and products.
- **Shareholder:** Any person who owns shares of a company's stock.
- **Stakeholder/interested party:** Any individual or group that is affected by an entity or activity, in this case, the operations of an enterprise.
- **Standard:** Set of provisions and requirements together with implementation, verification and sometimes certification tools.
- **Subcontractor:** A company hired by the manufacturer/facility to carry out part of production.
- **Supply chain:** The progression of businesses involved in the supply and purchase of materials and goods from raw materials to final product.
- **T-cotton:** Transgenic Pest Resistant Cotton. Genetic modified cotton in order to get cottons of high and stable yield and quality without the need of (large amounts of) pesticides.
- **Third party audit:** An independent, objective assessment of an organization's sustainable management practices.
- **Turn-over rate/worker turn-over:** The loss of workers. The impact of employee terminations, both voluntary and involuntary measured by the number of terminations divided by the average employment during the period - usually annualized.

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