

GOOD FASHION:



樂施會
Oxfam
Hong Kong



A Guide
to Being an
Ethical
Clothing
Company



Oxfam Hong Kong is an international development and relief agency working to reduce poverty and injustice around the world. Oxfam Hong Kong recognises that much poverty is caused by injustice and that poverty alleviation requires economic, social and structural change. Oxfam Hong Kong works with people facing poverty and with partner organisations on development, humanitarian, policy advocacy and public education programmes.

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Appendix

A woman with short reddish hair, wearing a white t-shirt and dark blue jeans, stands in a clothing store looking at a window display. The display features a large advertisement with the text 'GOOD Fashion' at the top and 'A guide to being an ethical clothing company' at the bottom. The advertisement shows a woman in a white t-shirt and dark pants. In the background of the store, there is a mannequin wearing a black hat and a colorful striped dress, and various clothing items on shelves and racks.

GOOD Fashion

A guide
to being an ethical
clothing company

Preface



Oxfam Hong Kong is an active promoter of corporate social responsibility or 'CSR' in Hong Kong and other parts of East Asia. Our engagements with companies are driven by a fundamental belief that businesses play a critical role in poverty reduction and sustainable development. We seek therefore to encourage positive actions by companies by providing information and analysis from our on-the-ground experiences of the impacts upon poor people, whether as workers, producers or citizens. We see a coincidence of interests in our desire to bring about concrete improvements in the lives of the poor and the benefits to business of strong, stable and vibrant economies.

Most of our work has been within the garment and footwear sector where we have researched the treatment of workers within supply chains. In 2004, we released the research report *Turning the Garment Industry Inside Out - Purchasing Practices and Workers' Lives* and we advocated for changes in purchasing practices, as well as improved practices in CSR by garment companies. In 2006, we published a Transparency Report that documents how far sixteen of Hong Kong's top garment retailers had got in terms of providing consumers and investors with the information they needed to make ethical purchasing and investment choices. Subsequently, we have engaged in constructive dialogue with a selection of these companies, hosting the first-ever round-table talks in Hong Kong on good



Preface

supply chain labour practices and achieving better corporate social responsibility. We organised a sustainability reporting seminar for the apparel and footwear Industry to introduce international reporting standard and guidelines to the sector in 2008.

The aim of this guidebook is to help Hong Kong companies put CSR principles into practice in an effective and sustainable way. With such high levels of interest in CSR, there are now numerous resources for companies on how to develop and implement a CSR policy. As Oxfam, where we add value is in giving companies an insight from what we have heard from workers, our local partners, including NGOs and worker representatives, and our learning from engaging with companies.

With a particular **focus** on the apparel industry, this guidebook provides information on:

▶ **Why being a good business means doing good business?**

▶ **What are the social issues in the apparel sector that require a CSR approach?**

▶ **What can the company do to respond?**

▶ **What resources there are available to take next steps?**



For Oxfam, a successful CSR policy finds its roots in an understanding of and empathy with the situations of those affected by a company's operations, a commitment from individual companies and their sectors to be responsible for social and environmental impacts, and good operational strategy to ensure that an ethical way of doing business is a change worth making.

Some people believe it is not the best time to think about CSR issues in this time of financial crisis and economic downturn. Oxfam Hong Kong sees things quite differently. We believe this is a time when, more than ever, companies do need a social license to operate. They will need to demonstrate to the public, to consumers, to communities, to their own investors, that in addition to making good profit, they are socially and environmentally responsible.



Oxfam Hong Kong released *Transparency Report II: Have Hong Kong Garment Companies Improved Their Reporting on Labour Standards?*, March 2009

Chapter 1

Doing Good Business

To reduce poverty, we need business to be part of our efforts. Business creates wealth. It is the biggest provider of jobs and incomes. Business makes the products and services people can use to better their lives. Business plays a central role in development, having an impact on or contributing to poverty reduction in many different ways.



GOOD

Being a **GOOD** business though means recognising that your company is part of society. The way your company operates, the decisions it makes, and the way it behaves, affects many people, some who are directly involved with your business, others who are much further away.

Being a **GOOD** business means being aware, taking account of and taking responsibility for the impact of your actions upon the people you interact with. These include your employees, your business partners, suppliers, workers who make your products, customers and the communities your business serves or functions within.


Being a **GOOD** business means having good governance and adhering to legislation.

Chapter 1 Doing Good Business

All these elements together are what is commonly known as 'Corporate Social Responsibility' or 'CSR'.

Over the last decade, CSR has been used to describe a variety of activities. Some companies use it to describe the donations that they give to local charities; or their community programmes - helping to build schools, youth centres, medical facilities. For others, it is about monitoring their supply chains to make sure workers are treated fairly.

For Oxfam Hong Kong, it is about a company making profits in a way that, first and foremost, does no harm to people and their environment. It is also about companies contributing towards economic and social development in a sustainable way. Your core business operations i.e. day-to-day activities and decisions, should seek to meet these goals if you are to be seen as a socially and environmentally responsible company. CSR has real, sustainable impact only when it is embedded into the heart of the business model.



"Corporate social responsibility encompasses not only what companies do with their profits, but also how they make them. It goes beyond philanthropy and compliance and addresses how companies manage their economic, social, and environmental impacts, as well as their relationships in all key spheres of influence: the workplace, the marketplace, the supply chain, the community, and the public policy realm."

- Corporate Social Responsibility Initiative,
Kennedy School of Government

Source: http://www.hks.harvard.edu/m-rcbg/CSRI/init_approach.html

Good Business, Bad Business

Doing good business can make a real difference. When companies integrate their social and environmental responsibilities into their core business operations and decision-making processes, they have the potential to:

- create jobs that offer decent and fair working conditions
- make goods and services accessible to and affordable for poor people
- enable poor producers to access markets
- enhance poor people's skills and access to technology
- generate revenues that contribute to spending on basic services
- promote respect for human rights and protection of the environment in their operations and supply chains

When they do not, they often contribute towards deepening poverty by:

- taking away people's human rights
- damaging their environment
- entrenching their poverty by paying them too little for their produce and labour
- making people pay too much for essential items like medicines, food and water
- not paying taxes which governments need to support social development

For a CSR policy to be meaningful and operational, three things need to happen within your company to begin with:

1. The culture of your company should reflect the commitment made to CSR. Everyone in your company from Board level to managers to staff need to believe and be confident that any decisions they make or actions they take in the interests of your CSR policy will be respected and supported. To do this, you need to:

- (a) **Secure top-level commitment** - sponsorship of the CSR policy from a Board member, active endorsement and leadership from the CEO and the executive team.
- (b) **Build employees' understanding and commitment to the CSR policy** - from the time of hire as well as through in-house training and exposure. Employees need to be able to see and make the links between their actions and the social and environmental impacts.
- (c) **Establish a dedicated CSR team** - although the CSR policy should be embedded into and owned by all aspects of the business, it is useful to have one team who drives the policy as a whole.

2. Acknowledge that your company's social and environmental impacts trace back to your business practices and decision-making. You will need to look directly at the way you conduct your business to see what needs to change to ensure those impacts are positive, not negative. Ask: "is it the low price you are paying to your suppliers that is leading to poor wages for the workers making the products?"; "Is it the way you are pricing your product that is making it unaffordable and inaccessible?"; "Are your production methods leading to pollution?"

3. Listen and communicate with your company's stakeholders. This is the most effective way to understand first-hand what the social and environmental impacts of your activities are and how you are expected to respond. Some of your stakeholders may include: customers, shareholders, employees, suppliers, government agencies, local community groups and unions etc.

Stakeholder engagement involves meaningful and structured dialogue to facilitate the exchange of views, feedback and information between a company and its stakeholders. This may include interviews, stakeholder meetings, staff surveys etc. If utilised effectively, it can help to ensure that stakeholders' needs and views are central to any decisions that are made.

For many companies, adopting and implementing a CSR policy is a maturing process. One expert calls it 'The Path to Corporate Responsibility' and describes how many companies go through five different stages - ranging from denying any responsibility for negative impacts through to integrating social and environmental concerns into their commercial activities.¹

The Five Stages of Corporate Responsibility

5

Civil stage – Company actively encourages others companies and stakeholders in its sector to raise standards of the industry as a whole.

4

Strategic stage – Company aligns its business model with societal expectations and integrates social and environmental concerns into core business practices and decision-making.

3

Management buy-in stage – Company takes responsibility for managing its social and environmental impacts.

2

Compliance or managing reputational risks stage – Company sets up policies that are confined to the minimum necessary to negate criticism and preserve reputation.

1

Defensive stage – Company denies links between business practices and abuse.

Source: Zadek, S. (2004) 'The Path to Corporate Responsibility',
Harvard Business Review, Vol. 82, No. 12

Why do it ?

Three simple reasons:

1. You can stop harm or abuse to other people and the environment being committed in your company's name or as a result of your company's action.
2. If you don't act, your reputation risks being badly tarnished and that could be critical to your company's profitability.
3. You stand to gain a reputation for being a company:


👍 worth doing business with

👍 worth buying from

👍 worth working for

👍 worth investing in

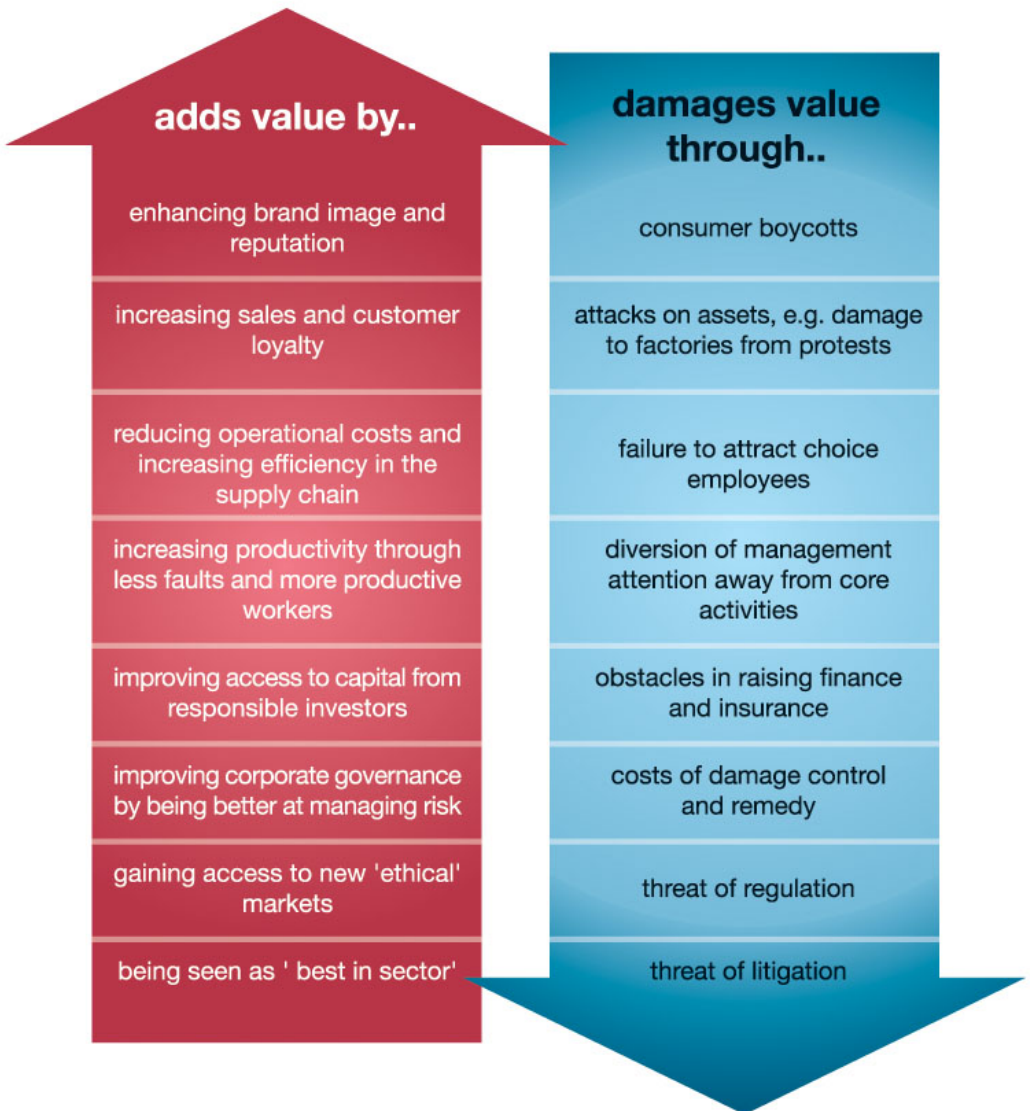
👍 worth trusting to do business
in your country



Being a good business
often results in
doing good business.

Adding value, Damaging value

Companies that are serious about their CSR think that it:



Is any of this **IMPORTANT** for Hong Kong apparel companies?

Yes.

As manufacturers, companies in Hong Kong are under increasing pressure from their global brand clients to comply with CSR. Further, many Hong Kong brands are moving into US and European markets where scrutiny is high. Hong Kong companies will be expected to meet the same demands for CSR that Western brands currently do from consumers, investors, governments and civil society groups.

In Hong Kong too, CSR is becoming more important to consumers and investors. Evidence suggests that more overseas customers increasingly want products that result from responsible social and environmental practices. The sale of ethical clothing in the UK was up by 79% over the previous year.² Market share for eco-friendly products is also expected to grow. Environmental labelling is on the rise globally, with eighteen global labels, and as many as twenty-two in the European Union alone. Global organic cotton sales are expected to reach more than USD 2.6 billion by the end of 2008.³ Other eco-friendly fabrics are also being explored, including bamboo, soy and hemp silk.

More large companies are beginning to feel pressure from investors about their social compliance. They find that they are fielding more and more requests about supply chain practices from institutional investors, socially responsible investors and NGOs. The publication of information about their supply chain practices in regard to labour and environment issues would serve as a central reference for these types of inquiries, saving staff time and presenting a consistent official company view. The longer-term benefit, of course, is an improvement in competitiveness - not only locally but globally.

grow

grow

grow

grow

**A CSR policy used to be a 'nice to have'.
Today, without a doubt, it is a 'must have'.**



Semir (森馬), an apparel brand based in Wenzhou, China, began running a series of advertisements with the tag line "..., but at least I can look good". When they ran one saying "I can't do anything about global warming, but at least I can look good", consumers complained. One comment read: We need not say anything more about the urgency of the global warming problem. This is the time when everybody has to take action. But as a consumer company, it was obviously ignorant and immoral to announce to the public that global warming is none of its business. What can a company with no sense of corporate social responsibility bring to the public and to society? Could the survival of mankind be totally unrelated to the production and marketing of fashion wear?

Chapter 2

CSR in the Apparel Supply Chain



The apparel and footwear industry was amongst the first to be exposed to the CSR agenda. Throughout the nineties, various high profile campaigns brought concerns about human rights abuses in factories to the attention of consumers. Since then, many leaders within this sector have spearheaded innovative models of doing business in a way that ensures people making their products are treated fairly.

Problems do remain though. Below we highlight some areas of concern that Oxfam has come across in its research. These problems are not insurmountable; and many leaders in this field say that the first step in working out solutions is to understand the workers' experiences.

Chapter 2 CSR in the Apparel Supply Chain

What are the problems in the apparel sector ?

Phan, a 22 year old migrant worker, sews garments for a leading global brand in a factory in Thailand. This is her account of life at the factory:



*'Every day we work from 8am till noon, then again from 1pm to 5pm. We have to do overtime every day starting at 5.30pm. We then work until 2am or 3am during the peak season. We always have to work a double shift. Although we are very exhausted, we have no choice. We cannot refuse overtime work, because our standard wages are so low. Sometimes we want to rest, but our employer forces us to work. ... I would like to demand the improvement of working conditions. However, we do not feel we can demand higher wages, welfare, and legal status.'*⁴



Phan's story is being told by thousands of workers around the world. Their story has been the subject of numerous public and consumer campaigns over the last ten years. Many leading global brands have responded by taking steps to protect the rights of workers in the many factories that produce their goods.

There is much more to be done though. The retail industry is a highly competitive market where the race is intense amongst companies to deliver products at low prices that also meet consumer demands on quality and choice, and at the same time maximise returns to shareholders. At the top-end of the supply chain, the 'fast-fashion' phenomenon drives frequent changes at value prices leading retailers to shorten lead times, keep fashion lines fresh through regular changes and slash retail prices.

At the bottom end of the supply chain, these are the kinds of working conditions that workers still face daily within the apparel retail sector:



Long working hours and forced overtime

Factory managers typically push workers to work between 10 and 12 hours, sometimes extending to 16 and 18 hours, even 20, when there are order deadlines to be met. A seven-day working week is normal during peak season. Overtime is usually compulsory. Many workers say that if they do not work overtime hours, they are threatened with dismissal and subjected to penalties and fines. Workers often are not paid the overtime premium rate.

'Sometimes we had to work overtime in a night shift. It upsets the normal body functioning... I work like a machine, not a human being.'

-Krishanti, a 28-year-old worker in Bangkok garment factory ⁵



Poverty wages

Very often, workers do not even receive the minimum wage, let alone a living wage. Where suppliers claim - and show proof - of wages meeting the minimum wage, it is because the payment includes overtime work. Even where overtime is not forced, workers are choosing to do it in order to supplement their low basic wage. After paying for rent, food, transport and dormitory costs, workers have very little left to save or send to families. When they fall ill, that money can all be absorbed by the cost of medicines. The current food crises that has increased food prices has taken a severe toll on garment workers; and many now are challenged even to buy food on their current wages.

Workers are usually paid by piece rather than by time-rates. This allows the factory manager to define the quantity that he/she wants a worker to produce according to the orders put in by the retailer. When suppliers are given too little time to turn around the order, production targets become excessive. If targets are not achieved during the normal working day - which they usually are not - then workers are expected to work unpaid overtime and are not paid unless they complete the target set. Piece-rates also allow for the factory management to adjust to drops in unit costs by reducing the amount paid per piece.

'In the garment division, the usual target is a thousand pieces per lane, per day. But during export days, the target doubles to two thousand pieces. This doubling is very stressful for us and we often cannot reach it. When we don't reach it, we get yelled at by the management and sometimes we get warning letters.'

-Elsa, a garment worker in an Indonesian factory ⁶





No proper contracts

Factory management often fail to issue proper employment contracts, leaving workers with no means of redress when their employers fail to respect labour laws on minimum wages, working hours, payment of overtime, provision of health benefits or other legal rights. Migrant workers particularly are denied proper employment contracts.

There is also a growing trend within the garment industry of hiring workers on a short-term 'rolling' basis - often with no written contract - even though the jobs are long-term. With this 'casualisation', employers can 'concertina' their workforce in response to demands for flexibility from retailers. They are also able to circumvent any labour protection offered, including the need to pay benefits such as maternity leave, social security and severance pay. Short-term employment also presents a significant barrier to forming or joining trade unions, since it is common for short-term workers who join a union to be told they are no longer wanted. An experienced CSR consultant noted that certain labour standards breaches seem to be more prevalent in factories where there are more casual, temporary workers.

At one Cambodian garment factory, if workers went on sick leave for three days, the employer deducted one day's salary; if more than three days of sick leave were taken, the employer made the worker sign a form allowing the factory to deduct the worker's incentive bonus for that month. Often, agency workers are used. In this situation, it is the agent that is the employer and this allows the employer also to circumvent certain labour laws.

'They pay as little as they can get away with. There is no work law here - the only thing that matters is that we work a lot in a short space of time. There are no rights.'

- Khadijah, working in a Moroccan garment factory supplying a leading department store.⁷

'The contract is a scrap. The factory management never gives us what is written in the contract. Talk about no overtime work for more than three hours? I can't remember having a day where I have worked for less than three overtime hours.'

-Jing, a worker in China-based sportswear factory⁸



Bullying and abuse

Reports of harassment, humiliation and abuse are common. Workers are shouted at and are called 'stupid', 'lazy' and worse names. Workers are occasionally physically abused too, ranging from having their ears pulled to beatings. Sexual harassment also occurs for women workers, like being slapped on the behind. Trade unionists and workers who organise are subjected to physical and verbal abuse and/or dismissal.



Freedom of association undermined

The ability to join or form a trade union remains a major challenge in this sector. Factory management is often adverse to workers' organising or union activities. Further, workers are afraid that union activities will make them lose their jobs. Employers often harass and discriminate against those who join union activities. Added to this, long working hours leave little time for participation in such activities. Without freedom of association and collective bargaining, workers are unable to represent their views and concerns collectively to management nor seek redress.

'Last year, while the workers of the next factory were striking in front of their factory, our supervisor said: "You will see - all of them will lose their jobs. You should never make this mistake. Otherwise you will face the same consequence.'"

-Rana, a 22-year-old garment worker in a Turkish factory⁹



Poor health and safety

Garment workers face a catalogue of health and safety risks. Some are as a result of materials or machinery that they use without the necessary protection; other risks result from long working hours, lack of toilet breaks, repetitive work and poor ventilation and lighting. Excessive overtime also poses threats to occupational health and safety. Back ailments as a long-term and hidden occupational disease is well documented among garment workers everywhere. Employers often do not absorb the costs of going to the doctor, medication or sick leave. Women workers are frequently denied maternity leave even though the law entitles them of paid leave. Some are forced to leave their jobs when they fall pregnant.



Chapter 3

What Can Your Company Do About It ?



'The real challenge - and opportunity - is to look inward. Your suppliers, as employers, have their own responsibilities: to manage their business and to treat workers fairly. You need to ask if you're doing all you can to be part of the solution. That means going beyond asking for change in the way your suppliers operate. You need to review the way that you conduct your business, all the way back to the start. At Nike that means understanding how design decisions impact contracted factories and workers. We have found that managing our impact in the supply chain means addressing the very changes that deliver efficiencies in our overall business model.'

*-Sonya Durkin-Jones, Nike Corporate
Responsibility Compliance Director,
North Asia Region*

Chapter 3 What Can Your Company Do About It?



Many apparel brands react to evidence of worker abuse by seeing it as the supplier's or factory manager's fault, and therefore his or her responsibility to remedy the situation. The way companies deal with it is by giving suppliers a labour code of conduct to adhere to and then auditing the supplier to check that they are abiding by it. Where abuses are found, suppliers are either dropped, or fined. Some retailers advise the supplier on how to solve the problem but don't share the burden for doing so. In any case, it was always seen ultimately as the supplier's responsibility and undertaking.

In the last few years, NGOs, trade unions and retailers have all expressed concern that progress in improving labour standards has been slower than desired. This has prompted further research that has demonstrated that a key factor in suppliers breaching labour standards is rooted in the kinds of pressures they get put under to deliver orders.





Suppliers and factories are constantly under pressure from retailers' buyers and sourcing staff to deliver products in a shorter lead-time, at cheaper unit cost and to be very flexible in meeting fluctuating order sizes at short notice. Factories, eager to get onto retailers' supply chain, accept these terms and conditions knowing that they can simply shift the burden and risk onto workers. Most buyers have little knowledge of any CSR commitments that their company has made. Of those that do know, many don't tend to see it as anything to do with their job. Furthermore, companies rarely incentivise their buyers to integrate CSR commitments into their operations and, in fact, often dis-incentivise them by rewarding activities that lead to worker abuses.



Here is a sample of the causal links between buyers demands on suppliers - commonly known as 'purchasing practices' - and abusive working conditions:

PURCHASING PRACTICE

WORKING CONDITIONS

Short lead times



- Long working hours – up to 24 hours and weekend work during export deadline periods.
- Compulsory overtime.
- Excessive piece rate targets and lower amount paid per piece to incentivise workers to meet target. Unpaid overtime when target not met.
- Subcontracting and child labour.

Low unit cost



- Low wages.
- Low piece rate payment.
- More workers on temporary contracts to cut costs.

Fluctuating orders



- Piece rate payment and targets fluctuate.
- More workers on temporary contracts.
- Unpredictable working hours. Compulsory overtime to meet sudden export deadline.
- Factory manager cannot plan labour management. This can lead to subcontracting.
- No wages paid when no orders.

Fines for faulty products or late delivery



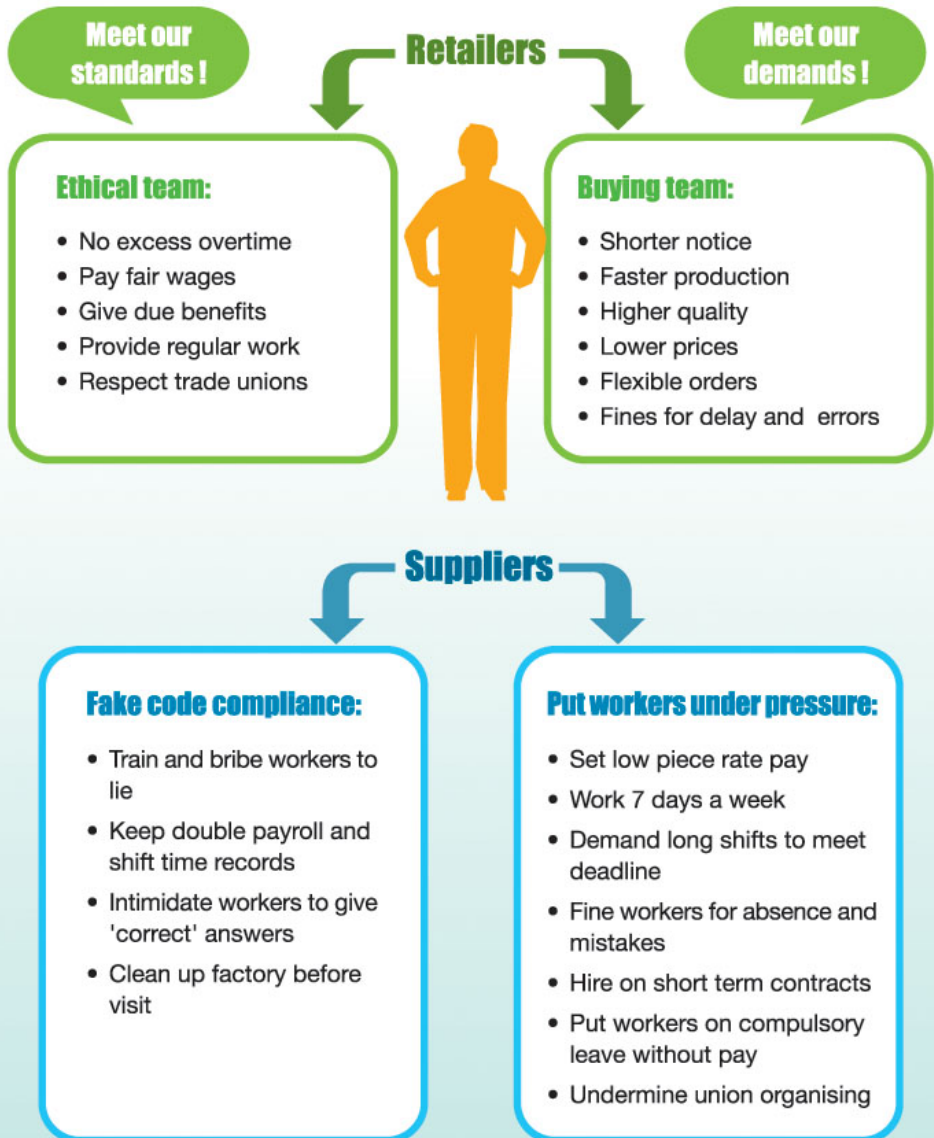
- Fines passed onto workers leading to low wages.

All of the above



- Workers are hired on temporary and casual contracts with no job security.
- Prevent workers from organising.

Factory Manager's Dilemma





to an ethical apparel business model



Understand the problem inside and out

Don't make assumptions about what the problems are. See them for yourself. Talk to the workers, the factory managers, NGOs and trade unions that understand the local context and the issues. Link it back into your own company's activities and understand the issues from within. Some companies use self-assessment tools in the first instance, like the Fair Labor Association Sustainable Compliance Assessment Tools or the China Social Compliance 9000 for Textile and Apparel Industry self-assessment survey tools.



Step 2**Develop a supplier code of conduct**

A supplier code of conduct translates your CSR commitment into practice. It provides an interpretation of your company's principles and gives substance to your company's values with regards to the treatment of workers within your supply chain. It will help guide your company's employees through difficult decisions that may arise when commercial ventures are financially sound but ethically questionable. It makes clear to your business partners what your company is committed to and what it expects of them.

Codes of conduct prohibit various forms of worker abuse and breaches of labour standards throughout the supply chain. Codes of conduct are often written into purchasing agreements with supplier factories nowadays so that suppliers are contractually bound to meet the provisions.

A comprehensive code of conduct will include policies and statements on each of the following areas:

- compliance with national laws and international standards¹⁰
- fair employment practices including fair wages, overtime compensation, days off etc
- good health and safety practices
- prohibition of child and forced labour
- non-discrimination based on race, gender, sexuality, national origin or religious beliefs
- prohibition of harassment and abuse
- the rights to freedom of association and the rights to organise and bargain collectively

Codes of conduct are unlikely to perform a useful function and may even be counterproductive, when:

- the code is used to alter the balance of power within a business towards the employer (for example by replacing collective bargaining with the operation of the code);
- the code is vaguely worded and/or ignores international standards;
- the code is just a piece of paper issued by head office, with no real impact on actual company operations, policies or people;
- the company's labour practices are closed to external audit.

Workers and management in factories must be aware of the code of conduct. Posting the code on the wall of a factory is a popular way of raising awareness, but many companies are now starting to encourage suppliers to give training on the code to ensure workers understand it. Some factories go a step further by developing their own CSR policies summarising all of the codes of conduct of their respective clients and presenting it to workers in a simple way.



The Ethical Trading Initiative (ETI) is an alliance of companies, non-governmental organisations (NGOs) and trade union organisations that exists to improve the lives of workers in global supply chains. They do this by promoting and improving the implementation of corporate codes of practice which cover supply chain working conditions. The ETI Base Code is founded on International Labour Organisation Conventions and has become a model on which other codes are based. Its main provisions are:

1. EMPLOYMENT IS FREELY CHOSEN

- 1.1 There is no forced, bonded or involuntary prison labour.
- 1.2 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

2. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING ARE RESPECTED

- 2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- 2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- 2.3 Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- 2.4 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.

3. WORKING CONDITIONS ARE SAFE AND HYGIENIC

- 3.1 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.
- 3.2 Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- 3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
- 3.4 Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.
- 3.5 The company observing the code shall assign responsibility for health and safety to a senior management representative.

4. CHILD LABOUR SHALL NOT BE USED

- 4.1 There shall be no new recruitment of child labour.
- 4.2 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.
- 4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.
- 4.4 These policies and procedures shall conform to the provisions of the relevant ILO standards.

5. LIVING WAGES ARE PAID

- 5.1 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.
- 5.2 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.
- 5.3 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.

6. WORKING HOURS ARE NOT EXCESSIVE

- 6.1 Working hours comply with national laws and benchmark industry standards, whichever affords greater protection.
- 6.2 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.

7. NO DISCRIMINATION IS PRACTISED

- 7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

8. REGULAR EMPLOYMENT IS PROVIDED

- 8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.
- 8.2 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.

9. NO HARSH OR INHUMANE TREATMENT IS ALLOWED

- 9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

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

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



Child labour

The UN Convention on the Rights of the Child (CRC) and ILO Convention 138 allow for work to be done from age 14 onwards, but only under certain conditions. In most countries the labour law will not allow people under 16 to work, and between the ages of 16 and 18 there are strict limitations about the kind of jobs that can be done, and the number of hours worked. At the least, your company should require your suppliers to comply with these laws and to pay people below the age of 18 at the same rates as people over 18. You should not allow your suppliers to have young people working for long hours in their factories, or on night shifts, or near heavy machinery.

The United Nations Children's Fund (UNICEF) stresses that "any programme of elimination (of child labour) that does not provide reasonable alternatives for child workers - which from high moral ground simply casts them out of a workplace they had only entered due to extreme poverty - would trigger an avalanche of negative consequences."

In cases of child labour whereby children would be driven into more dangerous economic activity were the company to prohibit them in the supplier workplace, alternative provisions could be made such as introducing forms of education within the workplace and ensuring children are responsible for the least dangerous work activities.

Step 3

Implement the code in your supply chain

The key elements of implementing a code are:

- Making sure the code is known and integrated into the job-functions of all staff in your company that are likely to be affected by it.
- Making it part of your contract with your company's suppliers.
- Ensuring that your suppliers and factories understand why you have the code, what it means and what the implications are for them. Ask them for their feedback on how it will affect them and what support they need to meet its provisions.
- Communicating in clear terms to suppliers, factory managers, and their sub-contractors that workers' rights to form and join trade unions and engage in collective bargaining are fundamental to the process of meeting labour standards.



- Monitoring compliance with the code through audits. Audits should include:
 - ☺ worker interviews (an overview of factory conditions)
 - ☺ management interviews (legal compliance, regulatory paperwork, and an overview of factory conditions and systems)
 - ☺ interviews with other stakeholders that look after the interests of workers or their community (trade unions, NGOs)
 - ☺ workplace inspections, ideally this will be also done in conjunction with workers, trade unions, and credible local organisations
 - ☺ desk audit of factory records
- Ensuring that workers have access to information on what actions have been taken to improve working conditions in their workplace as a result of an inspection or social audit; enable them to report whether these corrective actions have been taken.
- Providing accessible and safe means by which workers can report abuse and be assured of action on the part of the company; and increase worker training and education programmes, conducted in collaboration with trade unions and credible local organisations, to ensure that workers can use these mechanisms and understand their rights.
- Transparency, not only concerning the processes for monitoring and verification, but also audit findings and corrective action taken, as well as the location of production facilities.





Does the compliance model work ?

There has been a lot of criticism of the compliance model from many quarters including retailers themselves. It continues to be used, and does offer at least a mechanism for retailers to see if the factory is meeting the provisions of the code. However, the way code compliance is monitored i.e. by policing the supplier, can prevent retailers addressing the root causes of the problem which may lie in their own purchasing practices. It can also dis-incentivise factories from taking sustainable action to genuinely improve working conditions since all the risk and responsibility is placed on them. The biggest flaw in the current compliance model is the fact that workers are still not at the centre of the process. Workers rarely get a genuine opportunity to use the code to protect their rights.

A very common problem stemming from the current compliance model is factory management falsifying evidence during the audits - for example, by keeping double books and threatening workers to give the 'right' answers. It is suggested that this would be minimised if retailers work more with suppliers to understand the reasons why there are breaches in labour standards and to share the burden of improvement instead of pushing the risks and responsibilities down the supply chain.



'Auditing alone is not the answer. Auditing should be used to diagnose issues and identify improvements that work for the workers and for the business. The bigger game is won by accepting that having breaches of labour standards in supply chains can happen and will happen from time to time and working with your suppliers and their workers to fire-proof your system rather than constantly fire-fight.'

Rosey Hurst, Director of Impactt

Worker empowerment projects between brands and NGOs in China

An emerging trend is to include workers in factory decision - making processes relating to workplace practices. This includes establishing systems by which workers can air grievances and to which management must respond. Pilot programmes recently created between brands and NGOs include installing labour helplines in factories that produce the brands' products. These helplines are operated by independent NGOs such as the China Labour Support Network to take workers' complaints independently and to enhance the capacity of workers. They also run a mobile van and associated occupational health and safety programmes to deliver services and education to large number of migrant workers at the industrial areas in Guangzhou.

Other NGOs like Labour Education and Service Network, the Chinese Working Women Network, and Qingdao Xiaochen Hotline Center are also actively involved in worker rights training and worker hotline services in industrial areas. They run pilot projects, including building worker committees/communication mechanisms in supplier factories in southern China. It appears clear that brands' programmes will be increasingly effective if they include the worker empowerment component and draw on the unique skills, networks and credibility of NGOs, unions and community groups.



You have to start somewhere

Issues arising from your top 10 per cent suppliers will usually be a good indicator of issues within the rest of your supply chain. Many experienced CSR retailers advise starting with this group to become familiar with the issues and to find suitable solutions to the problem.



Step 4

Look inward and address purchasing practices

This step is critical to a meaningful CSR policy. As outlined previously, there are clear causal links between the retailer's business practices and the abuses at the bottom-end of the supply chain. Key actions include:

- Developing an ethical purchasing practices policy that ensures sourcing strategies and purchasing practices do not cause breaches in international labour standards
- Mandating CSR staff to oversee the labour standards impact of purchasing practices
- Training buyers on their responsibilities to meet the company's code of conduct on labour standards. This can include giving buyers exposure to the suppliers' business so that they can understand better how their decisions impact on the supplier
- Ensuring buyers' and other relevant staff incentives and performance assessments are structured to reward rather than undermine ethical purchasing
- Include compliance with labour standards in supplier selection and assessment
- Setting adequate delivery lead-times that are determined with suppliers, taking into account their ability to fulfill production without breaching labour standards
- Improving critical path management - and sticking to it - to prevent inefficiencies at the retailer's end imposing upon production at the supplier's end. Set out realistic timeframes for each step in the design, supplier selection, buying, manufacturing and logistics process
- Negotiating a price that is compatible with the supplier meeting labour standards
- Giving suppliers the opportunity to provide feedback on the pressures they face through purchasing practices



'I know how to deal with the ethical code people from my many years' experience. I can judge the balance of power between buying departments and those responsible for codes of conduct to see where the real power lies.'

– A factory manager in Shenzhen, China¹¹



Step 5

Work with your suppliers and build their capacity

Some leading companies are now starting to pursue mutually agreed solutions with suppliers. While auditing is still important, without which companies would not be able to identify problems, lasting and widespread change to the working conditions in supply chains will only come about when retailers or brands start talking with, listening to and supporting their suppliers and workers. Getting suppliers to talk about their problems and difficulties faced in meeting the requirements of the code of conduct will lead to far more effective results than relying purely on auditing and policing. Conducting worker rights training in the workplace will be more effective in facilitating the workers to voice the problems and assert their rights.

Going further, there is also a growing appreciation that requesting CSR in the supply chain is unfeasible unless factories have adequate management systems in place to ensure they meet standards. Although there are many well-managed factories in supply chains, there are also many poorly managed ones. Poor management accounts for many of the breaches of labour standards that arise, and providing assistance to implement good management systems can go a long way to improving conditions in factories.

Finally, but importantly, understanding from the suppliers point of view how your own contractual demands for order delivery - lead times, unit costs, flexibility - are determining how the supplier treats his/ her workforce, is critical.

'Supplier ownership of good working and environmental conditions in their workplaces. This is most likely to be achieved through a basic bargain - suppliers assume greater responsibility for managing their workforces consistent with global expectations, and buyers provide greater security of ongoing business relationships'

Business for Social Responsibility, 2007, p.5

'I wish that there was a system of compliance the other way around i.e. the buyers do not relocate orders to other suppliers based on a 5 to 10 cent different in unit price; and that loyalty should be a two-way process - if we suppliers are compliant and open to meeting labour standards, then we should receive consistent orders'.

– Sri Lankan supplier to global sportswear brand ¹²

Pick the right supplier

Picking the right supplier is half the battle won. Look for a supplier that has a strong sense of the value of his/her workers to his/her business and is looking to invest in their well-being, their skills and their long-term productivity. A factory with low turnover is always a good indicator. Your supplier should demonstrate good business planning capacity and good management skills. Knowledge and understanding of labour laws and their importance is also critical.

'Selecting the right supplier is half the battle won. A supplier that values its employees and invests in creating good working conditions will see returns in terms of better productivity and profitability.'

*– Raymond Leung, Global Sourcing Compliance Manager,
Esprit Holdings Limited*

Step 6

Talk to stakeholders

Social issues are never easy to understand and act upon. They are difficult to measure for a start; and any response needs to be suitable to the context. For example, what's the best way to deal with issues of discrimination against women workers? What to do about child labour in a particular country? What are the expectations of workers in terms of their wage?



The best way to understand the problems and to find workable solutions is to speak with those who are affected by the operations of your company - workers, suppliers, consumers, communities - or those who are familiar with the issues and the local environment, like trade unions, NGOs and government. When defining your stakeholders, keep in mind that what you are looking for is a way to respond that is suitable, credible and beneficial to those affected.

When communicating with stakeholders, it is important to always be aware of the impact that your communications are having on them. For example, take steps to create an environment that is safe and non-threatening when you are speaking with workers, and make sure that those workers who speak honestly are not exposed to abuse. Be aware that setting up a dialogue creates expectations. Your stakeholders will expect their views to be taken into account and will expect your company to keep them informed on follow-up.



Step 7

Work with others

Experienced retailers will tell you that the best way to develop and implement a sound response to problems of worker abuse in the supply chain is to work with others. This may be working with other retailers who share similar experiences, or even the same suppliers, or with other stakeholders that are closer to the workers and therefore may have more insight into the roots of the problem and the most sensitive way to tackle them.



The proliferation of codes of conduct with varying standards and monitoring requirements has led to high numbers of audits for suppliers, and confusion among other stakeholder groups. For this and other reasons, such as the cost involved in monitoring codes and the difficulty in dealing with certain issues alone such as child labour, companies are increasingly taking collective CSR initiatives that lead to collective supply chain commitments. These may take the form of sectoral standards, or policy initiatives at a multi-agency or multi-disciplinary level.

Some companies have started to work together in multi-stakeholder initiatives with like-minded firms, as well as with trade unions and other civil society organisations that bring more credibility and expertise to the development of code monitoring and verification systems. We have included an appendix that lists initiatives that are most relevant to the apparel sector.



Multi-stakeholder Initiatives in the Garment Sector

Multi-stakeholder Initiatives (MSIs) usually require that companies, unions, NGOs and important stakeholders work together to promote improved labour practices through codes, monitoring and reporting. There are multi-stakeholder initiatives in the garment sector and related products include the Ethical Trading Initiative in the UK, the Fair Labor Association and Social Accountability in the US, Fair Wear Foundation in the Netherlands etc. In Hong Kong, MSIs are still to develop. However, twelve publicly-listed Hong Kong textile and apparel companies are starting to work together. They recently launched the Sustainable Fashion Business Consortium in Hong Kong on the Earth Day of 2008. The initiative is to promote best practices throughout the garment supply chain including: instituting better employment practices and working conditions, applying for Fair Trade labeling, establishing carbon accounting standards for the industry, working toward a carbon footprint label for clothing, increasing energy efficiency and reducing waste, such as recycling leftover fabric and recycle polyester made from recycled PET bottles. It is hoped that more companies will join these directions in the long run.



better factories Cambodia



Another example of government policy, voluntary initiatives and the work of multilateral institutions complementing one another is the Better Factories Cambodia project, in which the ILO monitors compliance with international labour standards and Cambodian labour law in the country's garment export factories and provides transparent public reports that allow for scrutiny by stakeholders. The project grew out of a trade agreement between the United States and Cambodia. Under the agreement, the US promised Cambodia better access to US markets in exchange for improved working conditions in the garment sector. Therefore, the ILO project was established in 2001 to help the sector make and maintain improvements.

In this programme, the Cambodian government plays a key supportive role by requiring participation of apparel companies as a condition of receiving export licenses. Although this programme originated as a central element in a bilateral trade agreement, it continues to operate in the post-quota environment with the support of the US Department of Labor, international institutions, the Cambodian Government, the Garment Manufacturers Association of Cambodia, international buyers, and trade unions. As many stakeholders felt it was successful and replicable, this led to the development of the 'Better Work' programme in Vietnam, Lesotho and Jordan by the ILO and the International Finance Corporation (IFC).

Step 8

Be transparent

More and more retailers are saying that transparency is key. If you are transparent about your supply chain - where you source from, who you work with - you are likely to manage your risks better as organisations on the ground can tell you straight away when they come across evidence of abuse. Transparency also allows you to share with other retailers your findings on particular factories or on issues of abuse that you have come across. This encourages companies to work together to solve problems.



With reference to the Gradient Index¹³ rating system developed by AccountAbility¹⁴ in the UK, Oxfam Hong Kong's Transparency Report categorised social transparency into five major themes:

- Governance and risk management
- Code of conduct
- Stakeholder engagement
- Management
- Auditing and reporting

The full description of transparency under each of these five categories can be found in the Reports at

Transparency Report: How Hong Kong Garment Companies Can Improve Public Reporting of their Labour Standards?

www.oxfam.org.hk/fs/view/downloadables/pdf/report/TransparencyReport-eng.pdf

Transparency Report II: Have Hong Kong Garment Companies Improved their Reporting on Labour Standards?

www.oxfam.org.hk/fs/view/downloadables/pdf/report/Transparency_Report_II_Eng.pdf

In brief, the major points are:

Governance and risk management

Good transparency here means ensuring board-level responsibility for ethical issues in the supply chain, identifying labour standards issues in the supply chain as a risk factor, and showing evidence of risk analysis of ethical issues in a company's supply chain.

Code of conduct

Transparency in this theme includes an assessment of the quality and scope of the code for labour standards in the supply chain, publication and availability of the code for labour standards in the supply chain, and proof of application of the code for supply chain labour standards.

Stakeholder engagement

Transparency on stakeholder engagement consists of membership of multi-stakeholder processes, and evidence of engagement with NGOs and/or trade unions relating to labour standards in supply chains.

Management

Evidence of transparency would include resource commitment at a management level, training for buying agents so that purchasing is linked to a company's commitment to workplace standards, training for factory management personnel and workers on workplace standards, and rewards and incentives linked to good performance on workplace standards in the supply chain.

Auditing and reporting

Transparency here includes a commitment to auditing labour standards in the supply chain, a public statement on the status of the audit schedule, public disclosure of manufacturing sites, transparency of the methodology used to audit labour standards, some form of external verification of labour standard audits, reporting the results of audits of labour standards in the supply chain, and publicly dealing with non-compliance.

Transparency allows consumers, investors and other stakeholders to make informed choices and decisions. With advances in communications technologies, a more interactive and accessible Internet, and more sophisticated stakeholders, it is likely that the demands for transparency will only increase over the medium to long term.

Step 9

Report your progress



A CSR report should be concise, easy to read, and provide real data that is verifiable by a third party, if required. Companies should tell of successes, but also failures. A report that mentions only the good things is not believable these days. Reports should also detail the things that stakeholders want to know (referred to in the CSR world as "materiality").

The Global Reporting Initiative (GRI) provides the most widespread and generally accepted guide to the sorts of data that companies could provide. It helps companies harmonise, standardise, clarify and unify the practice of sustainability reporting. It is easy to be daunted by the GRI guidelines, but companies should note that it is not necessary

when starting out to provide data on every single indicator. Further information is available on the GRI web site at www.globalreporting.org

The Global Reporting Initiative also released the Sustainability Reporting Guidelines & Apparel and Footwear Sector Supplement. It tailors the reporting guidelines to the apparel industry and provides new sector-specific indicators to provide additional guidance to apparel companies' public disclosure on CSR. Please visit the pilot version of the Sector Supplement at

http://www.globalreporting.org/NR/rdonlyres/AFC0B47C-AA2B-4E5A-B108-780C46A46399/0/AFSS_Pilot.pdf



GRI Global Action Network for Transparency in the Supply Chain

The Global Reporting Initiative (GRI) announced the launch of the GRI Global Action Network for Transparency in the Supply Chain in July 2008 as problems in international companies' supply chains continue to come under the spotlight. Through this initiative, the GRI is calling on multinational firms to take the lead by promoting sustainability in their supply chains through greater transparency in disclosing their economic, environmental and social performance.

To mark the launch of the global network, GRI has published *Small, Smart and Sustainable*. The publication shares the experiences of companies in the global supply chain from six developing countries including India, China and Thailand. It captures the challenges and opportunities as seen by the suppliers as well as the multinationals that have participated in the project. Please visit their report at <http://www.globalreporting.org/NR/rdonlyres/02AF6322-C207-4F79-85B2-EC017826B60F/0/SSSReport.pdf>

4

Four possible levels of reporting:

Stakeholders increasingly want information that is consistent, comparable, credible and well-structured. A report is a communication strategy that promotes sustainable business practices, enhances transparency, reduces risk and develops trust.

There are many ways to report, but below we have listed four possible levels:

Level 1

Publish a basic CSR statement for inclusion in the company's annual report. This will be the start of the company's ability to meet emerging regulatory and stakeholder expectations in the Asia-Pacific region.



Level 2

Begin to develop a reporting profile that will target gradual improvements in reporting systems, data collection and communications transparency based on some basic stakeholder inputs and accepted norms and international best practice. Provide a more detailed section in the organisations' annual report with future performance targets.



Level 3

Customised and stand-alone CSR report with stakeholder engagement and web-based information strategies. This level will aim to provide investors with the necessary information they require on non-financial risk elements of the organisation.



Level 4

Full integration of reporting systems and delivery with international best practice reporting standards and relevant codes of conduct such as the Global Reporting Initiative, UN Global Compact and IFC performance standards.



Sustainability Reporting in China and Hong Kong

In January 2008, the State-owned Asset Supervision and Administration Commission in China issued a directive urging State-Owned Enterprises (SOEs) to embed CSR into their practices, and to establish a transparent CSR reporting system. Of the twelve centrally-administered SOEs that have released sustainability reports, five of them have been produced using GRI guidelines. The Shenzhen Stock Exchange also encourages publicly-listed companies to adopt the GRI reporting standards. In Hong Kong, the government has developed a guide on corporate environmental reporting and encourages companies to adopt sustainability reporting on a wider scope.¹⁵ Larger corporations such as Cathay Pacific, CLP, MTR Corporation, HSBC, Swire Pacific and Towngas have taken this on board, using the GRI as reporting guidelines.

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Good Practices of Supply Chain Disclosure

In 2005, Nike became the first major brand to publicly disclose its global supply chain for Nike-brand products. Since then, Levi Strauss, Timberland, Reebok, Puma and so on have followed suit by also disclosing their supply factory locations. Supply factory lists are a useful check on a company's claims and add credibility to a company's efforts to achieve labour standards compliance, since they open up company supply chains to scrutiny by stakeholders and encourage cooperation on compliance issues among buyers in shared factories.

Patagonia has made strides in corporate transparency and accountability through its Footprint Chronicles, which is a CSR/social and environmental impact tracking system. It provides transparency - by disclosing information about its manufacturing operations impacting on CSR, and accountability - by identifying weaknesses and non-compliance in its supply chain for public scrutiny. In disclosing both "the good and the bad", Patagonia is creating the next generation of transparent and accountable business practices. The Footprint Chronicles can be accessed through the following link:

<http://www.patagonia.com/usa/footprint/index.jsp>



Chapter 4

North Making that CHANGE



Developing CSR strategy and putting it into practice is not difficult. It does, however, require a thoughtful approach and patience. It helps to learn from others, to share experiences and to work together with other companies and with stakeholders. A CSR strategy is a long-term commitment. There may not be quick wins, but there will be many enduring gains.

The critical starting point is to look to the root of the problem from the perspective of the worker. It helps to keep your company focused on why they have a CSR strategy in the first place. It is there to ensure that your company's operations are having a positive impact and that they are not harming anyone or their environment. Although there may be public relations benefits to be derived from having a CSR policy, having this as the core reason for adopting one can lead to unsuitable methods of dealing with the problem and ineffective use of resources, as many retailing companies have found out. Once the problem has been identified and properly understood, then design the solution and process for implementing it to suit.

Companies that have actively undertaken a CSR policy for many years speak of unforeseen benefits to their business. In some instances, it has provided insights into other parts of the business. For example, it has revealed better ways to manage the critical path so that the whole process from design to delivery becomes more streamlined and efficient. Another example is that it has shown how to improve governance structures within the company.

Chapter 4 Worth Making That Change

Ultimately, a company is the sum of its parts - *its people*. Oxfam Hong Kong would like to believe that most people are happier in the knowledge that another human being is being treated fairly and humanely, rather than being abused, as a result of their actions and decisions. Providing your employees, your suppliers and your customers with that guarantee is invaluable.



Have you done what it takes ✓ to be a **GOOD** business ?

Action	Completed
Align culture with CSR commitment	<input type="checkbox"/>
Acknowledge that the problems and solutions start within your business	<input type="checkbox"/>
Listen and talk with stakeholders	<input type="checkbox"/>
Recognise the benefits of implementing a CSR policy	<input type="checkbox"/>
Learn about and understand the breaches of labour standards workers in the apparel industry face in general	<input type="checkbox"/>
See for yourself how these problems might manifest in your supply chain	<input type="checkbox"/>
Develop a supplier code of conduct	<input type="checkbox"/>

Action

Completed

Implement the code by:

Integrate code into relevant job functions

Insert it as a contractual clause in supplier agreements

Make sure suppliers and factories understand why you have a code and what it means for them

Communicate importance of freedom of association for workers to suppliers

Monitor compliance through audits

Ensure workers have access to corrective action plans

Provide safe means for workers to report abuse

Be transparent during monitoring and about audit findings and corrective action plans

Action

Completed

Look inward and address purchasing practices by:

Mandating CSR staff to oversee impact of purchasing practices and buyers activities on workers



Train buyers on CSR policy, integrate into their job function, and ensure incentives and performance assessments reward compliance with policy



Include compliance with labour standards in supplier section and assessment



Work with suppliers to determine adequate lead times, unit costs and critical path management that do not result in worker abuse



Allow suppliers to give feedback on their experiences of code compliance



Build suppliers' capacity



Talk with stakeholders



Identify others that you can work together with



Adopt and work with a transparency framework



Report your progress



Appendix...



Working together with others:

some apparel sector initiatives to improve labour standards



The Ethical Trading Initiative (ETI)

www.ethicaltrade.org

The Ethical Trading Initiative (ETI) is an alliance of companies, non-governmental organisations (NGOs) and trade union organisations that exists to improve the lives of workers in global supply chains. They do this by promoting and improving the implementation of corporate codes of practice which cover supply chain working conditions. The ETI Base Code is founded on International Labour Organisation Conventions and has become a model on which other codes are based.



Fair Labor Association (FLA)

www.fairlabor.org

The Fair Labor Association (FLA) is a tripartite organisation of companies, universities and NGOs dedicated to the sustainable improvement of workplace conditions. Through the FLA companies seek to provide verified information about their supply chain programmes to stakeholders. Participants have to commit to the labour standards in the FLA code of conduct, undergo extensive internal monitoring, external monitoring by independent monitors, to remediate and prevent instances of non-compliance, public reporting, and to participate in the FLA's third-party complaint system.



Joint Initiative on Corporate Accountability and Workers' Rights (JO-IN)

www.jo-in.org

More recently, the above multi-stakeholder initiatives, together with Clean Clothes Campaign, have come together through the Joint Initiative on Corporate Accountability and Workers' Rights (Jo-In) to assess best practice in codes of conduct and their implementation. Significantly, the MSIs involved in the Jo-In project have adopted a common code of conduct for a pilot project in Turkey that is strictly based on ILO Conventions and includes a living wage provision.



SA 8000

www.sa-intl.org/index.cfm?fuseaction=Page.viewPage&pageId=473

In 1997, the Council on Economic Priorities (CEP), a US corporate-responsibility research institute, began to develop a social standard modelled on ISO management standards. SA8000 is a social responsibility standard for factories supplying to firms in international markets. The standards include all well-known social issues, relating to the relevant UN and ILO conventions. SA8000 also refers to the duty to provide a living wage. Companies that operate production facilities can seek to have individual facilities certified to SA8000 through audits by one of the SAI-accredited certification auditing bodies.



Worldwide Responsible Accredited Production (WRAP)

www.wrapapparel.org

WRAP does not claim to be a multi-stakeholder initiative, but it certifies factories of suppliers delivering sewn products to international brands. It was established in 1998 by the American Apparel Manufacturers Association. The WRAP standards on labour conditions do not refer to any UN or ILO conventions, but instead to local legislation, except for the issues of discrimination, forced labour and child labour, which is prohibited irrespective of national law. There are also WRAP standards on environmental treatment, customs compliance and drug interdiction.



CSC 9000T

www.csc9000.org.cn/en/CSC9000T.asp

CSC9000T is China's home-grown system launched by the China National Textile and Apparel Council (CNTAC) in 2005. It is an industry-specific management system for social compliance for China's textile and apparel sector, and is based on Chinese laws and regulations and relevant international conventions which are seen to be 'in line' with Chinese characteristics. CSC9000T also released the China Sustainability Reporting Guidelines for Apparel and Textile Enterprises (CSR-Gates) in 2008, which provide guidance to enterprises on how to disclose information on CSR performance.

Other Useful Web-based Resources:



The Global Reporting Initiative (GRI)

www.globalreporting.org

The GRI is an international reporting standard for voluntary use by organisations reporting on the economic, environmental and social dimensions of their activities, products and services. The GRI does not provide recommendations on business conduct nor assess companies' conformity with its reporting guidelines. Instead, the GRI seeks to develop a list of specific indicators for reporting on social, environmental and economic performance. The GRI's sustainability reporting guidelines were updated in 2006 and, as the third generation, are called the G3. They released the pilot version of the GRI Apparel and Footwear Sector Supplement in 2008.



Maquila Solidarity Network (MSN)

<http://en.maquilasolidarity.org>

Maquila Solidarity Network (MSN) is the secretariat of the Ethical Trading Action Group (ETAG), a coalition of NGOs, trade unions and faith groups in Canada advocating improved labour practices based on international labour standards. ETAG, in association with AccountAbility, published the original Transparency Report Card for the Canadian market - on which Oxfam Hong Kong's Transparency Report is based - in 2005, and a follow-up version in 2006. It is a good source of research and publications on labour issues and standards in global supply chains. Please visit their report at <http://en.maquilasolidarity.org/en/issues/ca/transparency/TRC/2006>.



Clean Clothes Campaign (CCC)

www.cleanclothes.org

The Clean Clothes Campaign (CCC) is an international campaign, focused on improving working conditions in the global garment and sportswear industries, and empowering the workers in it. There is a CCC in 12 European countries, made up of coalitions of consumer organisation, trade unions, researchers, solidarity groups, world shops, and other organisations. Many resources related to codes of conduct, monitoring and verification produced by CCC and others can also be found in CCC website.



The Responsible Sourcing Initiative

www.responsible-purchasing.org

The Responsible Purchasing Initiative is coordinated by three European organisations Traidcraft, Oxfam-Wereldwinkels, and IDEAS. The initiative seeks to learn from and improve how international sourcing from developing countries contributes to international sustainable development. Part of their work is to improve the purchasing practices of EU companies so that minimum human rights standards are realised by the workers in the developing countries involved in producing products. They released a new report *Material Concerns: How responsible sourcing can deliver the goods for business and workers in the garment industry* in 2008.



The United Nations Global Compact

www.unglobalcompact.org

The Global Compact is a UN initiative to encourage businesses to adopt sustainable and socially responsible policies, and to report on them. The UN Global Compact brings together UN agencies, companies, labour organisations and civil society from around the world to support universal environmental and social principles. Since its launch in July 2000, the Global Compact has promoted responsible corporate citizenship by focusing on ten universal principles covering four major areas, including human rights, labour rights, the environment and corruption.

To learn more about Oxfam's work on CSR, supply chains and labour standards

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