



**A Project Report on “Compliance in RMG Sector: In-depth  
Study on Different International Standards &  
Organisations”**

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## ACKNOWLEDGEMENT

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First of all I express my gratitude to supreme Allah for blessings, approval, protection, mental power and wisdom in all aspects of my life. The applauses to Allah to complete this project work. I would like to extend my sincere gratitude to those who have provided guidance in every step along the way. I am deeply indebted to my supervisor **Abdullah-al Mamun**, Assistant Professor, Department of Textile Engineering, Daffodil International University, whose help, suggestions and encouragement helped us in all the time of research for and writing of this report. His scientific curiosity, encouragement and guidance throughout this work have been necessary for this report. It is a great pleasure in expressing my profound gratefulness and sincere gratitude to my respected teacher, **Prof. Dr. Mahbulul Haque**, Head of the Department of Textile Engineering, Daffodil International University, for his inspiration, prudent advice, affectionate guidance. I would like to give a special thanks to all of my teachers of the Department of Textile Engineering, Daffodil International University. I would like to thank the Human Resources and Compliance Department of the Esquire Knit Composite Ltd. for giving me the opportunity to know information about compliance successfully and also their valuable suggestions. My deepest appreciation goes to **Mr. Ehasanul Karim Kaiser, General Manager, Esquire Knit Composite Ltd.** for his permission to conduct my industrial training without which it would be incomplete. The generous support is greatly appreciated. I would also like to thank executives, senior executives and other officials of Esquire Knit Composite Ltd. for helping me to complete industrial training successfully. Last but certainly not least, I am forever indebted to the love and caring of my family. Gratefulness for my family's support, encouragement and understanding cannot be expressed in words.

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## Abstract

Over the last years, Ready Made Garments (RMG) sector experienced impressive growth rates and specifically woven and knitwear products are in high demand by the USA and European markets. Adherence with national and international compliance standards has become increasingly important to ensure customer requirements as well as to maintain the sectors competitiveness, but in many cases factory staff still lacks adequate skills and knowledge to ensure that required compliance standards are reached. This thesis addresses the need to increase the knowledge level of factory practitioners and other interested parties on major social and environmental issues in order to contribute to the sectors competitiveness and to play major role for job, income generation and national economy.

## Introduction

The word compliance is derived from the verb ‘to comply’, which means, ‘to act in accordance with the rules’. The rules cover nearly all sectors within the financial services industry, including banking, insurance, investment management and securities and apply to a vast network of financial institutions, offering a multitude of financial services and products which have to comply with them. Regulated companies normally have a compliance department, headed by a Compliance Officer, whose role is to develop policy and practices that ensure all obligations and regulations are adhered to, as well as ensuring that no conflicts of interest arise within the organization. This person is also responsible for maintaining the company’s relationship with the FSA (Financial Services Authority). Compliance department should be a monitoring team. Monitoring is essential to:

- ✚ Detect and correct violations.
- ✚ Provide evidence to support enforcement actions.
- ✚ Evaluate program progress by establishing compliance status.

The primary reason all industries from utilities to food and including financial services are regulated, is to protect the consumer.

## **Chapter 1: Introduction**

- **Human Resources Management & Organizational Behavior.**
- **Corporate Social Responsibility in Textile Industry.**





## 1.1: Human Resources Management & Organizational Behavior

### 1.1.1: Human Resource Management

The terms ‘human resource management’ (HRM) and ‘human resources’ (HR) have largely replaced the term ‘personnel management’ as a description of the processes involved in managing people in organizations. The concept of HRM underpins all the activities described in this book, and the aim of this chapter is to provide a framework for what follows by defining the concepts of HRM and an HR system, describing the various models of HRM and discussing its aims and characteristics. The chapter continues with a review of reservations about HRM and the relationship between HRM and personnel management and concludes with a discussion of the impact HRM can make on organizational performance.

#### **Human Resource Management Defined**

Human resource management is defined as a strategic and coherent approach to the management of an organization’s most valued assets – the people working there who individually and collectively contribute to the achievement of its objectives. Storey (1989) believes that HRM can be regarded as a ‘set of interrelated policies with an ideological and philosophical underpinning’. He suggests four aspects that constitute the *meaningful* version of HRM:

-  A particular constellation of beliefs and assumptions;
-  A strategic thrust informing decisions about people management;
-  The central involvement of line managers; and
-  Reliance upon a set of ‘levers’ to shape the employment relationship.

### 1.1.2: Human Resource System



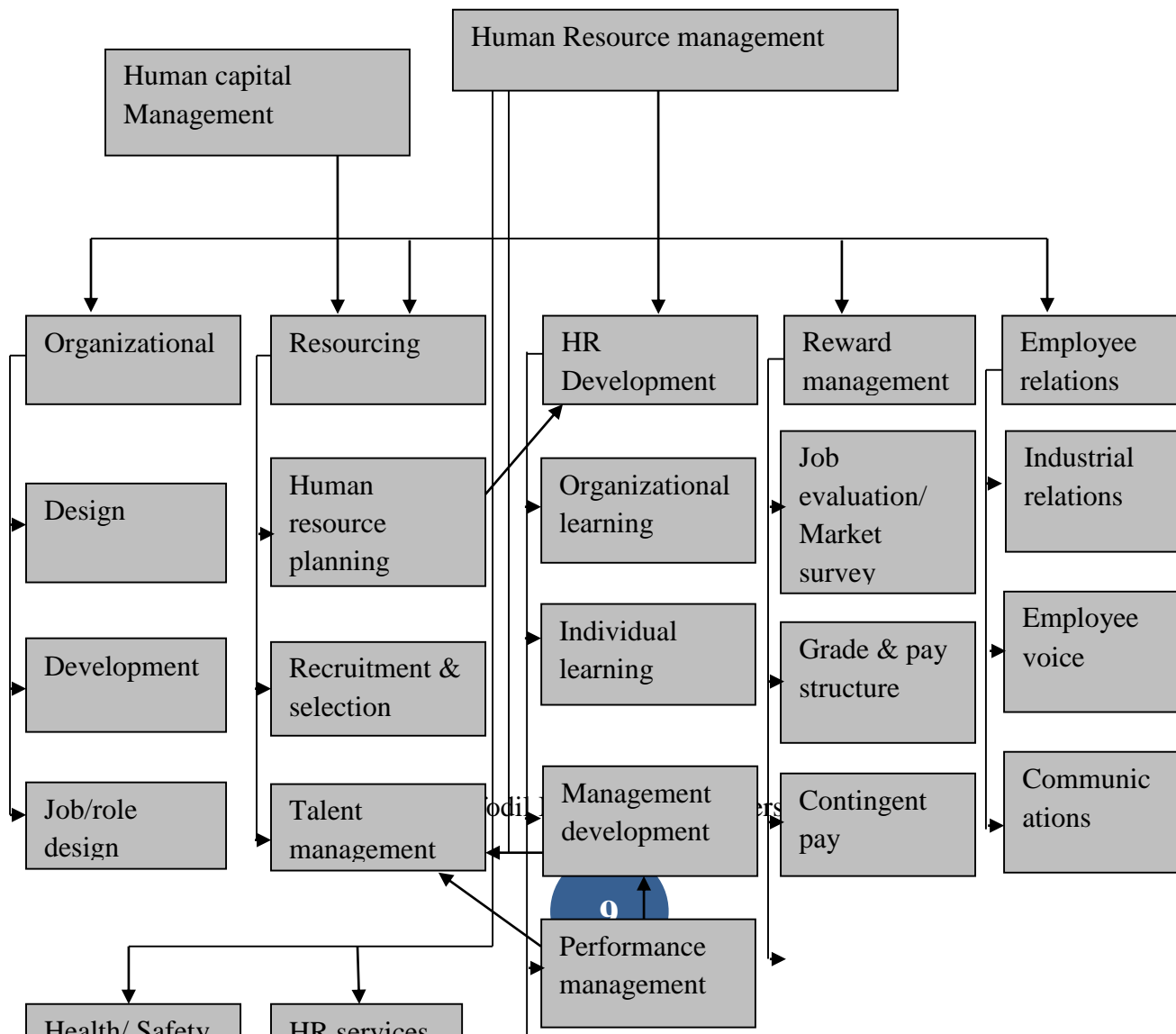
Human resource management operates through human resource systems that bring together in a coherent way:

- ✚ *HR philosophies* describing the overarching values and guiding principles adopted in managing people.
- ✚ *HR strategies* defining the direction in which HRM intends to go.
- ✚ *HR policies*, which are the guidelines defining how these values, principles and the strategies should be applied and implemented in specific areas of HRM.
- ✚ *HR processes* consisting of the formal procedures and methods used to put HR strategic plans and policies into effect.
- ✚ *HR practices* comprising the informal approaches used in managing people.
- ✚ *HR programmes*, which enable HR strategies, policies and practices to be implemented according to plan.

### ▣ Models of HRM

There is a human resource cycle (an adaptation of which is illustrated in Figure 1.1), which consists of four generic processes or functions that are performed in all organizations. These are:

1. **Selection** – matching available human resources to jobs;
2. **Appraisal**- performance management;



Employee  
benefit

Figure 1.1: HRM Activities

3. Rewards – ‘the reward system is one of the most under-utilized and mishandled managerial tools for driving organizational performance’; it must reward short as well as long-term achievements, bearing in mind that ‘business must perform in the present to succeed in the future’;
4. Development – developing high quality employees.

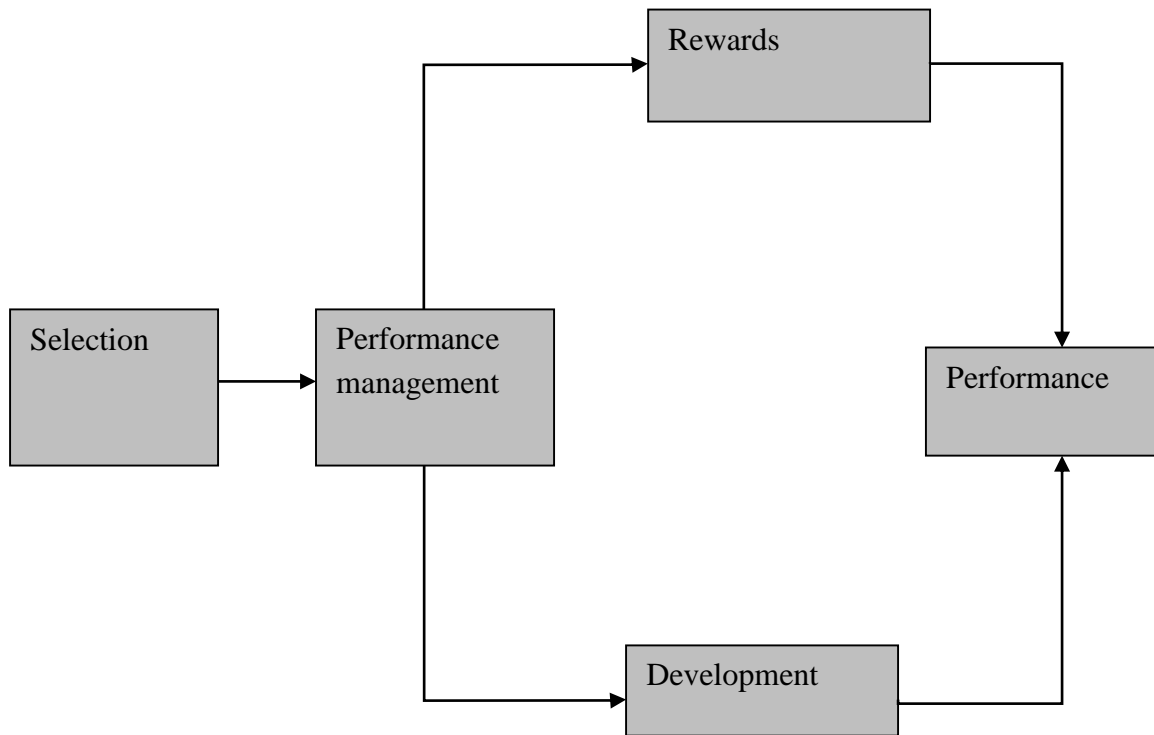


Figure 1.2: The human resource cycle.

### 1.1.3: Characteristics of HRM

The characteristics of the HRM concept as they emerged from the writings of the pioneers and later commentators are that it is:

- ❑ Diverse;
- ❑ Strategic with an emphasis on integration;
- ❑ Commitment-oriented;
- ❑ Based on the belief that people should be treated as assets (human capital);
- ❑ Unitarist rather than pluralist, individualistic rather than collective in its approach to employee relations;
- ❑ A management-driven activity – the delivery of HRM is a line management responsibility;
- ❑ Focused on business values.

The similarities and differences between HRM and personnel management are summarized in Table 1.1.

Table 1.1: Similarities and differences between HRM and personnel management.

Similarities	Difference
1. Personnel management strategies, like HRM strategies, flow from the business strategy.	1.HRM places more emphasis on strategic fit and integration.
2. Personnel management, like HRM, recognizes that line managers are responsible for managing people. The personnel function provides the necessary advice and support services to enable managers to carry out their responsibilities.	2.HRM is based on a management and business oriented philosophy.
3. The values of personnel management and at least the soft version of HRM are identical with regard to respect for the individual, balancing organizational and individual needs and developing people to achieve their maximum level of competence both for their own satisfaction and to facilitate the achievement of organizational objectives.	3.HRM attaches more importance to the management of culture and the achievement of commitment.
4. Both personnel management and HRM recognize that one of their most essential functions is that of matching people to ever-changing organizational.	4.HRM is a holistic approach concerned with the total interests of the members of the organization are recognized but subordinated to those of the enterprise.

5. The same range of selection, competence analysis, performance management, training, management development and reward management techniques are used both in HRM and personnel management.	5.HRM places greater emphasis on the role of line managers as the implementers of HR policies.
6. Personnel management, like the soft version of HRM, attaches importance to the process of communication and participation within an employee relations system.	6.HR specialists are expected to be business partners rather than personnel administrators.
	7.HRM treats employees as assets not costs.

#### 1.1.4: Features of HRM

Its features include:

- Organizational management.
- Personnel administration.
- Manpower management.
- Industrial Management.

HRM is seen by practitioners in the field as a more innovative view of workplace management than the traditional approach. Its techniques force the managers of an enterprise to express their goals with specificity so that they can be understood and undertaken by the workforce and to provide the resources needed for them to successfully accomplish their assignments. As such, HRM techniques, when properly practiced are expressive of the goals and operating practices of the enterprise overall. HRM is also seen by many to have a key role in risk reduction within organizations.

#### 1.1.5: Functions of HRM

The Human Resource management (HRM) function includes a variety of activities and key among them is deciding what staffing needs you have and whether to use independent contractors or hire employees to fill these needs, recruiting and training the best employees, ensuring they are high performers, dealing with performance issues and ensuring your personnel and management practices conform to various regulations. Activities also include managing your approach to employee benefits and compensation, employee records and personnel policies. However they should always ensure that employees have- and are aware of personnel policies which conform to current regulations. These policies are often in the form of employee manuals which all employees have. The basic functions of HRM are planning and forecasting human resource requirements, recruitment and selection, appraisal, evaluation and employee motivation. Key functions of HRM are given below:

- Recruitment and selection.

- Training and development.
- Performance evaluation and management.
- Promotions/Transfer.
- Redundancy.
- Industrial and employee relations.
- Record keeping of all personal data.
- Compensation, pensions, bonuses etc in liaison with payroll.
- Confidential advice to internal ‘customers’ in relation to problems at work.
- Career development.
- Competency mapping.
- Time motion study is related to HR function.
- Performance appraisal.

## 1.2: Corporate Social Responsibility in Textile Industry

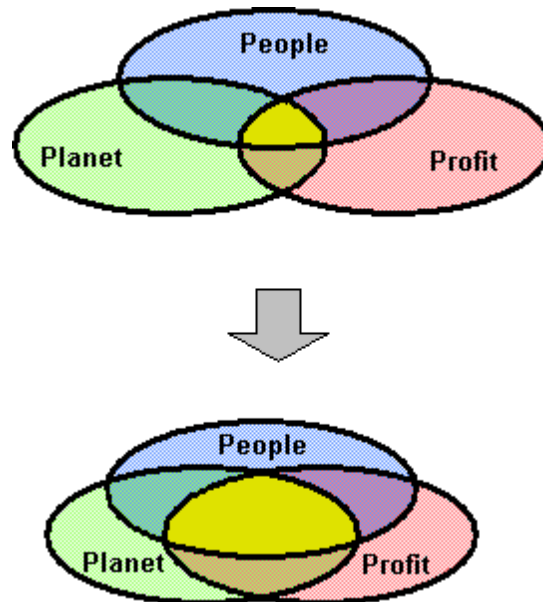
### 1.2.1: Introduction to CSR

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.

**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 industrialized countries.

Improving social standards in the producing countries, which supplies retailers in industrialized 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.



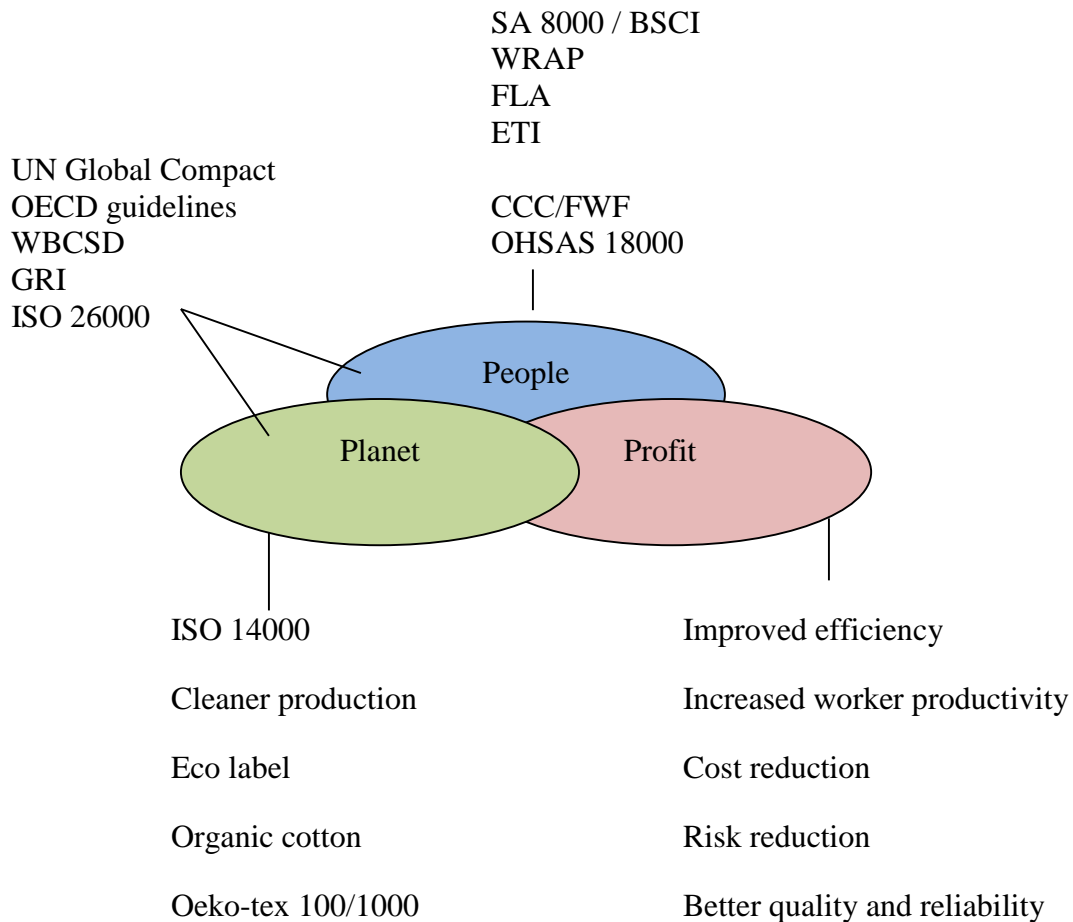
**A growing number of companies participate, make progress, show good financial results and become ever more convinced of the benefits of CSR for all stakeholders, including shareholders.**

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

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:

- ❑ 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.

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.



### 1.2.2: Profits of CSR

**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.

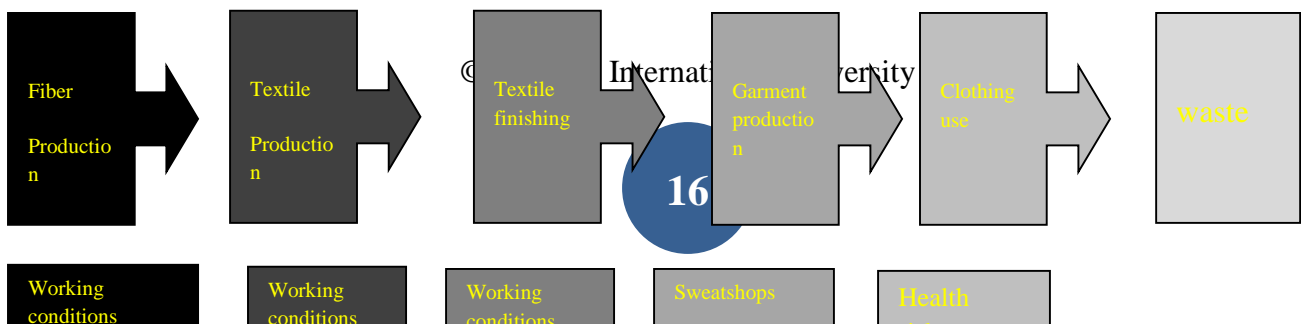
Despite there being clear benefits, many obstacles exist for companies wanting to engage with CSR. The main problems are associated with a lack of awareness of CSR issues and practices, costs of engagement, a lack of suitable trained and skilled human resources, inefficient management systems, competing 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 responsibility(People)	Environmental(Planet)	Economical(Profit)
<ul style="list-style-type: none"> <li>Better working conditions and increased workers motivation</li> <li>Decreased overtime and decreased reworking</li> <li>Increased productivity and increased wages</li> <li>Improved health &amp; safety, less illness and accidents</li> <li>Improved (company) image</li> <li>Increased ability to attract and retain quality employees</li> </ul>	<ul style="list-style-type: none"> <li>Reduced raw materials and energy inputs</li> <li>Eliminated toxic materials use</li> <li>Reduced quantity and toxicity of emissions and (water) outputs</li> </ul>	<ul style="list-style-type: none"> <li>Reduced costs on input materials and energy</li> <li>Reduced (wastewater) treatment costs</li> <li>Increased production revenues</li> <li>Better product quality</li> <li>Enhanced reputation and brand value</li> <li>Increased efficiency and productivity</li> <li>Increased total income</li> <li>Increased sales and customer loyalty</li> <li>Attracting and retaining quality investors and business partners.</li> </ul>

### 1.2.3: Social Issue in Supply 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 fiber until the garment production.



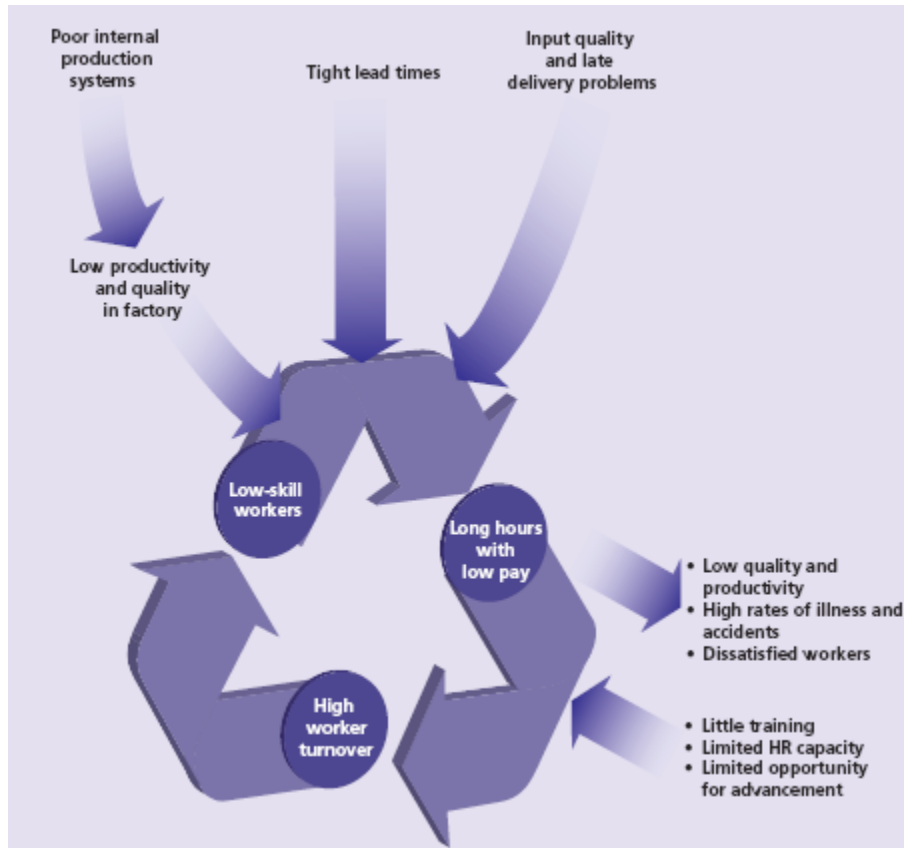


### Figure: Social issue in textile industry

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.

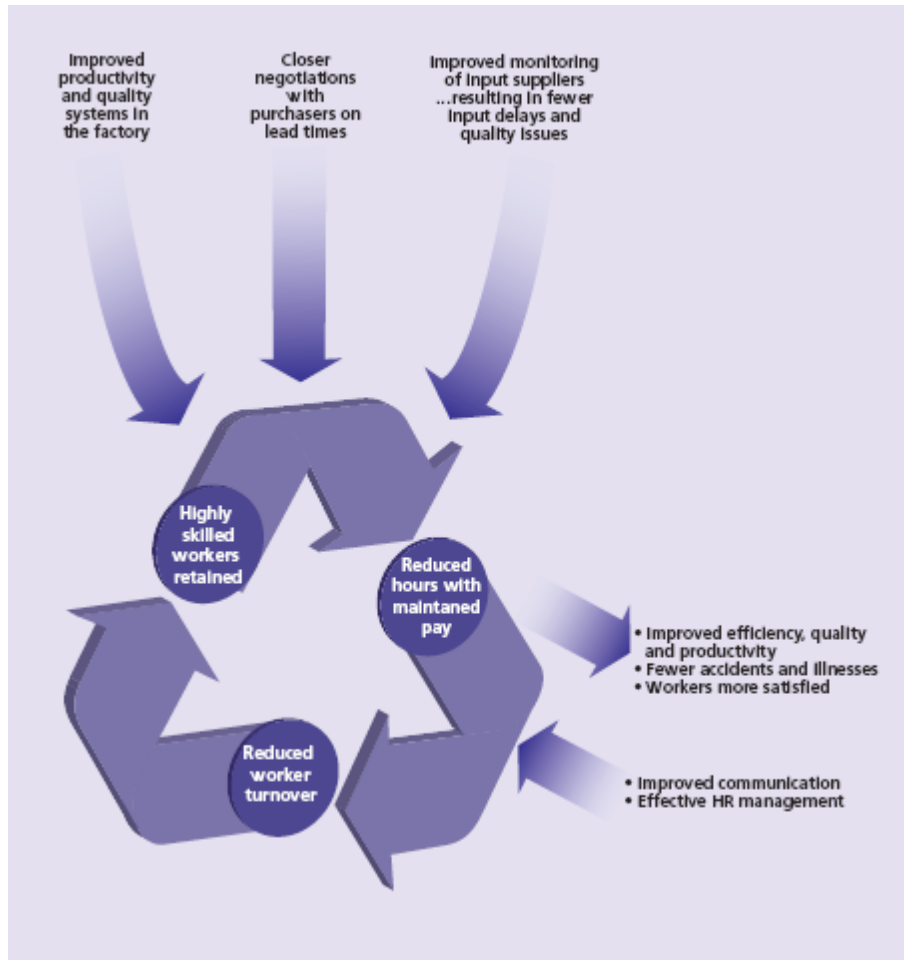
### **Overtime**

Excessive overtime is a common problem in many garment-producing countries. The extent of overtime in Bangladesh 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 occasional 12 hours overtime means a massive reorganization of planning and production. However this can lead to a substantial increase of productivity and profitability.



## 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.



## **Bonded labor**

Bonded (and also forced) labor 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 labor. 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 labor**

Child labor 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 labor 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 labor contract**

In many cases labor 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.

## Chapter 2: Global Standards

- **International Organisations, Policies & Standards**
- **Code of Conduct of Different International Buyers.**
- **Comparison of Standards.**

## 2.1: International Organisations, Policies & Standards

### 2.1.1: Introduction

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. 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.

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.

## 2.1.2: Social Policies and Standards in the Textile Chain

### **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, 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 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.

Convention	Forced labor		Freedom of Association		Discrimination		Child labor		Minimum age
	C.29	C.105	C.87	C.98	C.100	C.111	C.138	C.182	
Number	C.29	C.105	C.87	C.98	C.100	C.111	C.138	C.182	C.138
Rectification date	1930	1957	1948	1949	1951	1958	1973	1999	1973
Bangladesh	1972	1972	1972	1972	1998	1972		2001	
China					1990		1999	2002	16
India	1954	2000			1958	1980			
Thailand	1969	1969			1999		2004	2001	15
Vietnam					1997	1997	2003	2000	15

#### ▣ Social Accountability 8000 (SA8000)



#### 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.

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<b>Social accountability 8000(SA 8000)</b>	
Administrated by	SAI/ Social Accountability International
In operation since	1997
Initiative	Multi-stakeholder (Companies, NGOs, governmental organizations, unions)
Focus	Social (labour/ ILO conventions)
Sector	General, including textile and clothing
Verification/Certification	Third party audits leading to certification
Audited/certified companies	App. 1038 facilities worldwide are certified (June 2008) 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
Participating textile brands	Charles Vogele, Cutter & Buck, Eileen Fisher, Gap, Otto Versand, Tex Line, Timberland, WE

### Provisions

- ❏ **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.

## Business Benefits

The key business benefits from a *customer* point of view include:

- ✦ If a company already has its own monitoring procedures in place to ensure that products sold under the company's name or brand are produced in a way today's customer expect, the standard will significantly reduce the costs of monitoring.
- ✦ Implementing the standard will lead to greater confidence that the supplied products and services are produced in a working environment that is fair and safe. The requirement for continuous improvement, the need of regular third party audits and the certification are the bases for an enhanced corporate reputation and a better corporate image.

As a *supplier* you can expect the benefits in the following area:

- ✦ In a business environment where social issues are increasingly important SA 8000 is a chance to gain a competitive edge, attract new customers and enter new markets while giving the company and its managers << social peace of mind>>.
- ✦ Implementing the standard can significantly reduce cost of managing social requirement. SA 8000 is a one stop shopping opportunity.
- ✦ SA 8000 will also give the company a better position in the labour market. The clear commitment to social and ethical standards will make it easier for a company to attract well trained and skilled staff- a factor which is seen as the key success factor in the next millennium.
- ✦ The company's commitment to employees welfare will increase their loyalty and commitment to the company. This will not only enhance the organization's productivity but will lead to better customer relations and long term to more loyal customers.

## Requirements

The requirements in the SA 8000 are, to a wide extent, based on conventions and recommendations of the ILO. SA 8000 standard explicitly covered 13 ILO requirements listed as below:

- ✦ Minimum Age and Recommendations;
- ✦ Occupational Safety and Health Recommendation;
- ✦ Forced Labour Convention;
- ✦ Freedom of Association and Protection of the Right to Organise Convention;
- ✦ Right to Organise and Collective Bargaining Convention;
- ✦ Equal Remuneration Convention;
- ✦ Abolition of Forced Labour Convention;
- ✦ Discrimination (Employment and Occupation) Convention;

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- ☒ Worker’s Representatives Convention;
- ☒ Minimum Age Convention;
- ☒ Home Work Convention

Beside these conventions and recommendations, SA 8000 requires a company to respect the Universal Declaration of Human Right and the United Nations Convention on the Rights of the Child.

### ☐ **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).



<b>Business Social Compliance Initiative (BSCI)</b>	
Administered by	FTA/ Foreign Trade Association
In operation since	2004

Initiative Focus Sector	Business initiative with 60 members in 10 countries. Social (labour/ILO conventions) General, including textile and clothing.
Verification/certification	Third party audits, certification possible via SA8000
Audited/certified companies Participating textile brands	>1300 companies audited (2006)

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. BSCI members commit themselves that within three years 66% of their non-western suppliers must have started the BSCI process.

### Principles of BSCI

The ultimate goal of BSCI is to improve the working conditions in the global supply chain worldwide. This goal can only be achieved through a strong commitment from participants to implement the system. BSCI operates on the following principles:

- ❏ **Committed:** Our participants **commit** to implement the BSCI Code of Conduct as part of their business relations with suppliers, showing a willingness to improve the working conditions in their supply chain.
- ❏ **Consistent:** We offer a unique and uniform **system** for suppliers worldwide consisting of one Code of Conduct and one implementation process, ensuring consistency and comparability of audits.
- ❏ **Comprehensive:** The BSCI social compliance system is applicable to both large and small companies and covers all products (industrialised and primary production) sourced from any country.
- ❏ **Development oriented:** BSCI is not a certification scheme. We offer a step by step development approach that helps suppliers implement the Code of Conduct gradually. Suppliers who meet all BSCI requirements are encouraged to go further and achieve our best practice, the **SA8000** social management system and certification developed by Social Accountability International (SAI).
- ❏ **Credible:** We only use external, experienced and independent auditing companies to perform audits.
- ❏ **Focused on risk countries:** We focus on **risk countries** \* where violations of workers' rights occur frequently. The main sourcing countries, based on audits performed, are China, Bangladesh, India, Turkey and Vietnam.

- ❏ **Efficient:** Our common database of suppliers creates efficiencies and avoids duplicating audits at factories already in the system.
- ❏ **Knowledge-based:** Our system integrates **learning** at the supplier level to develop their knowledge and skills on how to improve working conditions on the factory floor.
- ❏ **Collaborative:** BSCI cultivates involvement of relevant **stakeholders** in Europe and supplier countries.

## 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**

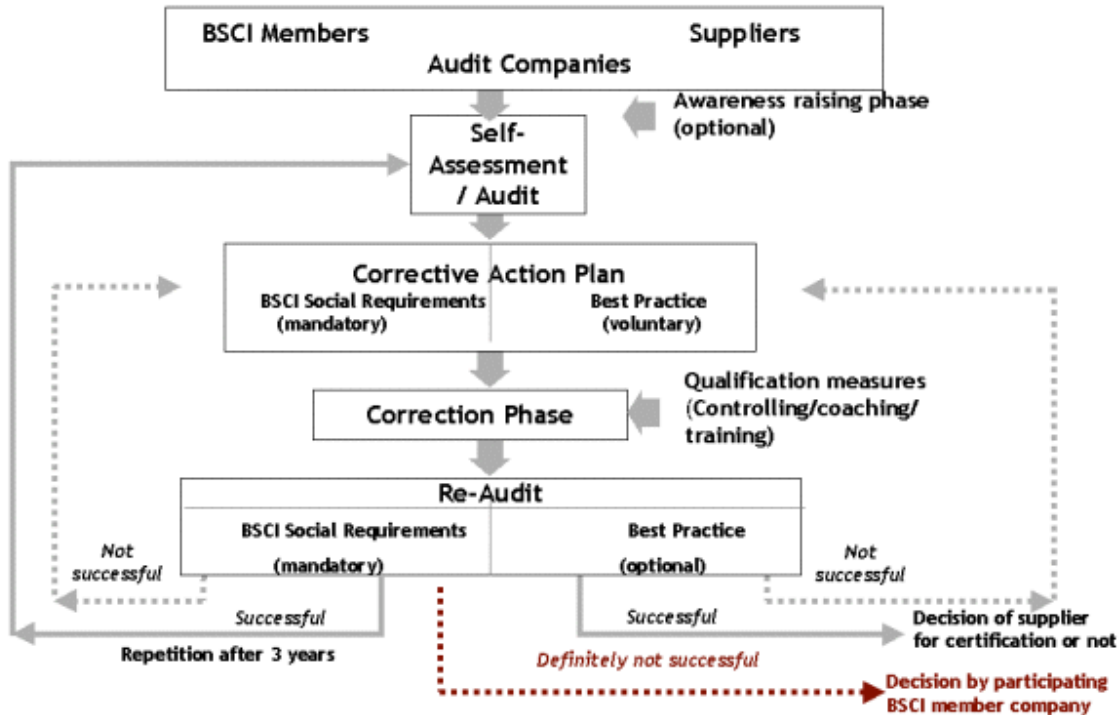
The initiative aims at continuously improving the social performance of suppliers, leading to Best Practice like SA8000 certification or equivalents and thus enhancing working conditions in factories worldwide.

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 organization 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 practices.

## Process of BSCI Social Audits



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

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

## Worldwide Responsible Apparel Production (WRAP)

### 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)	
Administrated by	WRAP organization
In operation since Initiative	2000 Industrial associations initiative (American Apparel and Footwear Association, other industry association). Academia and NGOs in board.
Focus Sector	Social (Labour/ILO conventions) Apparel (programs for other sectors are under development)
Verification/certification	Third party audits leading to certification
Audited/certified companies	App. 600 facilities are certified (2004) of which 33 in China. 1400 factories (belonging to some 700 manufacturers) have applied for the WRAP program

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.

### Fair Labour Association (FLA)

#### 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 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.



Fair Labour Association (FLA)	
Administered by	FLA organization
In operation since	1999
Initiative	Multi stakeholder initiative (brand companies, NGOs, Universitise)

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

## 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.

## ❏ **Ethical Trading Initiative (ETI)**



## **General data**

The Ethical Trading Initiative (ETI), is an UK based alliance of companies, nongovernmental 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.

<b>Ethical Trading Initiative (ETI)</b>	
Administered by	ETI organization
In operation since	1998
Initiative	Multi stakeholder initiative (brand companies, NGOs, Unions)
Focus Sector	Social (labour/ILO conventions) 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)

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.

### 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.

### ❏ **Clean Clothes Campaign (CCC)**

#### **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.



<b>Clean Clothes Campaign (CCC)</b>	
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

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.

 **Fair Wear Foundation (FWF)**



**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.

<b>Fair Wear Foundation (FWF)</b>	
Administered by	FWF organization
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

## 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.

### 2.1.3: Environmental Policies and Standards in the Textile Chain

- ☒ 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 part audits leading to certification
Audited/certified companies	37.000 organisations in 112 countries are certified
Participating textile brands	No data

### 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

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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 prioritizing 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.

### 📐 The European Eco-label



### General data

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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.

### **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).

#### **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.

#### **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;

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- ☒ Textiles with a skin friendly pH;
- ☒ Textiles free from chloro-organic carriers;
- ☒ Textiles for garments free from biologically active finishes.

### **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.

## **2.2: Code of Conduct of Different Apparel Buyers**

### **2.2.1: C&A**



### **General**

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The C&A Code of Conduct for the Supply of Merchandise (referred to in the text below as "The Code " ) which was introduced in 1996, and updated in 1998, provides the basic contractual terms under which C&A conducts its' business. The Code has been accepted by all supply partners of C&A products, and has been implemented into all C&A buying and sourcing activities.

In combination with the auditing activities of SOCAM (Service Organisation for Compliance Audit Management), the Code offers C&A the opportunity to support the development of ethical and social standards throughout the C&A supply chain.

We recognize the importance of a continuing review of our Code, given practical experience and changing circumstances. These include increased globalization in recent years, and the associated growth of sourcing in the "less developed" countries, together with a proliferation of new codes and auditing options available in the market.

We believe that the Code, together with the monitoring activities of SOCAM , continue to provide C&A with a pragmatic and successful approach in ensuring that the important issues addressed in the Code can be matched by practical application in the supply chain.

Nevertheless, we think it timely to clarify the meaning of some of the terms used in the Code, given the increasing external stakeholder interest shown in recent years in our own, as well as the many alternative codes available.

The following comments should be regarded as our binding interpretation of the C&A Code of Conduct for the Supply of Merchandise.

## **Supplier Relationships**

The understanding of our supply partners concerning the way that C&A expects business on its' behalf to be handled in all parts of the supply chain, is at the heart of the Code.

Recognizing the many different environments, cultures, social and business models which are inherent in conducting business on a global basis, the Code is based on a set of principles which we believe to be universally acceptable, understandable and achievable.

It is not **practical** to name or refer to all of the international treaties and basic agreements pertinent to human rights and social standards which have been developed and implemented over many years. However, the most important amongst them could include the Universal Declaration of Human Rights, OECD Guidelines for International Enterprises, as well as a number of ILO conventions. Such treaties and agreements provide a framework within which business should be conducted, many of them having been ratified and transferred into the national laws in those countries where C&A merchandise is produced.

## **Fair and Honest Dealings**

This phrase remains a fundamental contractual principle of the Code. It forms the general, abstract and basic principle for all business relationships within the C&A supply chain. It includes every party involved, from the component sourcing through to the final garment production process, and forms the general clause of the Code.

Practices, even if not specifically referred to in the Code, would be regarded as not being "fair and honest" if they were not in line with internationally accepted norms, and / or national legislation, as laid down in the conventions already mentioned. If national law neglects those principles, then those principles of compliance which come nearest to global standards should be the ones adhered to.

Our understanding of "fair and honest dealings" also includes behavior linked to the treatment of animals, as well as the environment as a whole, at least for those resources which are necessary for production. C&A regards animals as needing to be treated in a decent and humane way, without resort to cruelty, and with regard to any existing animal protection laws. This also includes the protection of endangered species and adherence to treaties such as CITES.

The principle of "fair and honest dealings" also includes that gifts and favors of whatever content should not be offered, promised, demanded or accepted in any circumstances which, due to their value or significance could compromise the independence of individuals in their decision-making process.

This is especially so if it were to imply an undue advantage, or sought to obtain or retain business, or any other improper advantage. Neither C&A nor a supply partner shall be approached for, or expected to pass on, a bribe.

We refer in this regard specifically to section VI of the OECD Guidelines for International Enterprises.

## **Legal Aspects and Intellectual Property Rights**

The adherence to intellectual property rights of third parties is of utmost importance for our buying / sourcing policy. We will not accept any infringement or negligence in regard to third party intellectual property rights.

Both suppliers and Product Managers must ensure that such third party intellectual property rights are respected, and that unlawful copies should neither be offered, or produced. Suppliers must be aware of the sources of each design (whether fabric, garment or print) offered, by being aware of the origin of such designs, or copyrights.

C&A will hold their supply partners liable for any damages and costs which may result from unlawful copying, whether this be the result of poor due diligence or willful negligence. Criminal charges could also result from such eventualities.

### **Employment Conditions**

We regard the basic principles related to employment conditions, and which are listed in the Code, as being applicable on a global basis. C&A would therefore expect that our supply partners would include these as part of their own corporate governance model, and in turn applicable to whomever are their own suppliers, and not only in relation to production for C&A. We want to do business with those who share our philosophy. This does not preclude that any supplier cannot exceed such basic norms, in all situations where that is possible.

Specifically, we would like to comment on some basic requirements related to two paragraphs in the Code under the umbrella of "Employment Conditions".

### **Child Labour**

C&A refers via this clause to the legal minimum age for young workers, related to production activities as laid out by the ILO Minimum Age Convention (No. 138), and Worst Forms of Child Labour Convention (No. 182) which are today fully transferred into national laws.

In those countries where the convention no.182 has been ratified, our suppliers must adhere to national law regulations which are in accordance with these principles. This means that specific work in textile industries is regarded by national law as being hazardous in terms of the health, safety and morals of a child. In these cases, the minimum age for production workers is 18 years of age.

In regard to the Minimum Age Convention, the age of completion of compulsory schooling (not below 15 years) would be applicable. In certain "less developed countries", a minimum age of 14 years may apply, if allowed in those countries national laws, or, if work is performed according to those exceptions as set out in Article 6 and 7 of the Convention relating to schooling and education.

In the event that the Conventions are not ratified into national law, the absolute minimum age for working in the textile industry supply chain is considered to be 14 years.

C&A has asked SOCAM as part of its monitoring activities to check compliance with these various national norms.

### **Wages and Benefits**

The underlying principle applicable here would be once more that of "fair and honest dealings".

The payment of salaries, wages, overtime payments as well as other benefits must at least be in line with the national legal or industrial minimum level as defined for such work.

Taking the local environment into account, if it is clear that such payments are not sufficient to meet the basic needs of life, **it is expected that adjustments** may be necessary in order to meet such basic needs.

As part of their employment contract, all workers should be aware of their payment conditions before they commence their employment. Any deductions from salaries/wages should be in accordance with national law, and should still allow that the basic needs of life can still be met.

As far as working hours are concerned, the framework is provided by both national laws and industry norms. In any case, we do not accept that workers are required to work on a regular basis for more than **48 hours per week and maximum 12 hours of overtime**, whilst also recognizing their entitlement to one day of rest for each 7 day period.

Any one working day must not exceed 12 hours, whilst overtime work must be a balance between the individual capacity of a worker on the one hand, and business requirements on the other. Overtime working should be considered to be an exception, and not something to be requested on a regular basis throughout a given term of employment.

Salary payments should generally be paid **latest by** monthly installments. Any withholding of salaries for a later payment which are already due to employees are not allowed without the prior written consent of the employee(s) concerned.

### **Environmental Aspects**

Our supply partners are responsible for preventing chemical substances and other production waste from reaching the environment without being filtered or treated in an appropriate way. Sustainable production is an underlying requirement of the Code. All national standards and laws which set restrictions must be fully respected.

Production ecology is regarded as being as important as human ecology. No substance shall be used in a concentration which can cause harm either to the health or the well-being of any person working in the total supply chain, or indeed to the final consumer.

C&A has decided, and has stipulated in our General Delivery Instructions that we regard the EU General Product Safety Directive of 2001 as setting the requirement for the protection of the health and safety of consumers. C&A will not accept any unsafe product, and has implemented rigorous quality assurance systems in order to ensure we meet this objective.

C&A will offer support, information and know-how to our suppliers in helping them to meet the required standards to protect both the safety of humans and the environment. This applies as far as C&A is aware of specific knowledge in this area.

## **Freedom of Association**

C&A recognizes and respects the rights of workers to join groups of their own choosing, and who can represent their interests, whether unions or other organizations, as long as such bodies are regarded as being legally in accordance with the relevant national laws.

We specifically acknowledge and act in accordance with ILO Conventions 87, 98 and 135. The right for collective bargaining is also acknowledged insofar as the national law of each respective country sets a legal framework for such rights. If, within any given national framework, those rights cannot be exercised, then C&A **respects** the right of such workers to build alternative structures to safeguard their legal rights.

**C&A will take an active interest if we consider that the basic collective legal rights of workers are neglected, or when we consider that possible alternative structures are actively suppressed.**

**However, C&A will not get involved in conflicts which may arise within any of our supply partners, assuming proper execution of those rights.**

Such issues should be resolved in a democratic way, respecting the rights of all parties involved.

## **Disclosure and Inspection**

The monitoring of the Code is essential in terms of ensuring compliance with the Code. C&A has chosen the company SOCAM to perform this task.

Unannounced visits to production units are an important part of this process, and SOCAM auditors are expected to have full access to whichever production sites they choose to visit, taken from the addresses provided by our registered suppliers. This will enable SOCAM to be able to monitor compliance with our code.

C&A respects the confidentiality requested by our supply partners in terms of such information. Therefore, disclosure related to suppliers production facility addresses are provided by our supply base directly to SOCAM via a Supplier Statement.

The information provided and the audit results will be used for monitoring and auditing purposes by SOCAM, and will be treated as strictly confidential and not divulged to any third party including C&A Buying. Only in case of breach of the C&A Code of Conduct for the Supply of Merchandise SOCAM will present its audit report including the name and address of the relevant factory / production unit to C&A Sourcing Department for further action. In such cases, the C&A Sourcing Department will then write to the supplier to inform them of the nature of the infringement detected by SOCAM, and to invite an explanation of the circumstances, and where necessary, an action plan which will help to avoid a repeat of such infringements.

C&A reserves the right to be able to disclose general information relating to the processes which it has invited SOCAM to establish, as well as to the results of its' auditing processes, given that the confidentiality related to an individual supplier remains guaranteed.

In the event of any third party attention being drawn to an infringement detected at any specific supplier, C&A reserves the right to use any facts gathered by SOCAM to present its' own understanding of the facts publicly to the extent it sees as being necessary.

### **Sanctions**

In order that the Code retains credibility, C&A has various sanctions at its' disposal to ensure that the conditions outlined in the Code are respected.

Only as a last resort would this result, however, in a cancellation of our business relationship. Increasingly, C&A sees the need not just for audits, but also for training and information to suppliers, to help them to understand the good business case by respecting the Code in order to be able to ensure a sustainable business relationship. Nevertheless, C&A reserves the right to suspend such a relationship in certain circumstances, until corrective plans have been submitted, and the necessary and agreed improvements either underway or undertaken.

### **Corrective Plans**

Corrective plans are preferred to immediate cancellation of business relationships, and we also recognise that a reasonable and agreed time-period has to be allowed in order for the necessary corrective actions to be taken.

Specific actions are required for corrective plans relating to the **finding** of child labour working in a production unit used for the manufacture of merchandise destined for C&A. Where such a child's identity can be established by SOCAM, the supplier is asked to take responsibility to ensure that suitable education be made available to that child, given of course, the prior permission of the parents or guardians of that child. This could involve also financial support for the child as an additional requirement of a corrective plan.

## **2.2.2: Carrefour**

### **Respect for Human Right**

The Carrefour Group is promoting the respect of Human Rights and fundamental liberties within its company and among its suppliers.

Respecting Human rights at work is one of the Group's fundamental principles and in May 2001 the business signed a memorandum of understanding with an international trade union federation, the UNI (Union Networks International). The Group aims to monitor the application of the

principles set out by the International Labor Organization (ILO) in the countries in which it operates, and in particular freedom of association, collective bargaining, and a ban on child labour.



**Compliance with the Declaration of Human Rights, the ILO Conventions, or any other international agreement related to the Human Rights:**

- ✚ The Carrefour group has signed an agreement with the UNI( Union Network International) in 2001, under which the Group commits to ensure the application of the principles set out by the ILO (in particular freedom of association, the right to collective bargaining and the abolition of child labour).
- ✚ The Carrefour Group has adhered to the United Nations Global Compact since 2001. It undertakes to respect and promote the ten principles on Human Rights, labor and environmental standards, and the fight against corruption.
- ✚ The Carrefour group Code of Conduct (updated in 2007), clearly refers to the Group's commitments to respect:
  - *The Universal Declaration of Human Rights,*
  - *The ILO conventions,*
  - *The OECD guidelines,*
  - *The Global Compact principles,*
  - *The international agreement signed with UNI in May 2001,*
  - *The Diversity in Business Charter.*
- ✚ The Group Social Charter contractually bounds all Carrefour suppliers (food and non-food). It was adopted in 2000 and revised in 2005. It includes six obligations contained in the Universal Declaration of Human Rights and ILO principles: prohibition of slavery and forced labor, prohibition of child labor, freedom of association and the right to collective bargaining, pay, working conditions, working hours and equal opportunity.

**Freedom of association and right to collective bargaining:**



- ❖ The Carrefour Group respects and promotes fundamental Human rights wherever it operates. The Group acts for the recognition of the freedom of association and the right to collective bargaining, which are stated in the Global Compact.
- ❖ In May 2001, it signed an agreement with the international trade union association UNI (Union Network International). The Group has undertaken to monitor the application of the principles of the ILO (International Labor Organization), in particular with regard to freedom of association, collective bargaining and the condemnation of child labor.
- ❖ The Group Code of Conduct (updated in 2007) refers to the Group commitment to respect the ILO principles, which among other, concerns the freedom of association.

### **Elimination of all forms of forced or compulsory labor and abolition of child labor:**

- ❖ The Carrefour Group adhered to the Global Compact, which condemns all forms of forced or compulsory labor and child labor.
- ❖ The Group Social Charter, which bounds all suppliers, refers to the Declaration of the Human Rights, the ILO Conventions, and condemns forced labor and child labor.
- ❖ The Group Code of Conduct refers to the commitment of the Group to respect the Universal Declaration of Human Rights, and the ILO conventions which prohibit all forms of forced or compulsory labor and child labor
- ❖ The Carrefour Group has signed an agreement with the UNI (Union Network International) in 2001. The Group has thus undertaken to monitor the application of the principles of the ILO (International Labor Organization), in particular with regard to freedom of association, collective bargaining and the condemnation of child labor.

### **Social Dialogue**

**Commitment to respect labor rights:** The Group is committed to respecting labor rights in every country where it operates and signed in May 2001 an agreement with UNI (Union Network International) by which it has undertaken to monitor the application of principles of the ILO (International Labor Organization), in particular with regard to freedom of association, collective bargaining and the condemnation of child labor. The Carrefour Groups also adheres to the UN Global Compact since 2001, committing itself to respect its principles, which include labor standards. The Carrefour Group has updated its Code of Conduct and which includes references to the Group's commitment to respect for:

- ❖ *The Universal Declaration of Human Rights,*
- ❖ *The ILO conventions,*
- ❖ *The OECD guidelines,*
- ❖ *The Global Compact principles,*
- ❖ *The international agreement signed with UNI in May 2001,*
- ❖ *The Diversity in Business Charter.*

### **Principles of Business**

1. Strictly respect the law
2. Contribute to a safe and healthy working environment
3. Commit to diversity and good working conditions
4. Protect the Group's assets and resources
5. Guarantee confidentiality
6. Avoid conflicts of interest
7. Refuse all forms of corruption
8. Develop loyal and transparent business practices
9. Provide reliable and accurate reporting
10. Be an ambassador of the Carrefour brand.

### 2.2.3: H&M



#### **Introduction**

This Code of Conduct is applicable to all suppliers, their subcontractors and other business partners that do business with H&M Hennes & Mauritz AB (publ.), registered in Sweden, corporate organisation number 556042-7220, or any other company, wholly or partly owned, directly or indirectly, by H&M Hennes & Mauritz AB ("H&M").

This Code of Conduct is drafted and valid in the English language. Where there are different language versions of this document these shall be considered translations of convenience only and the English version will prevail in any case of discrepancy

H&M's business concept is to offer fashion and quality at the best price. Quality also means that our products must be manufactured in a way that is environmentally and socially sustainable. We have a responsibility towards everyone who contributes to our success. We are therefore committed to working closely with our suppliers and business partners to achieve a long-term, sustainable social and environmental standard in the factories that manufacture H&M's products and in the operations of other business partners.

This Code of Conduct specifies what we require from our suppliers, their subcontractors and other business partners in order to fulfill our commitment to our Board of Directors, to our employees, to our customers, to our shareholders and to other stakeholders. It is the responsibility of H&M's suppliers and other business partners to inform their subcontractors about H&M's Code of Conduct and Policy for Homework, and to ensure that these are implemented in every factory and

workplace that produces, finishes packs or otherwise handles goods or performs services for H&M.

We base our requirements mainly on internationally agreed standards such as the Universal Declaration of Human Rights, The UN Convention on the Rights of the Child and applicable ILO Conventions, as well as national legislation.

## **1. Legal Requirements**

Our general rule is that all our suppliers and other business partners must, in all their activities, follow the national laws in the countries in which they operate. Should any requirement in this Code conflict with the national law in any country or territory, the law must always be followed. In such cases the supplier must notify H&M immediately, before signing this Code.

However, H&M's requirements may go beyond the requirements set out in national law.

## **2. Child Labour is not accepted**

(Refer to ILO Conventions 138 and 182 and to the UN Convention on the Rights of the Child)

### **✚ Child Labour**

H&M does not accept child labour. No person shall be employed at an age younger than 15 (or 14 where the national law so allows) or younger than the legal age for employment if this age is higher than 15.

The company must take the necessary preventive measures to ensure that it does not employ anyone below the legal age of employment.

### **✚ Young Workers**

All legal limitations on the employment of persons below the age of 18 years must be followed.

We acknowledge that according to the UN Convention on the Rights of the Child, a person is a child until the age of 18. We recognise the rights of every child to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development.

## **3. Health and Safety**

### **✚ Building Safety**

We require our suppliers and other business partners to make employees' safety a priority at all times. No hazardous equipment or unsafe buildings are accepted.

### **✚ Fire Safety**

Emergency exits on all floors must be clearly marked, well lit and unblocked all the way out of the building. Evacuation through emergency exits must always be possible during working hours.

Everyone working on the premises, including managers and guards, must be regularly trained in how to act in case of fire or other emergency. Regular evacuation drills for all employees are required; evacuation plans and firefighting equipment must be in place.

#### **Accidents and First Aid**

The employer must work proactively to avoid accidents causing harm to any employee in the workplace.

Relevant first aid equipment must be available and where legally required a doctor or nurse should be available during working hours.

#### **Working Environment**

The premises must be regularly maintained and cleaned and must provide a healthy working environment.

### **4. Worker's Right**

#### **Basic Rights**

- We do not accept any forms of forced or bonded labour and we do not accept the use of prison labour or illegal labour in the production of goods or services for H&M. (Refer to ILO Conventions 29 and 105)
- Migrant workers shall have exactly the same entitlements as local employees. Any commissions and other fees in connection with employment of migrant workers must be covered by the employer. The employer must not require the employee to submit his/her identification documents. Deposits are not allowed. Workers employed through an agent or contractor are the responsibility of H&M's supplier and other business partners, and are thus covered by this Code.
- Every employee shall be treated with respect and dignity. Under no circumstances do we accept the use by our suppliers, their subcontractors or other business partners of humiliating or corporal punishment, and no employee shall be subject to physical, sexual, psychological or verbal harassment or abuse.
- All employees have the right to form or join associations of their own choosing, and to bargain collectively. H&M does not accept disciplinary or discriminatory actions from the employer against employees who choose to peacefully and lawfully organise or join an association.

(Refer to ILO Conventions 87, 98 and 135)

- No employee shall be discriminated against in employment or occupation on the grounds of sex, race, colour, age, pregnancy, sexual orientation, religion, political

opinion, nationality, ethnic origin, disease or disability. (Refer to ILO Conventions 100 and 111)

- All employees are entitled to a written employment contract, in the local language, stipulating the employment terms and conditions. The employer has a responsibility to ensure that all employees are aware of their legal rights and obligations.

#### **✚ Wages, Benefits, Working Hours and Leave**

As background to this chapter we quote from the Universal Declaration of Human Rights Article 23:3, as guidance concerning our ambition for our suppliers and business partners: “Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity...”

- Wages must be paid regularly, on time, and must reflect the experience, qualifications and performance of the employee. H&M’s minimum requirement is that employers shall pay at least the statutory minimum wage, the prevailing industry wage or the wage negotiated in a collective agreement, whichever is higher. All other types of legally mandated benefits and compensations shall be paid. No unfair deductions are allowed, and the employee has the right to a written specification of how the wage has been calculated.
- Ordinary working hours must not exceed the legal limit and shall never exceed 48 hour per week. Overtime hours must not exceed the numbers allowed by the law of the country. If such limits do not exist, overtime work should not exceed 12 hours per week. Overtime work must always be voluntary and compensated in accordance with the law. Piece-rate work should not be exempted from the right to overtime compensation. Employees are entitled to at least one day off in every seven-day period.
- The employees shall be granted and correctly compensated for any types of paid leave to which they are legally entitled. Examples of such leave include annual leave, maternity/parental leave and sick leave.

### **5. Housing Conditions**

If a company provides housing facilities for its employees, the requirements regarding fire safety and cleanliness under point 3 above should also cover the dormitory. The dormitory must be separated from the workplace and have a separate entrance. Employees should have free access to the dormitory.

### **6. Environment**

The environment is of increasing concern globally and H&M expects its suppliers and other business partners to act responsibly in this respect. Our suppliers must comply with all applicable environmental laws and regulations in the country of operation. In particular, we are concerned

about how the production of our garments and other products contributes to climate change and water stress.

## 7. Corrective Action

H&M's audits aim to identify gaps between the requirements in this Code of Conduct and the actual practices and conditions in the workplace. The audited company will usually be given the opportunity to propose and implement a corrective action plan. H&M will follow up the implementation of the plan and verify that violations have been remedied. A supplier failing to undertake sustainable improvements within the stipulated time frame would seriously damage its relationship with H&M. Unwillingness to cooperate or repeated serious violations of H&M's Code of Conduct and local law may lead to reduced business and ultimately termination of the business relationship with H&M.

### 2.2.4: Levi Strauss



## Global Sourcing & Operating Guidelines

Levi Strauss & Co. seeks to conduct its business in a responsible manner. In 1991, Levi Strauss & Co. was the first multinational company to establish comprehensive Global Sourcing & Operating Guidelines.

### Business Partners

Our Global Sourcing & Operating Guidelines help us to select business partners who follow workplace standards and business practices that are consistent with our company's policies. These requirements are applied to every contractor who manufactures or finishes products for Levi Strauss & Co. Trained inspectors closely audit and monitor compliance among approximately 600 cutting, sewing, and finishing contractors in more than 60 countries.

### Partnerships That Work

For Levi Strauss & Co., implementing our guidelines is a comprehensive and resource-intensive effort. Our goal is to achieve positive results and effect change in partnership with our contractors, rather than to punish contractors for transgressions. Through our guidelines, we seek long-term

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solutions that will benefit the individuals who make our products and will improve the quality of life in the communities in which they live.

**The Levi Strauss & Co. Sourcing & Operating Guidelines include two parts:**

I. The Business Partner Terms of Engagement, which deal with issues that are substantially controllable by Levi Strauss & Co.'s individual business partners.

II. The Country Assessment Guidelines, which address larger, external issues beyond the control of individual business partners (e.g., health and safety issues and political, economic, and social conditions). These help us assess the risk of doing business in a particular country.

These standards are an integral part of our business. Company employees have the authority and the responsibility to take any steps necessary to ensure compliance with all standards and policies. Our employees and our business partners understand that our guidelines are no less important than meeting our quality standards or delivery times.

**Terms of Engagement**

**1. Ethical Standards**

We will seek to identify and utilize business partners who aspire as individuals and in the conduct of all their businesses to a set of ethical standards not incompatible with our own.

**2. Legal Requirements**

We expect our business partners to be law abiding as individuals and to comply with legal requirements relevant to the conduct of all their businesses.

**3. Environmental Requirements**

We will only do business with partners who share our commitment to the environment and who conduct their business in a way that is consistent with Levi Strauss & Co.'s Environmental Philosophy and Guiding Principles.

**4. Community Involvement**

We will favor business partners who share our commitment to contribute to improving community conditions.

**5. Employment Standards**

We will only do business with partners whose workers are in all cases present voluntarily, not put at risk of physical harm, fairly compensated, allowed the right of free association and not exploited in any way. In addition, the following specific guidelines will be followed:

**Wages and Benefits:** We will only do business with partners who provide wages and benefits that comply with any applicable law and match the prevailing local manufacturing or finishing industry practices.

**Working Hours:** While permitting flexibility in scheduling, we will identify prevailing local work hours and seek business partners who do not exceed them except for appropriately compensated overtime. While we favor partners who utilize less than sixty-hour work weeks, we will not use contractors who, on a regular basis, require in excess of a sixty-hour week. Employees should be allowed at least one day off in seven.

**Child Labor:** Use of child labor is not permissible. Workers can be no less than 14 years of age and not younger than the compulsory age to be in school. We will not utilize partners who use child labor in any of their facilities. We support the development of legitimate workplace apprenticeship programs for the educational benefit of younger people.

**Prison Labor/Forced Labor:** We will not utilize prison or forced labor in contracting relationships in the manufacture and finishing of our products. We will not utilize or purchase materials from a business partner utilizing prison or forced labor.

**Health & Safety:** We will only utilize business partners who provide workers with a safe and healthy work environment. Business partners who provide residential facilities for their workers must provide safe and healthy facilities.

**Discrimination:** While we recognize and respect cultural differences, we believe that workers should be employed on the basis of their ability to do the job, rather than on the basis of personal characteristics or beliefs. We will favor business partners who share this value.

**Disciplinary Practices:** We will not utilize business partners who use corporal punishment or other forms of mental or physical coercion.

## **Evaluation & Compliance**

All new and existing factories involved in the cutting, sewing, or finishing of products for Levi Strauss & Co. must comply with our Terms of Engagement. These facilities are continuously evaluated to ensure compliance. We work on-site with our contractors to develop strong alliances dedicated to responsible business practices and continuous improvement.

If Levi Strauss & Co. determines that a business partner is in violation of our Terms of Engagement, the company may withdraw production from that factory or require that a contractor



implement a corrective action plan within a specified time period. If a contractor fails to meet the corrective action plan commitment, Levi Strauss & Co. will terminate the business relationship.

### **Our Commitment**

Levi Strauss & Co. is committed to continuous improvement in the implementation of our Global Sourcing & Operating Guidelines. As these standards are applied throughout the world, we will continue to take into consideration all pertinent information that helps us better address issues of concern, meet new challenges, and, improve our guidelines.

#### **2.2.5: Tchibo**



As a standard requirement for doing business with Tchibo, we require our business partners (vendors, their producers and subcontractors) to observe and protect at least the following fundamental rights for employees, regardless whether employed directly by our business partners and regardless of the contractual basis of this employment, whether in the formal or the informal sector. Furthermore, Tchibo business partners are obliged to observe the below-mentioned environmental requirements.

#### **1. Forced Labour**

Employment is freely chosen. Business partners shall not employ any form of forced, bonded, slave or otherwise involuntary labour. Employees shall not be subject to any regulation which limits their personal freedom of movement. Employers shall not require their workers to lodge deposits or their identity papers with them. Workers are free to leave their employer after reasonable notice as mandated by law. The production of goods with the use of prison labour is strictly prohibited. ILO Conventions 29 and 105 apply.

#### **2. Child Labour and Young Workers**

There shall be no use of child labour. The age of admission to employment shall not be less than the age of completion of compulsory schooling, and, in any case, not less than 15 years (or 14 where national law permits in accordance with ILO convention 138). In the event that children are found to be working in situations which fit the definition of child labour above, policies and

written procedures for remediation of children found to be working shall be established and documented by the supplier company. Furthermore, the supplier company shall provide adequate financial and other support to enable such children to attend and remain in school until no longer a child.

Young workers are workers between the age of 15 – 18. The company may employ young workers, but where such young workers are subject to compulsory education laws, they may work only outside of school hours. Under no circumstances shall any young worker's school, work, and transportation time exceed a combined total of 10 hours per day, and in no case shall young workers work more than 8 hours a day. Young workers shall not be employed at night or perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals. Young workers shall be given the opportunity to participate in education and training programmes. National regulations for the protection of young employees shall be fulfilled. ILO Conventions 79, 138, 142, 182 and ILO Recommendation 146 apply.

### **3. Discrimination**

It shall be guaranteed that all employees are treated equally, with dignity and respect and have access to equal opportunities. No discrimination shall be tolerated on gender, age, religion, race, caste, social background, disability, ethnic and national origin, nationality, membership in workers' organizations including unions, political affiliation or opinions, sexual orientation, family responsibilities, marital status, or any other personal characteristics. This applies in particular to hiring, compensation, access to training, promotion, termination or retirement. ILO Conventions 100, 111 and 159 apply.

### **4. Disciplinary Measures**

Any kind of corporal, psychological, physical, sexual, verbal or other harassment, abuse or discipline and any other form of intimidation are prohibited. Disciplinary measures shall be in line with national laws and internationally recognized human rights. Arbitrary penalties above all in case of sickness or pregnancy are forbidden. Employees, who raise any complaint based on the Code and/or on applicable national/international laws, shall not be subject to any form of disciplinary measures or reprisal.

### **5. Working Contracts**

Business partners shall provide their employees with written working contracts. Working contracts shall as a minimum contain: name and picture of the employee, date and place of birth, home address, function, starting date of working relationship, hours of work, remuneration and compensation, probation period (if applicable), leave entitlements, details for termination of the working relationship (both by employee and employer), signature of employee and employer and dates of signature. In the case of contracted work, the business partner has to secure that before mentioned requirements are observed by the contractor.

## **6. Compensation**

Wages paid for a standard working week shall meet at least legal or benchmark industry minimum standards, whichever of the two is higher. Business partners shall strive to pay wages that always meet basic needs of employees and their families and provide some discretionary income in case that legal minimum wages fail to do so. Employees shall receive at least all legally mandated benefits. All overtime work shall be reimbursed at a premium rate according to legal or industry standards, whichever is higher. Deductions from wages as a disciplinary measure are not permitted. Employees shall be provided with written and understandable information on the full composition of their wages, including deductions, overtime premium rates and benefits. ILO Conventions 26 and 131 apply.

## **7. Hours of Work**

Hours of work shall comply with applicable laws and benchmark industry standards, whichever of the two is stricter. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week. Overtime shall be voluntary, shall not exceed 12 hours per week and not be demanded on a regular basis. Employees are entitled to at least one free day following six consecutive days of working. Exceptions to this rule apply only where both of the following conditions are fulfilled: a) National law allows work time exceeding this limit; and b) a freely negotiated collective bargaining agreement is in force that allows work time averaging, including adequate rest periods. ILO Conventions 1 and 14 apply and ILO Recommendation 116.

## **8. Freedom of Association and Collective Bargaining**

The right of employees to form or join workers' organisations including unions of their own choice and to bargain collectively shall be recognized and respected. Employers shall adopt a positive approach towards the right to freedom of association and collective bargaining, by communicating this right actively to their workforce and by adopting an open attitude towards trade unions including their organisational activities. In those situations in which the rights to freedom of association and collective bargaining are restricted by law, parallel means of independent and free association and bargaining shall be allowed. Workers' representatives shall be protected against discrimination, harassment, intimidation or retaliation and shall be provided free access to the workplaces, to ensure that they can exercise their rights in a lawful and peaceful way. ILO Conventions 87, 98 and 135 and ILO Recommendation 143 apply.

## **9. Working Conditions and Health & Safety**

A safe and hygienic working environment shall be provided to the employees. Occupational health and safety practices shall be promoted, which prevent accidents and injury in the course of work or as a result of the operation of employer facilities. These health and safety practices and procedures shall be communicated to and trained with the employees on a regular basis. A clear set of regulations and procedures must be established and followed, especially the provision and

use of personal protective equipment, access to clean toilet facilities, access to potable water and if appropriate, sanitary facilities for food storage shall be provided. The same principles apply to all social facilities and employee accommodation facilities if provided by the employer. All personnel shall have the right to remove themselves from imminent serious danger without seeking permission from the company. The company observing the Code shall assign responsibility for health and safety to a senior management representative and involve workers in the analysis of health risks and hazards. ILO convention 155 and ILO recommendation 164 apply.

## **10. Environment**

For every business partner of Tchibo, the protection of the environment is the basis to ensure their business sustainability. Tchibo requires all business partners (vendors, their producers and subcontractors) to act in accordance with the applicable statutory and international standards regarding environmental protection. The business partners are expected to increase energy efficiency, minimize environmental pollution, minimize the use of natural resources (including water, energy and gas) and make continuous improvements in environmental protection. In order to achieve these targets they are obliged to set up or use a feasible environmental management system.

## **11. Management Practice**

Ethical standards as defined in this Code shall be acknowledged by the management of any business partner and shall be incorporated in company policies. Employees shall be informed about the contents of the Code and applicable national/international laws in a way that is accessible for them, including their local language and in case of illiteracy through verbal briefing and training. In order to meet all requirements as set forth in this Code and in national/international laws, employers shall establish a management system. Responsible personnel for issues such as human resources/employment, legal requirements, occupational health and safety, production planning and other crucial issues at production level shall be appointed. Business partners shall maintain appropriate records to demonstrate compliance with this Code and national/international laws.

## **12. Employment Relationship**

Obligations of this Code and/or of national/international laws shall not be avoided through the use of labour-only contracting arrangements, sub-contracting, false apprenticeship schemes or homework in industries which are not traditionally conducted in home-working arrangements.

## 2.3: Comparison of Standards

### 2.3.1: 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/general
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 Unison/Skal	*	Organic cotton	Certificate	Skal audit	Business/textile
Cleaner Production	-	Eco efficiency	-	-	Multi/general
ISO 14000	-	Env. Management	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. Management	-	Guidelines	Multi/general
OECD guidelines	Labour/ILO convent.	Env. Management	-	Guidelines	Gov/general
WBCSD	Labour/ILO convent.	Eco efficiency	-	Guidelines	Business/general
GRI	Soc. Reporting	Env.reporting	-	Guidelines	Multi/general
ISO 26000(2008)	Labour/ILO convent.	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

### 2.3.2: 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.

**Table: Similarities and Differences between the Standards:**

Similarities	Differences
<b>Social Standards</b>	
There are many different standards, but in reality most have language on the same general (ILO) provisions, and all standards reference international law.	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.
Factories in compliance with widely recognized international labour standards are, to a large extend, in compliance with all of the given social standards.	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.
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.	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.
<b>Environmental Standards</b>	
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	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.

Ecolabel) and the production process (Oeko-tex 1000).	
<b>CSR Standards</b>	
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 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.

## 2.4: Industrial Health, Safety & Welfare

### 2.4.1: Occupational Health and Safety

Occupational health and safety (OHS) primarily seeks to maintain the working ability of the labour force as well as to identify, assess and prevent hazards within the working environment. Ergonomics, on the other hand, combines all of these issues to improve workers’ efficiency and well being and maintain industrial production through the design of an improved workplace. OHS and ergonomic applications therefore work together to satisfy the needs of changing local people’s attitudes, local work methods and/or traditional ways of doing things. These issues are important for many developing countries (DCs), because the effects of poor health and lack of safety facilities, and no ergonomics conditions exist in various workplaces are a hindrance to the national economy and social progress. Since implementing the full concept of OHS and ergonomics application is a priority, understanding the meaning of the terms related to OHS and ergonomics applications is a major source of workplace improvement. It is therefore important for both foreign and local investors to investigate workplaces, to know how a tool, machinery and production process would match the local workers’ physical and mental capabilities of the local population.



- ❏ **Overview:** Ergonomics is concerned with the fit between people and their work. It takes account of the worker's capabilities and limitations in seeking to ensure that tasks, equipment, information and the environment suit each worker.
- ❏ **Domains:** The International Ergonomics Association (IEA) divides ergonomics broadly into three domains:
  - **Physical ergonomics;** is concerned with human anatomical and some of the anthropometric, physiological and biochemical characteristics as they relate to physical activity.
  - **Cognitive ergonomics;** is concerned with mental processes, such as perception, memory, reasoning and motor response as they affect interactions among humans and other elements of a system.
  - **Organizational ergonomics;** is concerned with the optimization of socio technical systems, including their organizational structures, policies and processes.
- ❏ **Ergonomics in the workplace:** Fundamentals for the flexible workplace variability and compatibility with desk components that flex from individual work activities to team settings. Workstations provide supportive ergonomics for task-intensive environments.

#### 2.4.2: Welfare and Environmental Management

Labour sector addresses multi-dimensional socio-economic aspects affecting labour welfare, productivity, living standards of labour force and social security. To raise living standards of the work force and achieve higher productivity, skill up gradation through suitable training is of utmost importance. Manpower development to provide adequate labour force of appropriate skills and quality to different sectors is essential for rapid socioeconomic development

- ❏ **Central sector:** Plain initiatives in the labour and labour welfare sector are as under:
  - Training for skill development.
  - Services to job seekers.
  - Welfare of labour.
  - Administration of labour regulations.

#### **The main objectives of the scheme are as under:**

- To ensure steady flow of skilled workers.
  - To raise the quality and quantity of industrial production by systematic training of potential workers.
  - To reduce unemployment among educated youth by equipping them with suitable skills for industrial employment.
- ❏ **Electrical safety:** Working with electricity can be dangerous. Engineers, electricians and other professionals work with electricity directly, including working on overhead lines, cable harnesses and circuit assemblies. Other such as office workers and sales people, work with electricity indirectly and may also be exposed to electrical hazards.

✚ **Fire prevention and fire safety:** Fire safety refers to precautions that are taken to prevent or reduce the likelihood of a fire that may result in death, injury or property damage, alert those in a structure to the presence of a fire in the event one occurs better enable those threatened by a fire to survive or to reduce the damage caused by a fire. Fire safety measures include those that are planned during the construction of a building or implemented in structures that are already standing and those that are taught to occupants of the building.

#### **Key elements of a fire safety policy-**

- Building a facility in accordance with the version of the local building code.
- Maintaining a facility and conducting yourself in accordance with the provisions of the fire code. This is based on the occupants and operators of the building being aware of the applicable regulations and advice.

**Common fire hazards-** Some common fire hazards are:

- ✓ Blocked cooling vent.
- ✓ Overloaded electrical system.
- ✓ Fuel store areas with high oxygen concentration or insufficient protection.
- ✓ Materials that produce toxic fumes when heated.
- ✓ Objects that block fire exits.
- ✓ Combustibles near or around the clothes dryer.
- ✓ Incorrectly installed wiring.
- ✓ Misuse of electrical appliances.
- ✓ Lit candles left unattended.
- ✓ Improperly-extinguished tobacco.
- ✓ Failure to clean and maintain the clothes dryer exhaust duct.
- ✓ Combustible solutions on clothes placed in the clothes dry.

#### ✚ **Accident measurement**

**1. Accident prevention and safety measure:** Only specialized personnel, well trained about electricity and its effects must use it. When testing, the following is important:

- ✓ **DO NOT TAKE MEASUREMENTS IN AN EXPLOSIVE ATMOSPHERE.**  
i.e. gas, fuels or dust.
- ✓ Do not take measurements in wet environments.
- ✓ Do not touch exposed metal parts; i.e. alligator clips, end of test leads, circuits etc while taking measurements.
- ✓ Prevent any accidental contact of yourself or others with the measuring voltage.
- ✓ Make sure the test voltage does not damage any component unable to withstand it.

2. **During use:** Following are two general guidelines for setting up the tests. These must be integrated from time to time with a detailed analysis depending on the actual circumstances.
  - ✓ Seal off the testing area and do not allow other people to approach it. If necessary, put up a sign.
  - ✓ Have enough room available, plus properly insulated tables or supports.
  - ✓ Take note of which parts could be live should there be defective insulation.
3. **When measuring insulation:**
  - ✓ Cut power off from the installation before preparing for the tests.
  - ✓ Seal off the testing area and don not allow other people to approach it throughout the duration of the test.
  - ✓ Take note of which parts could be live should there be defective insulation.
  - ✓ Never exceed the maximum insulation voltage the insulation was built for.

## Chapter 3: Local Factory Law, 1965

## **Local Factory Law; the Factories Act, 1965**

This act has several chapters and each contains many sections which are given below:

### **Chapter I- Preliminary**

1. Short titles, extent and commencement.
2. Definitions.
3. Power to apply the provisions of this Act to certain places.
4. Power to declare departments to be separate factories.
5. Power to exempt.

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6. Notice to Inspector before commencement of work.
7. Seasonal factory and
8. Approval of plans and fees for licensing and registration.

## **Chapter II- Chief Inspector, Inspectors and certifying Surgeons**

9. Chief Inspector and Inspectors.
10. Power of Inspector and
11. Certifying Surgeons

## **Chapter III- Health and Hygiene**

12. Cleanliness.
13. Disposal of wastes and effluents.
14. Ventilation and temperature.
15. Dust and fume.
16. Artificial humidification.
17. Overcrowding.
18. Lighting.
19. Drinking water.
20. Latrines and urinals and
21. Spittoon.

## **Chapter IV- Safety**

22. Precautions in case of fire.
23. Fencing of machinery.
24. Work on or near machinery in motion.
25. Employment of young persons on dangerous machines.
26. Striking gear and devices for cutting off power.
27. Self acting machines.
28. Casing of new machinery.
29. Prohibition of employment of women and children near cotton openers.
30. Cranes and other lifting machinery.
31. Hoists and lifts.
32. Revolving machinery.
33. Pressure plant.
34. Floors, stairs and means of access.
35. Pits, sumps, opening of floors etc.
36. Excessive weights.
37. Protection of eyes.
38. Powers to require specification of defective parts or tests or stability.
39. Safety of building and machinery.
40. Power to make rules to supplement this chapter.

41. Precautions against dangerous fumes and
42. Explosive or inflammable dust, gas etc.

### **Chapter V- Welfare**

43. Washing facilities.
44. First aid appliances.
45. Canteens.
46. Shelters, etc
47. Rooms for children.
48. Welfare officers and
49. Power to make rules to supplement this chapter.

### **Chapter VI- Working Hours of Adults**

50. Weekly hours.
51. Weekly holiday.
52. Compensatory weekly holiday.
53. Daily hours.
54. Intervals for rest or meal.
55. Spread over.
56. Night shift.
57. Prohibition of overlapping shifts.
58. Extra-allowances for overtime.
59. Restriction on double employment.
60. Notice of periods of work for adults and preparation thereof.
61. Register of adult workers and supply of ticket and cards.
62. Hours of work to correspond with notice under section 60 and register under section 61.
63. Power to make rules exempting from restrictions.
64. Power to make exemption order and
65. Further restrictions on the employment of women.

### **Chapter VII- Employment of Young Persons**

66. Prohibition of employment of children.
67. Non-adult workers to carry tokens.
68. Certificates of fitness.
69. Effect of certificates of fitness granted to adolescents.
70. Working hours for children.
71. Notice of periods of work for children.
72. Register of children workers.
73. Hours of work to correspond with notice under section 71 and register under section 72.
74. Power to require medical examination.
75. Power to make rules and

76. Provisions of this chapter not in derogation of Act XXVI of 1938.

### **Chapter VIII- Leave and Holidays with Wages**

- 77. Application of the chapter.
- 78. Annual leave with wages.
- 79. Festival holidays.
- 80. Casual leave and sick leave.
- 81. Wage during leave or holiday periods.
- 82. Payment in advance in certain case.
- 83. Power of inspector to act for workers.
- 84. Power to make rules and
- 85. Power to exempt factories.

### **Chapter IX- Special Provision**

- 86. Power to exempt public institution.
- 87. Dangerous operations.
- 88. Notice of certain accidents.
- 89. Notice of dangerous occurrences.
- 90. Notice of certain disease.
- 91. Power to direct enquiry into cases of accident or disease and
- 92. Power to take samples.

### **Chapter X- Penalties and Procedure**

- 93. General penalties for offences.
- 94. Liability of owner of premises in certain circumstance.
- 95. Enhanced penalty after previous convictions.
- 96. Penalty for obstructing Inspector.
- 97. Penalty for wrongful disclosure of information.
- 98. Restriction on disclosure of information.
- 99. Offences by workers.
- 100. Penalty for using false certificates of fitness.
- 101. Penalty for double employment of a child.
- 102. Offences by a firm, company etc.
- 103. Exemption of occupier or manager from liability in certain cases.
- 104. Power of the court to make orders.
- 105. Presumption as to employment.
- 106. Onus as to age and
- 107. Cognizance of offences.

### **Chapter XI- Supplement**

- 108.** Appeals.
- 109.** Display of notices.
- 110.** Service of notices and returns.
- 111.** Obligation of workers.
- 112.** General power to make rules.
- 113.** No charge for facilities and convenience.
- 114.** Publication of rules.
- 115.** Protection to persons acting under this Act and
- 116.** Repealed by East Pakistan ordinance XII of 1966.



## Chapter 4: Bangladesh Labour Law, 2006

## 4.1: Introduction

This study builds on the current campaign for labour law reform being waged by the trade unions in Bangladesh. In brief, the study seeks to flesh out the objective and substantive basis for the reform movement and the needed reform measures to build a just labour relations system in Bangladesh in the context of the ILO's Decent Work Agenda (DWA) and the country's commitments to the UN's Millenium Development Goals (MDGs). As defined by the ILO, decent work is work obtained in conditions of freedom, equality, security and dignity; on the other hand, the MDGs seek to reduce poverty by half by 2015.

The overall objective of this study then is to propose reform in the labour law for the promotion of decent work, reducing poverty and ensuring workers' protection.

**Table 1. Workers' Rights Indicators**

Key areas	Broad Indicators	Specific Legal Provisions (select indicators)	
Employment Standards	Employment and Contract	Appointment letter, employment status, retrenchment, dismissal, retirement	
	Working Hour and Work Time	Working hours, overtime (OT), night work.	
	Wage and Benefits	Procedures of wage fixing, regularity and timeliness of wage and benefit payments, deduction, OT rate, bonuses	
	Leave and Rest	Weekly rest day, casual leave, festival leave, sick leave, vacation leave, maternity leave	
	Elimination of Child Labour	Minimum age	
	Protection against Forced Labour		
	Protection against Discrimination		
Occupational Safety and Health	Occupational Accidents, Hazards & Disease	Accidents prevention regulations, prevention from workplace hazards, safeguards against work-related diseases	
	Safety Equipment/Tools and Facilities	Fire extinguisher and emergency fire exit,	

		protective kits, safety measures
	Workplace Environment	Cleanliness, noise, temperature, ventilation, lighting, fumes, working space, drinking water, and segregated toilet/washroom.
Welfare and Social Protection	General Welfare Provisions	First-aid appliances, health care and information, canteen, restrooms, accommodation, maternity benefits etc.
	Social Security Provisions	Pension, provident fund, gratuity, welfare fund, insurance, compensation etc.
Labour Relations and Social Dialogue	Freedom of Association	Right to form & join unions, union formation rules, freedom to elect union representatives, protection vs. anti-union acts
	Collective Bargaining and Industrial Relations	Rights & scope of bargaining, procedures in bargaining, rights to strike, conciliation, arbitration, protection vs. interference, grievance procedures, protection vs. lock-outs & lay-offs during strikes, etc.
	Tripartite Consultation	Tripartite process (formation, composition and scope), participation in dialogue & consultation in policy formulation
Enforcement	Administrative Capacity	Personnel and budget for inspection, inspection process
	Inspection and Punishment	Scope of inspections, penalties for violations of laws (payment of wage, failure to give notice of the accidents, unfair labour practice, illegal strike or lock-out)
	Access to Judiciary	

## 4.2: Overview of Bangladesh Labour Laws

The labour law system is more than a century old in Bangladesh. The first labour law was enacted in the Indian sub-continent during the British period, in 1881. Subsequently, the British Government introduced several laws concerning different labour issues, e.g., working hour, employment of children, maternity benefit, trade union activities, wage, etc. The Factories Act (1881), Workmen's Compensation Act (1923), Trade Unions Act (1926), Trade Disputes Act (1929), Payment of Wages Act (1936), Maternity Benefit Act (1939), and the Employment of Children Act (1938) were remarkable labour laws enacted during the British period.

After the separation of the Indian sub-continent in 1947, almost all the laws during the prepartition period were kept in force with some modifications and amendments, in the form of administrative rules, by the Pakistan Government. After the independence in 1971, the Bangladesh government retained the previous laws through the Bangladesh Laws Order (President's Order No. 48). It also enacted additional laws in response to the changing circumstances and needs of the working class and the country. In 2006, the country adopted the revised Bangladesh Labour Law of 2006 or BLL.

The BLL is fairly comprehensive and progressive. The law is a consolidation and updating of the 25 separate acts. The comprehensive nature of the law can immediately be gleaned from its coverage -- conditions of service and employment, youth employment, maternity benefit, health and hygiene, safety, welfare, working hours and leave, wages and payment, workers' compensation for injury, trade unions and industrial relations, disputes, labour court, workers' participation in companies profits, regulation of employment and safety of dock workers, provident funds, apprenticeship, penalty and procedure, administration, inspection, etc.

The BLL is also considered an advance because it removes certain ambiguities in the old and diverse labour acts and aligns the labour law system with the ILO core conventions. On the removal of ambiguities, the definition of a “worker” is now very specific. Another example: the exclusion under the term “wages” of the following items -- expense for housing facilities like lighting and water supply, employers’ contribution to the provident fund, traveling allowances and other sums paid to worker that are needed to cover work-related expenses.

The BLL is also an advance because of its wider coverage, for example, workers and staff of hospitals, nursing homes and even non-governmental organizations are now covered by the law. Also, certain welfare and social benefits have been improved or instituted, e.g., death benefit (financial support to family of deceased worker), application of provident fund benefit to all workers in the private sector, expansion of maternity benefit from 12 to 16 weeks, adoption of group insurance for establishments with 200 or more workers, and increased employee compensation for work-related injury, disability and death.

On the ILO core conventions, Bangladesh has ratified the following International Labour Conventions (ILCs):

- ✓ ILC 29 (Forced Labour),

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- ✓ ILC 87 (Freedom of Association and Protection of the Right to Organize),
- ✓ ILC 98 (Right to Organize and Collective Bargaining),
- ✓ ILC 100 (Equal Remuneration),
- ✓ ILC 105 (Abolition of Forced Labour),
- ✓ ILC 111 (Discrimination in Employment and Occupation), and
- ✓ ILC 182 (Elimination of the Worst Forms of Child Labour).

The only core convention not ratified by Bangladesh is ILC 138 (Minimum Age Convention). However, the BLA provides that the minimum age to work is 14 (although a special clause states that children between the ages of 12 and 14 may be employed to do “light work” that does not endanger their health, development and education).

### 4.3: Salient Features of the BLL

The BLL features the following key provisions:

#### *Employment standards*

- ✚ An employee or “labour” is defined as any person, including a trainee/probationer, whether the terms and conditions of his/her employment are expressly written or not, who is employed directly or through a contractor/agency, for any skilled, unskilled, physical, technical, business development or clerical job in any establishment or industry.
- ✚ Retirement age for workers employed in any establishment is 57 .
- ✚ Work hours are set at eight hours a day, 48 hours a week, with a weekly rest day.
- ✚ Overtime (OT) work is maximum of two hours a day. OT pay is twice the hourly remuneration.
- ✚ Workers are entitled to rest and meal in a day as follows: (i) one hour interval for over six hours work a day; (ii) half an hour interval for more than five hour work; and (iii) one hour interval once or half an hour interval twice for more than eight hours work a day.
- ✚ Workers are entitled to holidays, casual leave, festival leave, annual leave and sick leave.
- ✚ Every worker has the right to participate in company's profits/benefits.
- ✚ No young worker is permitted to work in any establishment between the hours of 7 p.m. and 7 am.
- ✚ No children (under 14 years of age) are allowed to work in any occupation or establishment. However, a child who has completed 12 years of age is permitted to do light work not harmful to his health, development and education.
- ✚ A ‘Minimum Wage Board’ is established to determine the minimum rates of wages in different private sectors, taking into consideration varied criteria: cost of living, standard of living, cost of production, productivity, price of products, business capability, and economic and social conditions of the country.
- ✚ Employers are mandated to observe equal wages for male and female workers for work of equal nature or value.
- ✚ Forced labour is prohibited.

### ***Occupational safety and health***

- ❏ Establishments are required to put up for every 150 workers one first aid box and one trained person per first aid box, and an equipped dispensary with a patient-room, doctor and nursing staff.
- ❏ Employers are required to take appropriate measures to protect workers from danger and damage due to fire.
- ❏ Every establishment is required to be kept clean and free from effluvia arising out of any drain, privy or other nuisance.
- ❏ The work room should not be overcrowded and injurious to the health of the workers.
- ❏ Every establishment should provide pure drinking water, sufficient light and air, and separate toilets for its male and female workers.

### ***Welfare and social protection***

- ❏ Gratuity is defined under the law as separation payment, at least 30 days, for workers discharged from work and yet have worked not less than 6 months.
- ❏ Factories are required to have an in-house canteen for every 100 workers.
- ❏ Every establishment/employer is required to form a Provident Fund if three-fourths of its workers demand it by written application, and a Workers' Participation Fund and a Workers' Welfare Fund for its workers.
- ❏ Establishments with 200 or more workers should institute a group insurance. Every employer should provide compensation to its workers for work-related injury, disability and death.
- ❏ Various women's' issues are also covered: maternity leave of 16 weeks (8 weeks before and 8 weeks after child birth), no gender-segregated wage structure, prohibition of any form of discrimination against women, prohibition of women working between 10:00 p.m. and 6:00 a.m. without consent, prohibition for women handling running or dangerous machines (unless they are sufficiently trained to operate such machinery), prohibition for women working under water or underground

### ***Labour relations and social dialogue***

- ❏ Every worker employed in any establishment has the right to form and join a trade union of their own choice. Trade unions have the right to draw up their own constitution and rules and to elect their representatives. Also, trade unions have the right to form and join in a federation and such unions and federations have the right to affiliate with any international organization and confederation of trade unions.
- ❏ The trade union is allowed to serve as a collective bargaining agent in any establishment.
- ❏ In case of industrial disputes, the two sides can seek resolution through negotiation, followed by conciliation and eventually arbitration if negotiation fails.
- ❏ The collective bargaining agent is entitled to file a notice of strike (or lockout in the case of the employer) with a 15-day cooling-off period.

- ❏ Employers cannot recruit new workers during the period of a strike.
- ❏ Employers are also prohibited in terminating workers in the course of trade union organizing in the work place.

### *Enforcement*

- ❏ Government shall appoint the Director of Labour and “such number” of Additional Director of Labour, Joint Directors of Labour, Deputy Directors of Labour and Assistant Directors of Labour as necessary for monitoring workplace activities.
- ❏ The Government shall appoint a Chief Inspectors and requisite number of Deputy Chief Inspectors, Assistant Chief Inspectors or Inspectors. These officers have the power to enter, inspect and examine any workplace premises and ascertain the observance of labour laws.
- ❏ The Government has the power to establish as many Labour Courts as it considers necessary. A Labour Court shall consist of a chairman and two members (one representing employers and the other, the workers).

### **4.4: Findings from the Field**

- ❏ ***Appointment letter: A dream to most workers.*** Though the law has made it mandatory for employers to provide appointment letter to the workers, a large number of garments workers are still deprived of appointment letter (45.3%). Although garments employers often prepare appointment letters (usually two copies: one for employer and another for global garments buyers), they do not give copies to the workers. In the construction industry, none of the workers reported receiving any appointment letter.
- ❏ ***Oral contract: pervasive Practice.*** In the absence of written contracts, what prevails in general is oral contract. Also, a good number (30.2%) of workers do not get identity cards from their employers.
- ❏ ***Dismissal of workers without notice.*** Over one-fourth (26.4%) of the respondents in the garments industry affirmed that employers always dismiss workers without any prior notice. The situation is more or less the same in the construction industry.
- ❏ ***8-hour work, OT rules hardly followed.*** All the garments workers said that they work more than eight hours daily. Sometimes they work 13-14 hours a day. There are workers who even work extra five hours of daily OT. About one-third (33.5%) of the garments workers do not know the OT rate, with 13 per cent of the respondent garments workers getting less than Tk.10 for every hour of OT work against the minimum Tk.10.80 per hour OT work. For the construction workers, work hours range at 8-12 hours.
- ❏ ***Low wage awareness.*** More than half (52.4%) of the respondents do not know whether they are receiving wages according to their grades. A large number (about 40 %) of respondents in the garments industry also do not know whether the minimum wage is implemented at their workplaces. More than half (54.7%) of the garments workers and almost all (98.1%) of the construction workers do not receive pay slip or any other document concerning the payment of wages and benefits.

- ❏ **Missing workers' participation in company's benefit.** Garments workers are not aware about any provision regarding workers' participation in company's benefit.
- ❏ **Weekly rest day and leaves not observed.** Many garments workers do not have the chance to enjoy weekly rest day. Most workers get festival leave but employers often impose conditions to enjoy the leave. Legal provisions on casual leave, sick leave and annual leave are widely violated. Sometimes some employers make wage/salary deductions for the workers to enjoy weekly rest day, casual leave, sick leave and festival leave. In the construction industry, most workers do not have the chance to enjoy these leaves as the compensation policy is simply 'no work, no pay'.
- ❏ **Rest periods: irregular.** Only 13.2 per cent of the garments workers have admitted that they enjoy regular rest periods, meaning the majority enjoy this right in a highly irregular manner. In the construction sector, 49.5 per cent respondents reported that this right is limited in practice.
- ❏ **Child labour: still a reality.** Both the garments and construction industries still employ child workers (below 14 years of age), per observation by 9.9 per cent of worker respondents in the garments industry and 13.1 per cent in construction. Three respondents happen to be below 14. The employment of child workers in both the garments and construction industries is governed by oral contract. The nature of work given to these child workers are the same as those given to adult workers.
- ❏ **Women discriminated in job placement, increment and promotion.** Female garments workers are not discriminated with regard to wages. But they face discrimination in job placement, increment and promotion. In the construction industry, females are discriminated in wages, benefits and other areas.
- ❏ **High occupational risks, low risk information, limited risk prevention.** Workers in both industries face numerous occupational risks and accidents. The most common risks in garments are the "pricking of finger by needle" followed by "cuts" in hand. In construction, the most common risk is "falling down from high place." And yet, employers usually do not provide information on these occupational risks, as explained by 43 per cent of worker respondents in the garments industry and 65 per cent in construction. Majority (61.8 % in garments and 72.1 % in construction) of respondents said that authorities have not taken any measure to prevent further accidents at their workplaces. In garments, while some measures are taken, these are not sufficient and often done before the global buyers' presence.
- ❏ **Safety facilities: inadequate in garments and absent in construction.** In garments factories, fire extinguishers and emergency stairs are present but are generally inadequate compared to the number of workers. Some factories do not even have these facilities, with emergency stairs even kept under lock and key by some employers. Safety equipments and tools are also not always provided to the workers. A large number (46%) of respondent do not know whether they are provided safety tools. Many workers also do not get any risk reduction training. Only 2.8 per cent of the construction workers get safety tools from the employer.
- ❏ **Unfriendly work place environment.** While majority of the respondents said that the conditions of ventilation, lighting, temperature and humidity are good in their work place, about one-fourth said that this is not so. In the construction sector, most of the respondents



claimed that the facilities to contain dirt, heat, ventilation, dust, noise, smoke, humidity and so on are bad or non-existent. Further, in most cases, there is no safe drinking water.

- ✚ **Occupational illness**, The proportions of workers who said that they have suffered occupational illness are 18.4 per cent in garments and 29 per cent in construction.
- ✚ **Harassments at the workplace**. About 40 per cent of the garments workers and 30 per cent of the construction workers said that they endure mental harassment (due to verbal abuse and the likes). More worrisome, more than one-fifth (21.7 %) in the garments industry and a few (8.4 percent) in the construction mentioned that they have experienced or faced physical harassment and torture. A few respondents (1.9 % in garments and 0.9 % in construction sectors) also admitted that they were harassed sexually at their workplaces. All these answers were affirmed by the FDG participants.
- ✚ **Welfare facilities: available in law only**. The BLL enumerates various welfare facilities like first aid kit, canteen, restroom, day care/children's room, medical care, separate place/room for lunch at the workplaces of the workers. However, a large number of the respondents said that they are not provided with many of these facilities. In the construction sector, very few (9 %) said that they have first-aid kits; most said that the other facilities are generally absent.
- ✚ **Violations of maternity and social welfare programs**. No factory provides maternity leave for four months and most factories give maternity leave only without pay. Participants also report that female workers many times do not want to bear child because of fear of losing the job. Very few garments factories have introduced provident fund and gratuity for the workers. Group insurance is also not effective in most of the garments factories. In construction sector, workers are completely deprived of all these programs.
- ✚ **Garment and construction: generally unorganized**. Most of the workers in the garments and construction industries are not organized. Almost all of the respondents mentioned that there is no workers' association in their factory or at the workplace. A few reported on the existence of workers' association that are not trade union in nature.
- ✚ **Barriers to TU formation: fear of losing Job, long hours of work**. Garments and construction workers do not join trade unions, as they do not want to lose their jobs. Workers in both sectors disclosed that their employers would dismiss them from job if they are found engaged in any sort of activities related to workers' association. There are cases where employers send workers suspected of union organizing to police custody. Also, since workers of these two industries log long hours of work every day, they hardly have time for trade union activities.
- ✚ **Collective bargaining: limited and informal in nature**. Predictably, only 2.8 per cent of worker respondents in the garments industry and 0.9 per cent in the construction admitted that they have knowledge or been involved in collective bargaining with their employers. Moreover, bargaining is of the limited informal type, with garments workers bargaining with the employers through informal mediators and construction workers with individual contractors.
- ✚ **Right to strike: widely unrecognized**. Only 7.5 per cent of the garments workers and 4.7 per cent workers in the construction said that strikes were conducted at their workplaces. Workers in both industries perceive that the right to strike is never recognized at their

workplaces, with some employers even punishing workers who go on or participate in strikes. A significant number of workers even do not know whether they have this right.

- ✚ **Limited freedom to express grievances, limited role of TUs and tripartite process.** The opportunity for the workers to express their grievances at the workplace is severely limited. Disputes raised at the shop floor are solved mainly through informal discussion in both industries, presumably with the HR departments of the factories. The role of workers associations and tripartite body were mentioned by only a few garments workers.
- ✚ **Inspection: “fire brigade” approach.** Most workers said that they never met any government officials coming and inspecting their workplaces. Those who have visited their work places talked only to the employers. Also, inspections take place only after some accidents have occurred, like the fire brigade taking action after the fire.
- ✚ **Access to judiciary: low awareness.** Very few workers get the opportunity to take legal measures concerning conflicts with employers. They usually inform the police about such issue and a few take action through the workers association. A large numbers of workers (68.4 % in garments and 64.5 % in construction) do not know whether they can take legal measures against their employers.

#### 4.5: Gaps and Weakness in the BLL

From the foregoing research findings, it is clear that there are widespread violations of labour rights and labour laws in Bangladesh. Can these violations be cured by stricter enforcement? The answer is yes. But this is not enough because the BLL itself has some weaknesses. Below is a discussion of major gaps and weaknesses in the BLL identified by research team.

##### ***Employment standards***

The BLL fails to include a large number of workers -- domestic workers, agriculture workers, and workers working at schools.

The law has classified workers into several categories. This has given some employers flexibility to resort to the hiring of non-regular workers (i.e., apprentice, casual, *badli*, probationer, temporary) to escape payment of various workers benefits and avoid unionism.

Worker dismissal is terribly easy under the provision on termination *simplicitor*, where the employer is not required to give any reason to terminate a worker and the worker is not given any chance for self-defense. Also, the notice period for the temporary workers in this regard is quite short.

Getting financial benefit due to termination are quite lengthy too. For retrenchment and discharge, a worker must show proof of a minimum one-year service. Workers who resign from their jobs are entitled to certain separation benefits. However, getting these benefits is bureaucratic. The concerned worker is also asked to give the employer advance notice 60 days, 30 days and 14 days (corresponding to employment status of permanent, temporary [monthly]).

The law lacks specific provisions on discrimination related to work place facilities, treatment of non-wage issues (e.g., promotion and placement), and other grounds of discrimination such as race, religion, ethnic group, etc..

### ***Occupational Safety and Health***

The law has no clear provisions on the following:

- (i) Specific weight limit (for load carried by workers in any factory) according to age, condition and sex;
- (ii) Ratio of alternative stair as precaution in case of fire and other apparatus against the number of workers; and
- (iii) workers-toilet ratio.

### ***Welfare and Social Protection***

The establishment of provident fund is not mandatory. It is dependent on the demand of a prerequisite number of workers. Group insurance is also dependent on the number of the workers and the prerequisite number is quite high.

The amount of compensation given to workers due to work-related injury, disability and death is not adequate for the worker and his/her family. The provision of compensation is also discriminatory in terms of age of the workers, with an adult worker getting Tk. 1,25,000 for complete permanent impairment whereas a child/adolescent/young worker gets Tk.10,000 only.

Other aspects of social protection have remained untouched in the labour law of Bangladesh such as provisions on pension and medical and life insurance for the workers.

### ***Labour Relations and Social Dialogue***

A new provision in the law has banned TU offices within the 200 yards of an industry. This limits, physically, the scope for trade union activities. The law allows the functioning of three registered trade unions in an establishment or a group of establishments, and yet an amendment states that workers of Chittagong and Mongla Sea Port are allowed to form only one trade union at their respective workplaces. Thus, the law is discriminatory as well as self-contradictory.

The law sets a very stiff requirement in trade union formation -- support of 30 per cent of the workers in an establishment. For new unions, this is virtually a trade union ban. The law has also imposed a ban on strikes in some industries, in particular a 3-year ban on strikes in newly-established industries and industries established for or supported by foreigners. This collides head-on with ILCs 78 and 98 and Freedom of Association and Collective Bargaining.

### ***Enforcement***

Punishment for labour law violations is not spelled out under the BLL. In some cases, the law is simply silent like in the case of forced labour prohibition. In other cases, the penalty is insufficient or meager, for example Tk. 5000 as fine for violation of provisions on maternity leave, employment of child and adolescent workers, and minimum wage. Still in other cases, the application of penalty defies logic, for example, imprisonment up to one year for the violation of

minimum wage provision but not in the violation of the laws on maternity and employment of child and adolescent workers.

In addition, there is a recent amendment weakening the penalties for erring employers – payment of only Tk. 5000 as fine for the previous punishment of ‘imprisonment up to three months, or fine up to Tk. 1000, or both’.

As discussed in the research findings, there are also numerous problems related to the system of labour inspection.

## **Chapter 5: Social Compliance Issues in the Apparel Sector of Bangladesh**

- **Introduction.**
- **Social Accountability.**
- **Case Study.**
- **Concluding Remarks.**

## Social Compliance Issues in the Apparel of Bangladesh

### 5.1: Introduction

Bangladesh has emerged as a key player in RMG (Ready Made Garment) sector since 1978. Textiles and clothing account for about 85% of total export earnings of Bangladesh. Out of which, 76% comes from the apparel sector which covers the major products of knit and woven shirts, blouses, trousers, skirts, shorts, jackets, sweaters, sports wears and many more casual and fashion items. The sector currently employs approximately 1.5 million workers, mostly females from underprivileged social classes.

The pivotal factor in the apparel industry is the workforce i.e. the sewing operators, the helpers, cutting masters, pattern makers, finishers etc.. Bangladesh is endowed with abundant and cheap labour force that is easily trainable and convertible into semi-skilled and skilled workforce. Existence of such category is one of the advantages that Bangladesh will be enjoying over a considerable period in the context of international trade on clothing.

Quality of goods exported from Bangladesh has always been questioned by the foreign buyers due to lack of experience and awareness of Garment manufacturers associated in the trade. In order to export readymade garments, it is not only the quality parameters which are important towards

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acceptance of the product as per the intended end use, but also the working environment in which the garments are to be produced, is equally important so that sweatshop concept is totally taken care of and the code of conduct must be stretched towards achieving the objectives of social compliance issues. The core areas of social accountability are, basically, based on the principles of international human rights, local culture and tradition. The prime objective of the system is to protect the human rights in readymade garment industries. Thus, Bangladesh has a stiff challenge ahead to meet the demand of world market.

## 5.2: Social Accountability

In today's fast changing global market, it is not only the quality of garments which cherished the retailers and manufacturers but also the working environments of the organization wherein the products were produced. Those are equally important to gain and strengthen consumer confidence and to build-up more reliable relationships with vendors. In other words, specific code of conduct that protects the basic human rights of the workforce engaged in the trade is to be respected to satisfy consumers and to add social value to the product. Basic awareness of the social accountability helps to understand and monitor the compliance part of it in protecting the image of a particular brand of product.

In order to do so, the reputed and leading market players in the garment trade have imposed compulsion on the related factories to achieve those objectives as a condition of the export contract. Even the exports were either withheld or cancelled elsewhere in the event of noncompliance to such issues.

### 5.2.1: Code of Conduct (COC)

Social Accountability standards have been developed by the international organizations such as Fair Labor Association (FLA), Worldwide Responsible Apparel production (WRAP), Council on Economic Priorities Accreditation Agency (CEPAA), The Ethical Trading Initiative (ETI) and Business for Social Responsibility (BSR).

Reputed brand buyers in large supply chain have taken the guideline from those organizations and formulated their own standard of COC and also the acceptance criteria.

The basic principles of COC have been derived from the principles of international human rights norms as delineated in International Labour Organization Conventions, the United Nations Convention on the Rights of the Child and the Universal Declaration of Human Rights. It has nine core areas to be addressed upon. These are as follows:

1. Child labour
2. Forced labour
3. Health and safety
4. Compensation
5. Working hours
6. Discrimination

7. Discipline
8. Free association and collective bargaining
9. Management systems

While following the above criteria is compulsory for satisfying COC, local culture and regulation of Govt. cannot be overlooked. For instance, limit of working hours and compensation for extra work may not be the same for all geographical zones in the globe. Minimum basic wage also depends on the economic situation of a particular country in question. The introduction of rights of free association and collective bargaining is guided by the political environment, the maturity level of workforce and above all the basic training of the management of the organization.

By keeping in mind the complex scenario, several case studies in Bangladesh have been made with respect to the information obtained through actual social compliance audits performed by leading auditors of internationally well known consumer products service companies.

Social compliance audits conducted as per the COC of different brand buyers of USA and Europe were basically based on the following steps:

1. Opening meeting with the factory management (informed the scope of audit)
2. Factory Tour (observed working condition)
3. Document Review (payroll, time card, personal file, age documentation etc.)
4. Employee's Interview
5. Closing meeting with factory management (discussed audit findings and recommended necessary improvements).

Highlights of typical findings in different aspects of social accountability are described below. Suggested corrective actions in typical cases are also indicated. Some of the non compliance issues have also been photographed as shown in Plate no 1 to 6. This is to understand the actual scenario of social compliance in different RMG factories in Bangladesh.

### 5.3: Case Study

#### **Management Systems:**

**Violation:** Factory paid wages in installment throughout a month instead of disbursing the payment within particular period of the next month.

**Corrective Action:** This is considered as a delayed payment. To comply with The Payments of Wages Act of Bangladesh, 1937, wages shall be paid by 7th of the next month up to 1000 workers.

**Violation:** Employees punched their time cards two hours earlier (7 p.m.) than the actual time of departure (9 p.m.) from the factory. Factory management wanted to hide the actual working hours.

**Corrective Action:** To comply with The Payment of Wages Rules, 1936 of Bangladesh, all working hours shall be recorded in the time card.

#### **Child Labour:**

**Violation:** Child labour was found at the factory. It was confirmed from the verification of personal document and the appearance of the employee. From the workers interview, it was understood that one worker was about 13 years old.

**Corrective Action:** According to The Factory Act of 1968 in the Bangladesh Labour Code, any person who has not completed sixteen years of age is defined as a child. Article 66 prohibits the employment of any children under the age of fourteen. Factory management agreed to take care of this matter.

Most child labourers have been cleared out of Bangladesh's RMG sector under international pressure, but sporadic cases still exist due to economic reason.

#### **Forced Labour:**

No such cases were found wherein there was use of forced labour in the factories. Direct evidence which indicates personnel shall require to lodge 'deposits' or identity papers upon commencing employment with the company was also not available. .

#### **Discrimination:**

**Violation:** Factory management is reluctant to recruit employees from the area where the factory is situated. This is not only to avoid local protests against working condition, but also due to fear of post scenario of a disciplinary case. Thus, there is discrimination in hiring workforce.

**Corrective Action:** To comply with social accountability standard, recruitment shall not be biased towards avoiding local candidate at the time of recruitment.

#### **Disciplinary Practices:**

**Violation:** Overtime wages of the workers were deducted as a means of punishment if they could not achieve the daily production target.

**Violation:** Employees, if fail to attend weekend work, were deliberately made absent for 2 to 3 days from his working period.

**Violation:** In one of the factories in Chittagong, Bangladesh working for a reputed brand of USA, physical torture was reported for simple mistakes including no payment of wage.

**Corrective Action:** The factories shall not engage in or support the use of corporal punishment, mental or physical coercion, and verbal abuse. Wages shall not be deducted as a form of punishment.

#### **Health & Safety:**

**Violation:** Workers did not use gloves and/or masks while handling chemicals and dyes in chemical storage area of Dyeing Department.

**Corrective Action:** In order to comply with The Factories Act, 1965, Chapter – 3 and 4 of Bangladesh, management shall provide adequate gloves and/or masks to the appropriate workers. They must be motivated through training to use such protective equipment for safety.

**Violation:** Number of toilets in the production floor are not sufficient to cover all the employees.

**Corrective Action:** Factory shall construct sufficient number of toilets in accordance with The Factories Act, 1965, Chapter- 3 and 4.



**Violation:** No soap and towels were there inside all the toilets in a factory.

**Corrective Action:** Soaps and towels are to be provided at all the toilets in the factory.

**Violation:** Fire extinguishers were found blocked in some areas of the factory and were not easily accessible.

**Corrective Action:** All fire extinguishers shall be cleared from obstruction at all time. Area in front of fire extinguishers shall be marked on the ground with yellow lines to indicate that the area must be kept clear at all times.

**Violation:** Aisles were not marked at different sections of the factory.

**Corrective Action:** Factory shall put marking on the floor with yellow lines to indicate the evacuation paths.

**Violation:** No evacuation plan was observed throughout the factory.

**Corrective Action:** Factory shall prepare and post evacuation plan at different areas of the factory to facilitate smooth evacuation in the case of emergency.

**Violation:** Drinking water closets were found very near (2-3 feet) to the toilets.

**Corrective Action:** As per The Factories Act, 1965 of Bangladesh, factory shall place drinking water closets at a minimum of 20 feet distance from the toilets.

**Violation:** Primary/secondary aisles were found blocked by fabric roll, cartons, garments etc. in different sections of the factory. Electrical control panel was also found blocked.

**Corrective Action:** Factory, in accordance with The Factories Act in Bangladesh, shall make sure that all the passages and control panels remain unblocked at all times.

**Violation:** No protective hand gloves were in use by the fabric cutting knife operators which might cause serious accident at any time.

**Corrective action:** Factory management shall supply metal hand gloves to the operators and motivate them to use such protective equipments for safety.

### **Freedom of Association and Collective Bargaining:**

**Violation:** Employees were not permitted to bargain collectively about their requirements.

**Corrective Action:** All employees shall be permitted to bargain collectively about their rights.

### **Compensation and Working Hours:**

**Violation:** Weekend and overnight worked hours were not recorded in the time cards and payroll sheets and also not compensated properly.

**Corrective Action:** Factory shall record all worked hours in payroll sheets and time cards and shall compensate those correctly. This is to satisfy The Payment of Wage Rules, 1937 of Bangladesh.

**Violation:** Female workers were working from 8 a.m. to 12 a.m. as overtime.

**Corrective Action:** Factory shall allow female workers to work between 7 a.m. to 8 p.m. only with a view to comply with The Factories Act, 1965, Chapter-6, Bangladesh.

**Violation:** Overtime worked hours had exceeded the legal limits of stipulated hours per month with a large margin.

**Corrective Action:** Factory shall not allow anyone to work more than 10 hours per day and 60 hours per week. The duration of 60 hours per week shall be represented as 48 hours general duty plus 12 hours overtime as per the local law of Bangladesh.

**Violation:** Factory did not comply with the local law of Bangladesh in the payment of overtime wages for all the workers in the factory.

**Corrective Action:** Factory shall follow legal requirement for overtime compensation, which is double of the basic pay.

### 5.3.1: Abstract of Different CSR Case Studies

#### **RMG Sector:**

##### **Case 1: BGMEA-[Child Labor Dilemma]**

In 1995, the readymade garment industry (RMG) sector in Bangladesh received a jolt from consumer rejection and threat of product boycott in USA, its major export market, on the issue of product made by child labor. Apart from the growing consumer rejection of Bangladeshi garments, different organizations, Child Labor Coalition (CLC) in particular warned the industry of a formal product boycott as of May 2005 unless the child labor related issues are resolved. The case study reveals the CSR related issues and the factors related for the issues in particular. Finally the role of ILO, GOB and BGMEA led the ending of the issue by signing a MoU. CLC called off the boycott next day following the signing of MoU. The Harkin Bill impact on these issues was highlighted.

##### **Case 2: Saleha Garments**

The Saleha Garments is a leading garments factory in Bangladesh. It was established in 1986 with only 50 machines. Now, the factory has 7 production lines involving large number of machines. The company is a sister concern of RNR Group. In its vision and mission statement, the company emphasizes on 'optimal utilization' of human resources to ensure highest level of employment' and they aspire to be labor intensive in every sector of investment. The company manufactures readymade garments and woven apparels with a present production capacity of 150,000 pieces per month. It employs 700 people. The raw materials include fabric, trims, cartoon, button, tape and polybag. The case study discusses the firm's CSR policy and action towards labor rights and organizational development.

#### **Leather Sector:**

##### **Case 3: Apex Adelchi Footware Ltd.**

The footwear and leather sector is one of the successful and profitable sector in Bangladesh. It is also a great source for export earnings. The case discusses Apex Adelchi Footware Ltd. Management of leather and processing related CSR issues. The case brings out CSR related issues in leather sector in Bangladesh.

#### **Jute Sector:**

##### **Case 4: Latif Bawani**

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Jute is the most important industry in Bangladesh. It is a vital sector of the economy of Bangladesh from agricultural, industrial and commercial point of view. Jute is also the major fibre crop of Bangladesh and is the chief earner of our foreign exchange. In spite of accounting for 60% of jute production and having almost a monopoly of fine qualities of jute there was not a single jute mill in Bangladesh before 1951. The current scenario is very different. The monopoly from the sector is not present now. The case study explores the key reasons and factors for the case. It explores the potential financial resource by conducting a survey at Latif Bawani a government led public Jute Industry. The case study discusses different CSR related issues including human resources.

#### **5.4: Concluding Remarks**

Economists identified high lead time, less productivity comparing to other competing nations despite relatively low wages and infrastructure bottleneck as the major impediments for garment industries in Bangladesh. In the absence of adequate number of backward linkage industries, duration of producing apparels take comparatively more time, as enterprises need to import raw materials and face an unnecessary delay due to bureaucratic ‘Red Tape’, sluggishness of customs formalities and the loading and unloading of ships. In order to shorten these periods, the garment manufacturers tend to force their workers into lengthy working hours when a large order comes in, but this arrangement, which ignores the workers’ basic right, is ineffective in both the short and long term in international business.

Brand buyers often argue that producing garments in countries which are just beginning to industrialize is “a painful process”, but in reality some re-adjustments are also to be required on the part of such buyers as well. It is desired that factories should pay higher wages and provide more welfare oriented services to the workers. But the abrupt reduction of CMT (cutting, making and trimming) charges in recent months by the buyers has resulted in additional expenditure towards overhead cost for the factory owners. Thus, the buyers also need to consider that the rate at which they place their orders should commensurate with the cost involvement to match with the desired compliance level.



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Figure: Blocked staircase (in case of Emergency evacuation will cause problem)



Figure: Issue of child labour in a factory in Dhaka, Bangladesh



Figure: Blocked primary aisle  
Serious problem in case of emergency

Figure: Fire extinguisher is blocked.



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Figure: Cutting operator without metal.

Figure: Blocked secondary aisle

## Chapter 6: Buyers Standards Comparison with Factory Observations

- **Outsourcing Requirements of Apparel Importer.**
- **Factory Observation.**
- **Social Responsibility: A review BKMEA Perspective**

## 6.1: Out Sourcing Requirements of Apparel Importer

During the time of getting any order from the buyer, some important things should be followed by the supplier or manufacturer. Because buyer always gives importance on these things. Such kind of important things are given below:

- 1. Legal requirements:** Apparel importer requires of its supplier strict compliance with all contract provisions, as well as all applicable laws and regulations, including those of the United States and those of the countries of manufacturer and exportation.
- 2. Supplier selection:** In selecting suppliers, apparel importer attempts to identify reputable companies that are committed to compliance with legal requirements relevant to the conduct of their business.
- 3. Country of origin labeling:** Apparel importer will not knowingly allow the importation into the United States of merchandise that does not have accurate country-of-origin labeling.
- 4. Prison labour:** Apparel importer will not knowingly allow the importation into the United States of merchandise manufactured with convict labour, forced labour or indentured labour.
- 5. Child labour:** Apparel importer will not knowingly allow the importation into the United States of merchandise manufactured with illegal child labour.
- 6. Manufacturer's certificate:** To emphasize its insistence on accurate country-of-origin labeling and its particular abhorrence of the use of prison labour and illegal child labour, apparel importer requires that its foreign suppliers and its U.S suppliers of imported merchandise, obtain a manufacture's certificate that the merchandise was manufactured at a specified factory, identified by name, location nor illegal child labour was employed in the manufacture of the merchandise.
- 7. Factory visits:** On visits to factories, for any purpose, apparel importer associates and buying agents have been asked to be watchful for the apparen use of prison or forced labour or illegal child labour or indication of inaccurate country-of-origin labeling to take immediate responsive action when necessary and to report questionable conduct in these areas to their management for follow-up and when appropriate corrective action.
- 8. Corrective action:** If it is determined that a factory utilized a supplier for the manufacture of merchandise for apparel importers are in violations of these out sourcing requirements, apparel importers will take appropriate corrective actions, which may in include cancellation of the affected order, prohibiting the supplier's subsequent use of the factory or terminating apparel importer's relationship with the supplier.

## 6.2: Factory Observation

**Esquire Knit Composite Ltd;** a leading knit composite factory in Bangladesh where a lot of renowned buyers are given their order because of their combination with compliance which is important and satisfied them. This factory is running by making combination with compliance which is likable by the buyer. The combination are given below:

### Code of Conduct

Having the respect and support for the protection of human rights, freedom of associations, no force labour and no child labour below 18, no discrimination in employment.

#### ☒ Health and Safety

##### 4. Emergency exits:

- ✓ Every floor or large rooms are placed with three ways out.
- ✓ All emergency exits are clearly marked with proper signs.
- ✓ Exits doors and gates are opened outwards or to the sides.
- ✓ Emergency routes are kept clear all the way out of the factory at all time.
- ✓ All workers are having free access to and from their workstation during working hours.

##### 5. Fire alarm:

- ✓ The panic buttons are clearly marked and located on all floors of the factory building.
- ✓ Fire alarms are installed on all floors and they are connected to ensure that all activated by one touch of any panic button in the factory. The sirens are alerted continuously after one touch of one of the panic buttons.
- ✓ The sound system is checked and tested regularly.
- ✓ Revolving lights are installed in noisy areas where workers are wearing ear protection.

##### 6. Evacuation plan:

- ✓ An evacuation plan is posted in all sections of the factory.
- ✓ All defined escape routes leading out of the factory from each section, department, line etc are marked on the evacuation plan.
- ✓ When new workers are employed they are informed of the factory's safety measures during their days of working in the factory.

##### 7. Evacuation training:

- ✓ Evacuation training is conducted regularly and at the same time for whole factory.
- ✓ Develop and implement routines for checking that everybody has left the building.

- ✓ The factory's security guards are receiving continual information on and training in emergency periods.
- ✓ All evacuation training is documented with date, evacuation time, participants and photos.

#### **8. Fire freighting equipment:**

- ✓ All floors and each section of the factory have a sufficient number of fire extinguishers.
- ✓ All fire extinguishers and fire hydrants are unblocked and easy to see and reach at all times.
- ✓ The location of each fire extinguisher and fire hydrant are marked with a sign that it can be seen from a distance.
- ✓ All fire extinguishers and fire hydrants are checked regularly.

#### **9. Fire fighting training:**

- ✓ The factory has quipped with the correct type of fire extinguisher for the purpose and that the workers know when and how to use the different ones.
- ✓ All fire fighting training is documented with date, participants and photos.

#### **10. Emergency lighting:**

- ✓ The factory has emergency lights installed at each exit.
- ✓ The emergency lights are equipped with battery power back0up in case of electrical power failure.

#### **11. Personal protective equipment (PPE):**

- ✓ Whenever required, workers are provided with and use appropriate personal protection equipment such as ear plugs, masks etc.
- ✓ Potentially dangerous machines are fitted with protective equipment.
- ✓ Protective equipment originally fitted on the machinery such as needle guards and belt covers.

#### **12. Electrical installations:**

- ✓ The factory is making sure that electrical installed in a safe and correct way by a certified electrician.
- ✓ Electrical installations are kept free from dust and dirt.

#### **13. First aid:**

- ✓ All workers are provided with immediate first aid when needed.
- ✓ Each floor of the factory having trained people for first aid services.
- ✓ The people who are trained in first aid are easily identified on the work floor.
- ✓ Having a system and routines aimed at preventing future accidents.

#### **14. Drinking water:**

- ✓ Clean drinking water available to all workers and provided on all floors in the factory.
- ✓ The workers are able to freely access clean drinking water at any time during working hours.
- ✓ Factory is able to verify that the drinking water is pure.

### **Working Atmosphere**

#### **15. Cleanliness:**



- ✓ The factory implements clear routines to ensure that the factory is kept clean, both on a daily basis such as the removal of waste material and dust.
- ✓ That the factory cleaners are equipped with adequate instructions and cleaning equipment.

**16. Lighting:**

- ✓ The light in each work place is sufficient at all times.
- ✓ When workstations are added or moved on the factory floor, lights are adjusted accordingly.

**17. Temperature:**

- ✓ Fans or heaters are provided wherever required.
- ✓ Required extra ventilation such as ironing and washing.

**18. Canteen/dining space:**

- ✓ The factory is installed a canteen which is required by the law.
- ✓ All safety requirements applicable to the factory workshop apply also to the canteen.
- ✓ Workers are not allowed to eat their workstations.
- ✓ Maintain good hygiene in the kitchen and canteen.

**19. Sanitary facilities:**

- ✓ The number of toilets are estimated and in accordance with the actual size of workforce.
- ✓ The workers are having free access to the toilets.
- ✓ Separate toilets for men and women.
- ✓ Toilet areas are cleaned twice in a day with detergent.

**☒ Environment**

**1. Chemical:**

• **Purchasing new chemicals:**

- ✓ No use of any chemicals containing substances include in our chemical restriction list.
- ✓ The chemical supplier provide the factory with proper labels and materials at safe data sheets. In other words, only known chemical contents are used in the factory.

• **Storing chemicals in the factory:**

- ✓ Chemicals are stored safely, according to MSDS.
- ✓ Chemicals are properly labeled with their name and hazard symbol.
- ✓ MSDS is posted in the storage area.

• **Using chemicals in the factory:**

- ✓ Workers who are working with chemicals are educated in how to use the chemicals in a safe way according to MSDS.
- ✓ The workers are provided with adequate personal protection according to MSDS.
- ✓ Chemicals used in the workshop are properly labeled with their name and hazard symbol.

**2. Hazardous waste:**

- ✓ Hazardous waste such as chemical residues, oily waste and tube lights are sent away to an authorized waste company or to a licensed receiver.
  - ✓ Receipts from the authorized waste company or licensed receiver are kept for review.
- 3. Waste water treatment:**
- ✓ The waste water is sent away to a common treatment facility, then the factory provide a document showing that the facility has agreed to receive the waste water and under what quality limitations.

### 6.3: Social Responsibility: A Review BKMEA Perspective

Social compliance is a burning issue in the challenging world market. Prominent buyers from developed countries are increasingly emphasizing on compliance standard as their consumers are much more concern about this issue. As a custodian of the sector, BKMEA is aware of its responsibility and putting incessant efforts to make the members competitive and uphold the image of Bangladesh RMG sector.

#### ✚ Social Compliance: Ongoing Initiatives of BKMEA

Social compliance is a legal requirement that takes into account minimum labor standards, occupational safety measures and environmental concern. To run a factory in Bangladesh, the entrepreneur is obliged to comply with the ‘National Labor Law’ and if any additional requirement from buyer. BKMEA, from its own commitment towards the sector, has taken rigorous programs for ensuring a fully compliant knitwear industry. Key initiatives if the association are as follows:

- **Pre-requisite to obtain membership in BKMEA:** Before giving the membership to any applied factory, investigation is done to check the mentioned requirements and no membership is issued until the factory fulfills these basic prerequisite:
  - ✓ No child labor.
  - ✓ Factories must have alternate stairs, basic fire equipments.
  - ✓ Approved layout plan from concerned authority for ensuring safe building construction.
  - ✓ Mandatory group insurance for all workers and employees in each factory.
  - ✓ Hygienic sanitation facility and first aid appliance.
  - ✓ Declaration of ensuring minimum wages.
- **Arbitration Committee:** there is a conciliation cum arbitration bi-lateral committee in BKMEA to deal with individual grievances. The committee tries to solve the disputes that arise between the owner and the employees of the factory before referring the matter to court which is time consuming and costly. No financial expenses from the owners or from the workers are involved.
- **Social Compliance Monitoring Program:** To enhance the compliance of the whole industry, BKMEA with the support of GTZ, is implementing a “Social Compliance Monitoring Program” since 2007. Twenty members competent monitoring cell of BKMEA are working at factory level to check the labour welfare and safety issues regularly.

- **Fire Safety and ‘Labor Cell’** are the two specialized wings of BKMEA which are working intently for conducting regular fire drill at factory floor and handle individual grievances of workers respectively.
- ✚ **Skill Development Programs:**
  - **Mid Level Management Training:** Dearth of skilled management is one of the major barriers of developing compliant RMG industry in Bangladesh. To develop true professionalism in factory management, BKMEA is arranging series of training programs for mid level management of factories.

## Conclusion

Compliance is undertaking activities or establishing practices or policies in accordance with the requirements or expectations of an external authority such as: ILO, Human Rights Organization and International buyer requirements etc.

The continual increase in demands from regularity authorities aimed at ultimately improving patient and consumer safety have had a welcome impact on product quality. However, the impact of these activities on companies seeking to bring new products to market is immense. Picking the way through the minefield of regulatory compliance presents one of the most significant challenges to emerging companies. That rules and regulations lead by human rights, international labour law and so on.

To promote CSR, it is important that management take the lead in implementing compliance initiatives. For a factory to survive and develop, it is policy that’s activities will be conducted in such a manner that worker and public safety, including protection of the environment. To conduct business systematically and rationally and to display collective strength teamwork this will improve the factory productivity.

Quality processes are often used to ensure compliance to a range of policy issues and accountability or reporting requirements (externally) and procedural- requirements (internally).

One of the main threats of our RMG industry is our poor image of maintaining CSR. A numbers of foreign buyers do not outsource their product from a country like Bangladesh.

By implementing CSR in our textile industry in sustainable way, we can reach a respected position in exporting RMG and can be role model in the world.

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