

# PROMOTING DECENT WORK FOR HOMEWORKERS IN GLOBAL GARMENT AND TEXTILE SUPPLY CHAINS:

## Corporate Codes Of Conduct And Other Initiatives



Paper prepared for HomeNet South Asia  
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# ACRONYMS

ACT	Action, Collaboration, Transformation
CCC	Clean Clothes Campaign
CSR	Corporate Social Responsibility
ETI	Ethical Trading Initiative
FLA	Fair Labour Association
FLO	Fairtrade Labelling Organizations/Fairtrade International
GFA	Global Framework Agreement
H&M	Hennes & Mauritz GBC AB
HNSA	HomeNet South Asia
ILO	International Labour Organization
LS&Co.	Levi Strauss & Company
MGMA	Myanmar Garment Manufacturers Association
MNE	Multinational Enterprise
MSI	Multi-stakeholder Initiative
NCP	National Contact Point
NICE	Nordic Initiative Clean and Ethical
NSW	New South Wales
OECD	Organization for Economic Cooperation and Development
OHCHR	Office of the High Commissioner on Human Rights
PCI	Private Compliance Initiative
RBC	Responsible Business Conduct
SAI	Social Accountability International
UNGPs	United Nations Guiding Principles
UNICEF	United Nations Children's Fund
WHO	World Health Organization
WIEGO	Women in Informal Employment Globalizing and Organizing
WSR	Worker-Driven Social Responsibility
WWB	Worker Well-Being

# EXECUTIVE SUMMARY

The paper examines the implications and impact of corporate codes of conduct of international brands in global garment and textile supply chains on the fair and decent treatment of homeworkers. It also identifies other governance approaches and initiatives that promote decent work in global supply chains and that take into account the particularities of homework. Based on the review, it provides pointers for homeworkers and their organizations for advocacy and action to be recognized as integral to sustainable supply chains and to protect and promote their right to decent work.

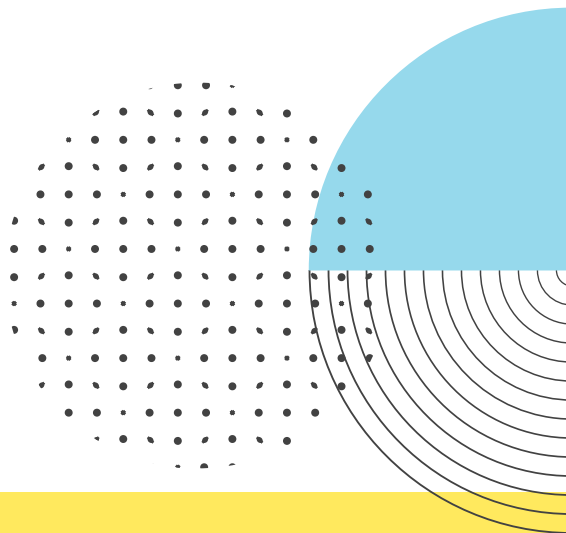
The paper starts with a brief description of the situation of homeworkers in global supply chains and sets out why the promotion of decent work for homeworkers is a win-win proposition for both the workers themselves and international brands. It then assesses the corporate codes of conduct of some major garment and textile brand companies to determine whether and how they address labour rights and working conditions and, in particular, whether they take account of the specific issues of homeworkers in their supply chains.

It then goes on to identify other governance approaches and initiatives that promote decent work in global supply chains. These initiatives include worker-driven social responsibility (WSR) initiatives that address the weaknesses of international brands' corporate social responsibility (CSR) efforts. There are also multi-stakeholder initiatives (MSIs) with consumer advocates,

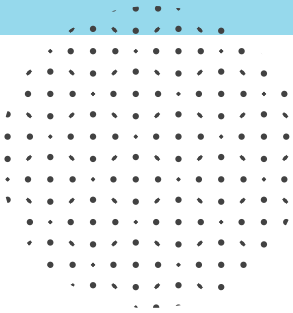
human rights organizations, NGOs, organized labour, universities and student bodies using campaigns, publication of annual review reports and certification measures to exert pressure on supply chain companies to promote labour standards for their workers. The multilateral initiatives include a number of international instruments based on a human rights framework, that represent the "soft law" governing the conduct of corporations in global supply chains. These various initiatives all emphasize the key role of public governance: codes and other instruments are not a substitute for nor should they be considered to override domestic law and regulation. It is the state's duty to promulgate and enforce national labour laws and regulations.

The text boxes summarize and highlight the key points in each section; these key takeaways are brought together in the paper's final section to provide suggestions for how homeworkers and their organizations can use codes and other instruments to protect and promote their right to decent work.

The paper includes a large Appendix section based on detailed information from publicly available websites; the purpose is to identify those codes and instruments and the provisions/ clauses/recommendations that can be referred to and used by homeworkers and their organizations in efforts to encourage and support corporations and other stakeholders to promote decent work.



# CORPORATE CODES OF CONDUCT IN GARMENT AND TEXTILE SUPPLY CHAINS



A corporate code of conduct is a codified set of ethical standards voluntarily undertaken by a company to operate in an economically, socially and environmentally responsible and sustainable manner. The human and labour rights covered in codes commonly include: no illegal (forced, bonded or prison) labour; no child labour; safety and health measures; working time; wages and benefits; freedom of association and the right to collective bargaining; no discrimination of any kind; and no harsh or inhumane treatment including no harassment.

Many international garment and textile brands have adopted corporate social responsibility (CSR) codes of conduct and private compliance initiatives (PCIs) for the governance of their global supply chains. A code of conduct is integrated into a brand's sourcing and purchasing policy and represents part of the contractual agreement between the brand and its suppliers and buying agents in its supply chain. The impact of these codes on decent working conditions for homeworkers hinges on: transparency and traceability throughout all levels of the chain; who is recognized and treated as a worker; whether the codes provide for the particularities of homework; whether there are effective due diligence mechanisms to ensure effective enforcement; and, importantly, on the participation of the workers and their representative organizations in the governance mechanisms along the entire chain.

An analysis of a list of fifteen major international brands, (which include several more associated and subsidiary companies) in global garment and textile supply chains finds that nine have codes that specify application to homeworkers; another three indicate that the code covers not only supplier but also subcontractors and sub-suppliers (who often subcontract work to homeworkers); two refer only to factory workers and factory-based

programmes; and one categorically bans use of any form of homeworking arrangement.

The coverage and treatment of homeworkers in codes vary. Firstly, brands can impose transparency requirements by stipulating that suppliers and subcontractors: must provide information on any homework in the supply chain in advance of production; are subject to audits and unannounced visits; cannot further subcontract; and in all cases must first receive approval of the brand before using homeworkers.

Where the codes do recognize homeworkers, they emphasize equal treatment of homeworkers with other workers in a supply chain and extend all provisions to homeworkers. However, the particularities of homework complicate effective implementation of the code. A significant particularity is the disguised employment relationship of homeworkers – the subcontractors can designate homework as independent work, while the brands may not recognize homeworkers in order to limit brand responsibility. Therefore, it is critical that documentation be maintained of all workers involved in any part of the production process, including of their locations and workplaces. Such transparency and visibility would mean that the international brand recognizes homeworkers as employed in its supply chain and that it has ultimate responsibility for ensuring that its code applies equally to homeworkers as to other workers further up the chain. Proof of the employment relationship would be a written employment contract, although many codes do not specify the need for a written contract.

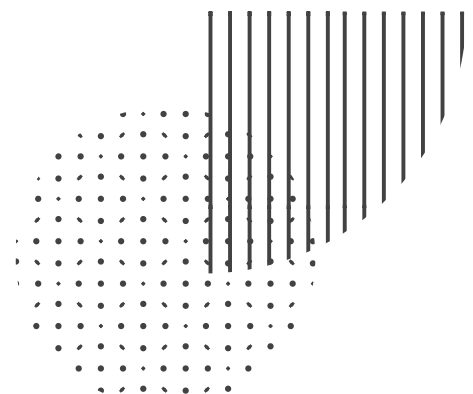
The nature of homework within the domestic sphere raises difficulties to implement the code rules, for example relating to hours of work. But international brands could

refer to the ILO Recommendation on Home Work, 1996 (R184) which states that “a deadline to complete a work assignment should not deprive a homeworker of the possibility to have daily and weekly rest comparable to that enjoyed by other workers”. With regards to safety and health, brands obviously do not have control over private homes, but some codes provide that approval for the use of homeworkers should include verification that the location of work is safe, hygienic and appropriate for the type of work process to be undertaken. Work at home also complicates compliance with the code provision prohibiting the use of child labour; however, the brands place high priority on this provision and often emphasize that their suppliers should proactively prevent child labour and at the same time also safeguard young workers.

Recognizing the difficulties relating to the specific characteristics of homework and that traditional PCIs relying on audits and unannounced visits to worksites are inadequate, several brands are adopting a more collaborative approach with their suppliers. Instead of merely making suppliers sign a code of conduct as a condition for securing business, lead firms are initiating dialogue and holding workshops around code provisions before even offering contracts. Rather than just emphasizing human and labour rights, brands are explaining to suppliers the importance of transparent supply chains in terms of commercial efficiencies, limiting business risk and ensuring the sustainability of supply. Lead firms are working with their suppliers to assess gaps, build capacity and incentivize improvements in code compliance; for instance, some lead firms provide their suppliers with access to training resources and good practice guidance. Lead firms can also review their pricing policy to ensure that what they pay suppliers is adequate to enable them to observe code rules for their homeworkers. Other brands have established grievance and investigation mechanisms, such as a supply chain hotline accessible to workers globally.

Brands are also introducing inclusive benefit-creation measures. The distinguishing features of such measures are that they originate in the social sphere of workers' lives and in the places where workers live, rather than on the factory floor, and they focus on the area-based labour markets from which the workers are drawn. This inclusive approach strongly emphasizes the importance of working with a broad range of stakeholders in local communities, including cooperation among brands within the same industry. For example, Eileen Fisher partners with NGOs to conduct mobile phone surveys with workers in its India supply chains; and to provide credit support and community health services to weavers in northeast India. Another example is Action, Collaboration, Transformation (ACT) is, a ground-breaking agreement between global brands and retailers and trade unions to achieve living wages for workers through collective bargaining linked to purchasing practices at industry level.

In addition to the codes of individual brands, there are also industry-wide codes of conduct established by garment and textile brands in certain countries. The Nordic, Swiss and German codes refer to member companies within the respective countries but these codes also stipulate that their guidelines apply to all the branch establishments and business units of the enterprise anywhere in the world. However, since they do not address how the requirements are to be implemented in the countries where production is actually taking place, these industry-wide codes have been criticized as having little practical value. As another country-specific code, the Myanmar code is perhaps the first of its kind, developed by the suppliers themselves in a country with a rapidly growing apparel production industry. However, this code is totally reliant on the voluntary responsible behaviour of the supplier companies, with no form of redress or ‘punishment’ for non-compliance - this is less effective than the corporate codes which indicate that the international brand will cease purchasing from suppliers who have serious code violations.



# BEYOND BRANDS: NON-CORPORATE INITIATIVES

Besides the CSR codes of conduct there are also various other non-corporate governance initiatives and instruments to promote decent work in global supply chains. These initiatives and instruments often overlap and may or may not be complementary.

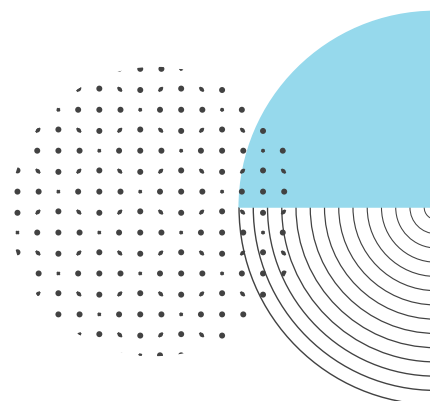
Worker-driven initiatives include Global Framework Agreements between global trade union federations and international brands that aim to promote decent work for all workers in a supply chain. Another relatively newer worker-driven initiative is the Worker-Driven Social Responsibility (WSR) Network which aims to substitute voluntary corporate self-regulation with enforceable agreements between corporations and worker representatives.

There are also a number of well-known Multi-Stakeholder Initiatives (MSIs). The Ethical Trading Initiative (ETI) has a Base Code of Labour Practice founded on ILO standards and a model policy on homework. Social Accountability International (SAI) uses a social certification standard, SA8000 Standard, to certify fair treatment of workers by companies. Fairtrade International (FLO) sets fair trade standards and supports, inspects and certifies ethical production across supply chains. Clean Clothes Campaign (CCC) is a global alliance dedicated to ending labour abuses of workers in the apparel and sportswear industry; it emphasizes stakeholder (worker) participation in the implementation and monitoring of its code. Nest focuses on improving the well-being of women workers beyond factories through the Nest Ethical Compliance Standards for Home and Small Workshops, the Seal of Ethical Handicrafts and the Nest Code of Conduct for Artisans and Homeworkers. Fashion Revolution

publishes an annual Fashion Revolution Transparency Index which ranks brands according to the information they provide on their human rights and environmental policies and impacts.

At the multilateral level, there are international instruments that promote internationally harmonized standards for good governance in global supply chains. These instruments include: the UN Guiding Principles on Business and Human Rights, the UN Global Compact, the ILO Tripartite Declaration of Principles concerning Multilateral Enterprises and Social Policy (MNE Declaration), the OECD Guidelines for Multinational Enterprises and the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector. The OECD Guidelines include a specific Module on Responsible Sourcing from Homeworkers which emphasizes that homeworkers should be viewed as an intrinsic part of the workforce entitled to receive equal treatment and they should be formalized through legal identity, recognition of their worker status and written contracts in order to achieve good terms and conditions of employment.

Although the international instruments are not legally binding and it is only the OECD Guidance that explicitly covers homeworkers, they are important for a number of reasons. They have a human rights framework that is based on the UN Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work and its core Conventions. The language of human rights provides a universal standard of behaviour and a floor of rights that is dis-embedded from market rationales. Although they may not explicitly refer to

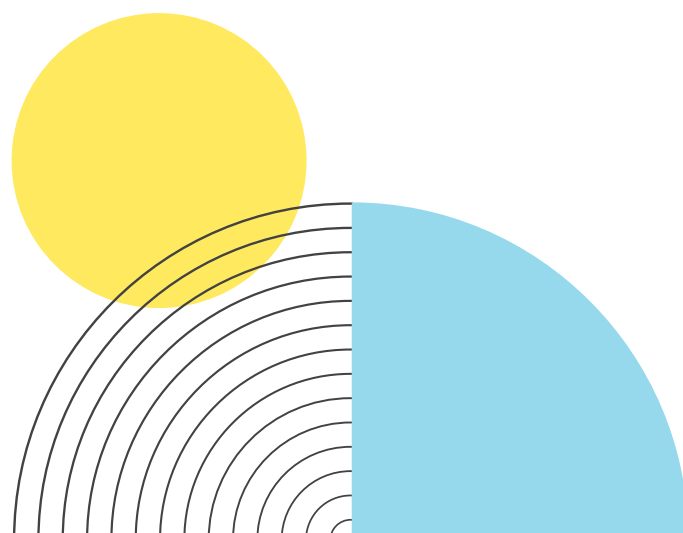


homeworkers, the provisions of the instruments do implicitly cover homeworkers and can be drawn upon for advocacy to recognize homeworkers as integral to supply chains and to promote their right to decent work. Recognition at the global level is often a precursor to securing recognition and rights at the national level. And last but not least, these instruments enable civil society to participate in national level implementation processes.

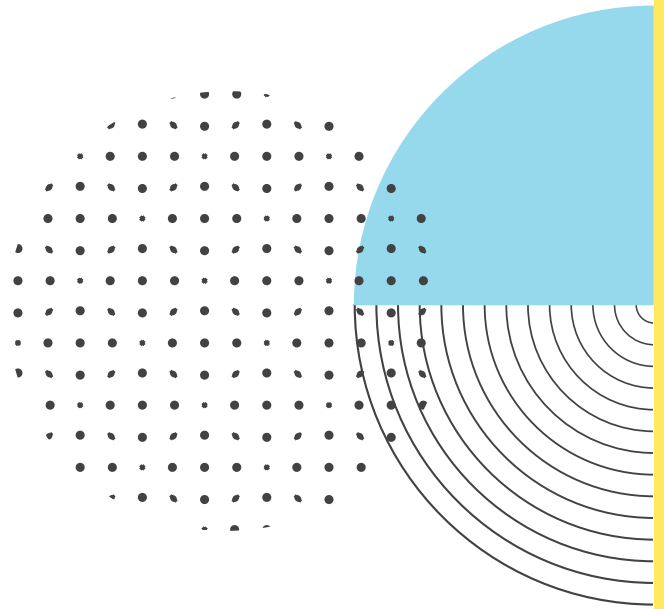
Of special significance at the national level is the ILO Home Work Convention, 1996 (C177) which stipulates that the national policy on homework shall promote, as far as possible, equality of treatment between homeworkers and other wage earners, taking into account the special characteristics of homework and, where appropriate, conditions applicable to the same or a similar type of work carried out in an enterprise.

Codes are no substitute for national laws and regulations and, in fact, most codes indicate that suppliers and subcontractors are expected to comply with national and

local laws and regulations at all times. Where national law and the code address the same subject, the provision offering the greater protection should be applied. There are three main types of national legislation that specifically aim to promote decent work for homeworkers. The first expands legislation that covers employees to incorporate subcontracted work, including homeworkers. The aim is to tackle disguised employment relationships and create labour rights for homeworkers as if they are employees. The second approach is for a country to legislate specifically to protect homeworkers; a good example is the Thai Home Workers Protection Act passed in 2010 to provide equal protection to homeworkers and factory workers. The third approach combines a due diligence human rights approach with a mandatory code that contains stringent enforcement mechanisms. An example of such a mandatory code is the Ethical Clothing Trades Extended Responsibility Scheme in New South Wales and South Australia where compliance is obligatory for not only the lead firm but suppliers and contractors lower down the chain.







# HOW HOMEWORKERS CAN USE CODES AND OTHER INITIATIVES

From the above review of CSR codes of conduct, PCIs and non-corporate initiatives, some key takeaways that homeworkers and their organizations may find useful to promote their right to fair and decent conditions of work are highlighted below:

- First and foremost, to have their voices heard, homeworkers need to come together and be organized. To overcome their characteristic invisibility due to isolation within their homes, women homeworkers need their own strong membership-based organizations. It is, of course, essential that homeworker organizations be legally recognized by the State and also by corporations as having the right to collective bargaining.
- Any kind of advocacy, particularly addressing lead firms in global supply chains, requires that there are channels or platforms for homeworkers and their organizations to have their voices heard. They can amplify their voices by making use of relevant corporate and non-corporate initiatives and instruments, such as corporate codes that support freedom of association and the right to collective bargaining. They can also refer to those MSIs that underscore the necessity of involving workers throughout the supply chain on the grounds

that worker involvement improves supply chain transparency, the quality of social audits, the handling of complaints and strategies towards remediation. There are also multilateral instruments that emphasize that companies should seek to understand the concerns of potentially affected stakeholders by consulting them directly in a manner that takes into account language and other potential barriers to effective engagement.

- Advocacy requires making the case that decent work is a win-win proposition both for homeworkers and for supply chain sustainability. Fair and decent treatment of workers is not just an ethical imperative; it is good business. The business case for international brands is to be recognized by consumers, shareholders, investors, business partners as a socially responsible business centred on sustainable productivity and quality gains. It is also critical to make the case that a ban on homework is not the answer. Not only will the hard-won rights of factory workers further up the chain be compromised but homework will simply go underground; and international brands will face the pressures posed by the unregulated bottom end of the supply chain.
- It is not enough to advocate that corporate codes of conduct include homeworkers and accord them “equal

treatment with other workers in the supply chain". It is important that the particularities of homework which make homeworkers especially vulnerable to unequal treatment and unfavourable conditions of work are recognized - even in the language of the code. The HomeNets can point to specific codes that are sensitive to these particularities and to the specific provisions and guidelines for the treatment of homeworkers.

- Since the difficulties and issues homeworkers face differ in different contexts, it is important that these contextual differences are taken into account in advocacy efforts with corporations - and especially in identifying strategies that could make a real difference in the lives of particular groups of homeworkers. For example, where the State and even corporations are pushing for living wages, rather than minimum wages, homeworkers and their organizations should be doing the same.
- Recognizing that "a code is only words if actions don't speak" and that traditional PCIs have proven inadequate, the HomeNets should work with corporations to implement the code provisions. A starting point is to enhance transparency and traceability in the supply chain, for example by enacting codes specifying that "manufacturers and suppliers shall apply the principles of this Code to any homeworker involved in their supply chain, and shall give transparency to the locations and working conditions of said homeworkers". Homeworker organizations could also encourage brands to require their suppliers to include the name of their brand in subcontracting agreements - it is only then that homeworkers will be able to know where their efforts should be directed. All too often homeworkers have no idea who and where their products are being supplied to nor of the eventual selling price. HomeNets could also reach out to responsible social audit firms used by brands as part of their private compliance initiatives and collaborate with them to monitor implementation of codes.
- Homeworker organizations could lobby brands to extend their awareness raising and training programmes to cover homeworkers. They could

collaborate with corporations and suppliers to provide training to homeworkers; greater understanding on the part of homeworkers could go a long way towards self-observance of code provisions. The training should focus not just on what must be done but on why it must be done. Training could also open up discussion on the barriers and difficulties homeworkers face and what can be done to achieve a win-win situation. Importantly, this training should also take into account the gendered nature of the workforce and cultural and religious preconditions - so as to ensure that the training benefits those vulnerable women who are most in need.

- With many international brands adopting more enlightened collaborative and inclusive approaches, there could be various opportunities for the HomeNets and local homeworker organizations to engage, particularly at the community level. The advantages homeworker organizations would bring to such collaboration would be their ability to identify the pressing issues taking into account cultural and other sensitivities, their linkages with local community stakeholders and their organizational ability to help implement the brand's CSR initiatives. The benefits and spin-offs could be several: the reputation of the brand would be enhanced; the well-being and productivity of all workers, factory and home-based would improve; traditional crafts and skills could be preserved; the supply chain could be more efficient and sustainable; and the relationship between the brand and all their workers and worker organizations would be strengthened.
- Last but not least, homeworker organizations need to lobby their own national governments to strengthen public governance of supply chains rather than to be driven by the concern of losing foreign investments. Governments could also be encouraged to promote and enforce relevant labour laws and regulations and provide a conducive environment for responsible business conduct. These types of efforts have had demonstrable success. Homeworker organizations and their national and international allies have been the main driving force in the countries that have adopted national legislation specifically for the protection of homeworkers.



Equipped with technical skills, Sadhna members are now creating beautiful home-decor and apparel products using applique and patchwork techniques



# INTRODUCTION

“Who made my clothes” is a question increasingly asked by consumers, especially after the spate of serious industrial accidents killing thousands of workers, many of them in the garment districts of Bangladesh (famously, Tazreen and Rana Plaza). Shareholders, investors and large investment funds are also judging companies not only on the basis of profits but also social accountability. Garment and textile global supply chains<sup>1</sup> have been the focus of attention not only because of the many millions of workers, mainly women, involved but also because of the high risk of abuses in the context of fast fashion (characterized by multiple seasons and short lead times), cut-throat competition, low margins, relentless price pressures and the constant search for low costs.

International brand companies have adopted corporate social responsibility (CSR) measures for the governance of their supply chains. CSR programmes reflect international norms and standards and use a number of strategies,

including codes of conduct (sometimes termed codes of business ethics) and private compliance initiatives (PCIs) to implement these codes. However, these initiatives often focus their attention mainly on workers located in factories, and CSR codes of conduct often establish labour standards and rights that do not distinguish between workers in different tiers of the supply chain and in different work locations. Of the many millions of workers engaged in global supply chains, those in the lowest tiers are often not visible to the brands they produce for and are certainly not visible to end consumers because they work in off-site facilities in their homes, public spaces outside of their homes or small workshops close to their homes. These homeworkers, who, overwhelmingly, are women, are among the most vulnerable and marginalized workers with few employment rights and irregular and insecure work. The garment and textile sector is a key sector for homeworkers, but many global supply chain companies fear the code compliance risks associated with



<sup>1</sup> The literature also refers to global value chains, global commodity chains or global production networks. In this paper, we use the term global supply chains.



Home-based workers from SABAH Nepal modelling handmade saris made by them. Photo credit: SABAH Nepal

homework and often impose anti-homeworker policies.

Codes of conduct and traditional methods of PCIs focusing on audits/policing of code compliance have had some success for upper-tier, factory-based workers. But the challenge remains to extend decent working conditions to those at the bottom of the global apparel supply chains. The impacts of the codes and PCIs on workers, especially homeworkers, depend on, among other factors, transparency and traceability throughout all levels of the chain; who is recognized and treated as a worker; whether the codes provide for the particularities of homework; whether there are effective due diligence mechanisms; and, very importantly, the participation of the workers and their representative organizations in the

governance mechanisms along the entire chain.

The primary aims of this paper are to examine the implications and impact of corporate codes of conduct of major international brands in global garment and textile supply chains on the fair and decent treatment of homeworkers, and to identify other corporate and non-corporate measures that promote labour standards and rights, taking into account the particularities of homework. Based on the review, the paper provides pointers that may be useful for homeworkers and their organizations to conduct advocacy and take action to gain recognition as integral to sustainable supply chains and to protect and promote their right to fair and decent conditions of work:

# HOMEWORKERS IN GARMENT AND TEXTILE SUPPLY CHAINS

Homeworkers are a sub-set of “home-based workers”; the other sub-set of “home-based workers” being the self-employed or own-account workers who buy their own raw materials and supplies and sell their own finished goods, mainly to local customers and buyers.<sup>2</sup> The homeworkers are sub-contracted, piece-rate outworkers who are deeply embedded in production processes producing goods and services for both global and domestic supply chains from within and around their own homes. Under the most common sub-contracting arrangement, homeworkers provide the workplace, pay for utilities, and buy/rent and maintain their own equipment. They receive work from contractors, who provide the work orders and raw materials, specify the products to be made and deliver the finished goods to firms further up the supply chain.<sup>3</sup> The supply chains are buyer-driven. The buyer, often an international brand company, places the orders, determines the specifications, the timing, the price and any conditions (including labour conditions) that the contractor/supplier must adhere to. Therefore, the buyers’ decisions affect the structure of the entire chain, including the welfare of the workers.

Statistics are sadly lacking on the total numbers and economic significance of home-based workers and, in particular, of homeworkers. An often-cited figure is that there are more than 300 million home-based workers in

the world. Analyses of recent national data in four South-Asian countries commissioned by HomeNet South Asia (HNSA) and Women in Informal Employment Globalizing and Organizing (WIEGO) suggest that there are at least 41 million home-based (self-employed and subcontracted) workers outside agriculture in South Asia alone, representing some 15 per cent of total non-agricultural employment. The data also suggest that homeworkers represent between 14 per cent (Bangladesh) to 33 per cent (India and Pakistan) of all home-based workers and as high as 45 per cent (India) to 60 per cent (Pakistan) of women home-based workers. However, the data typically do not distinguish whether the homeworkers produce for domestic or global supply chains or for both.

Homeworkers produce, add value to, assemble, package and sort goods for a range of industries: stitching, embroidering and embellishing garments and weaving textiles; stitching shoe uppers and footballs; producing craft products; processing and preparing food items; rolling incense sticks, cigarettes and cigars; assembling or packaging electronics, automobile parts and pharmaceutical products; and more. Data for India indicate that some 45 per cent of the 37.4 million home-based workers (in 2012) were involved in making garments and textiles and that of these, over five million were homeworkers in India’s domestic and global garment and textile supply chains.



<sup>2</sup> Many home-based workers, however, fall in a grey intermediate zone between being fully independent self-employed and fully dependent sub-contracted employees. For example, when homeworkers have insufficient work orders from the contractor, they work independently selling in the local market.

<sup>3</sup> For a detailed description of homeworkers, including how they are inserted into supply chains and their conditions of work and some quantitative data, see *Women in Informal Employment Globalizing and Organizing 2016* and *Harvey 2019*.

# THEIR DECENT WORK DEFICITS

Despite their significant numbers and their integral production role in supply chains, homeworkers toil in the obscurity of increasingly long and complex supply chains and ambiguous employment relationships. They are subject to a number of decent work deficits:

- Supply chains are increasingly long and complex and homeworkers at the bottom of chains are often not visible to the lead firms or to consumers: “many consumers, and brands for that matter, are not necessarily aware that production happening in a factory does not always stay there. Significant portions of this work – 20-60 per cent of garment production alone – is estimated to be subcontracted to home-based workers. It is also not a straight line between the factory and homemaker, which makes the home-based producer even more invisible and his or her work even trickier to regulate. When work leaves the factory, it passes through often several middlemen and it often enters the informal economy. The informal economy is full of ‘grey areas’ because it is not subject to national or local labour laws. The presence of many subcontractors alone often diffuses responsibility so that no one feels accountable for ensuring that basic codes like wage records or systems for reporting grievances are in place or upheld.”<sup>4</sup>

- As homework takes place in the private domestic sphere, it is invisible and difficult to access. The difficulty of access has several important implications. Homeworkers not only lack access to resources, including information and training, but also, and importantly, have little access to unions or other worker organizations, so that often they are not organized. Even when homework is legislated or regulated, labour inspection by government authorities is very difficult. The difficulties of auditing code compliance also make many companies ban homework in their supply chains.

- A particular difficulty associated with homeworking concerns identifying the employment relationship.<sup>5</sup> In increasingly long and complex supply chains, there is often a triangular employment relationship through the use of subcontractors or agents and where the legal employer (the international brand or the direct supplier) is separate from the entity (the subcontractor) for whom the work is carried out by those at the bottom of the production chain. The lead firm may then not recognize the homeworkers hired through the subcontractors since its contract is only directly with the main supplier. Such triangular employment relationships limit the responsibility of the international brands for workers throughout the supply chain. Furthermore, the suppliers or subcontractors themselves often avoid the obligations of a regular employment relationship by treating workers as independent contractors when in fact their situation is the same as that of regular employees. In such a disguised employment relationship, the employer is sometimes purposely not identifiable or the worker is forced into declaring himself or herself as self-employed in order to obtain work. Many homeworkers may also not be in a continuous employment relationship, which makes identification of the relationship difficult. Since they are not legally recognized as workers, they are not able to claim labour rights or social protection or to have access to skills upgrading.

- Homeworkers, especially women, often represent a buffer workforce in global supply chains to accommodate just-in-time ordering, fluctuations in orders and prices and stiff competition among suppliers. Treated as a flexible reserve, they are highly vulnerable workers with no security of work or earnings: “in many ways, homeworkers epitomize the unequal landscape of global production – formal firms benefit from the skills and flexibility they provide, while denying them core labour rights.”<sup>6</sup>



<sup>4</sup> Van Bergen, the founder and executive director of Nest, explaining why factory audits are not effective beyond factory walls and the need for a specific code for homeworkers: <https://thisisrange.com/creative-conversations-rebecca-van-bergen-nest/>

<sup>5</sup> International Labour Organization 2012b, p.3.

<sup>6</sup> Harvey 2019, p.2.

■ Isolated from other workers in their sector and having limited knowledge of the market, prices and economic value of what they produce, they are not able to bargain for higher piece rates or better prices: “homeworkers must cover many costs and absorb many risks of production, but they do so from a position of limited leverage: with little or no bargaining power, no policy presence and limited voice and visibility outside the immediate household or neighbourhood.”<sup>7</sup> They do not know the end buyer of their products; they are often not even aware that they are part of global supply chains:

■ Homeworkers are paid by piece and the rate is lower on average than what factory workers in the same chains receive. The costs and risks homeworkers bear eat into the low piece rates they receive. Their earnings are low and often erratic. They are not able

to work their way out of poverty despite working long and unregulated hours. Any level of income security is hard to come by—work orders can be cancelled suddenly, finished goods rejected by contractors with little explanation or payment delayed for months on end. Yet their families tend to rely heavily on their earnings.

■ Because their homes are also their workplaces, the small size and poor quality of most homes and infrastructure (electricity, water, transportation) can have an impact on their ability to take bulk orders; can lead to disruptions in both work and family routines; can affect the quality of the products; and can pose occupational health and safety threats not just to the workers but also to their family members. Their homes can also be located far from the contractors, so transport costs and travel time can represent serious constraints.

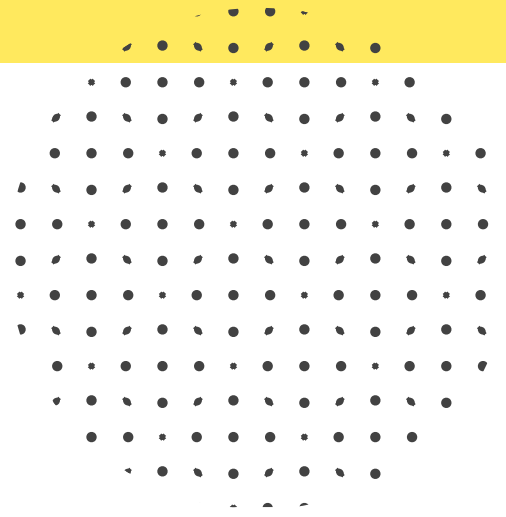
## DECENT WORK DEFICITS FACED BY HOMEWORKERS

- 1 Homeworkers are at the bottom of long and complex global supply chains and are often invisible to international brands and consumers.
- 2 Since their work takes place in private dwellings, homeworkers lack access to resources, are not able to join unions or other worker organizations, and are not subject to labour inspection.
- 3 Their employment relationship is often disguised and, without legal recognition as workers, they are not able to claim labour rights and social protection.
- 4 Homeworkers have no security of work or earnings because they are treated as a flexible reserve workforce.
- 5 They have little or no bargaining power and have to absorb many costs and risks of production.
- 6 Their piece rates are low and earnings erratic and, despite working long and unregulated hours, homeworkers are caught in a poverty trap.
- 7 The poor quality of most homes and infrastructure poses health and safety threats to homeworkers and their families.



<sup>7</sup> Chen 2014, p.2.





# WHY DECENT WORK WILL BENEFIT BOTH HOMEWORKERS AND BRANDS

Despite these decent work deficits, homework is of critical importance – not just to the workers but also to lead firms and their suppliers.

Especially for women, home-based work may be their only employment option. Working from home allows them to fulfil their domestic and reproductive responsibilities especially where care for dependent family members is not available. Furthermore, in some societies, cultural and social norms may restrict women from working outside the home or transportation difficulties may prevent them from accessing work in factories in the cities. Importantly, income from homework is critical for the survival of many poor families, especially in rural areas.

For the lead firms and their suppliers, recognizing homeworkers and promoting decent work for them can be critical for supply chain sustainability: “when companies operate in an economically, socially and environmentally responsible manner, and they do so transparently, it helps them succeed. Management and mitigation of social and environmental risk factors are increasingly important for businesses to succeed abroad, as the costs to companies of losing that social license, both in terms of share price and the bottom line, could be significant. As many firms take advantage of global

opportunities, there is an increasing understanding that incorporation of responsible business practices into investments and operations abroad not only benefits the local economies and communities, but makes good business sense.”<sup>8</sup>

Responsible international brand companies understand that supply chain sustainability goes well beyond environmental risks and waste costs and “they recognize that compliance with labour standards is key to the way the world does business today and that fair and decent treatment of workers is not just an ethical imperative; it is good business. It contributes to long-term value creation and it greatly influences consumer choices. When labour rights are respected, supply chains are more robust, reliable and resilient.”<sup>9</sup> Consumers are not only interested in the quality of the products they purchase but also the work behind the brand names, so companies have more and more reason to be concerned about how they are perceived. Shareholders, investors and large investment funds are also judging companies not only by the profits they generate but by their ethical business conduct.

Brands that observe international norms and promote sustainability see business benefits to these practices, including recognition in increasingly competitive markets as responsible firms to do business with, as well as



<sup>8</sup> Nieweler 2015.

<sup>9</sup> Lim 2015a, p.1.

achieving productivity and quality gains. On the other hand, firms that are found to abuse labour rights can face not only reputational damage but also protests, boycotts, attacks on corporate property, divestment campaigns, hostile shareholder resolutions and the enactment of sanction laws.<sup>10</sup>

A ban on homeworkers is certainly not the answer for international brands to take responsibility for labour and human rights violations in their supply chains. Banning suppliers from outsourcing to homeworkers will not only adversely affect particularly poor women, but it will also not benefit supply chain brands. First, not using homeworkers would deprive lead garment and textile firms and their suppliers of traditional skills and expertise, such as in stitching, embroidery, weaving and textile hand painting,

which cannot be mechanized in factories and which offer unique value in increasingly competitive markets. Second, “banning suppliers from using homeworkers will not eliminate homework. The drivers for outsourcing homework in the past will still be important drivers for the foreseeable future. Besides, banning homework is likely to lead to it being done clandestinely, thus further exploiting the homeworkers.”<sup>11</sup>

Very importantly, banning homework amounts to a serious human rights violation as it deprives the workers not only of work but also of a livelihood—and in the context of commitment from all parties to the Sustainable Development Goals and the Agenda 2030 promise to “leave no one behind,” brands cannot afford to be found guilty.

## DECENT WORK BENEFITS BOTH HOMEWORKERS AND BRANDS

- 1 Home-based work may be the only employment option for poor women who have to balance productive and reproductive responsibilities.
- 2 For lead firms and their suppliers, decent work for homeworkers is good for business: when labour rights are respected, supply chains are more robust, reliable and resilient.
- 3 Brands that observe fair and decent treatment for homeworkers are recognized as responsible firms to do business with and are also able to achieve productivity and quality gains.
- 4 A ban on homeworkers is not the answer for the governance of supply chains and would deprive the brands of the unique skills and expertise of homeworkers.
- 5 A ban on homework constitutes a serious human rights violation.



<sup>10</sup> World Bank 2003, p.1.

<sup>11</sup> Ethical Trading Initiative 2018.

# CORPORATE CODES OF CONDUCT IN GARMENT AND TEXTILE SUPPLY CHAINS

A corporate code of conduct is a codified set of ethical standards voluntarily undertaken by a company to operate in an economically, socially and environmentally sustainable manner. Since a code is voluntarily generated by a company itself, it is not directly subject to legal enforcement. While codes of conduct are no substitute for adequately enforced protection under national law, they play a critical complementary role to national legislation, helping ensure a more effective compliance regime and also offering workers leverage for seeking better working conditions. According to the ILO, codes of conduct “embody the recognition that lead firms have some responsibility for labour standards in their supply chains. PCIs provide more potential to invest both financial and human resources in compliance initiatives, as compared to constrained public budgets allocated to labour inspection and administration. Also, many lead firms have extensive in-house expertise and training capacity to ensure that their employees comply with the company code of conduct.”<sup>12</sup>

A code of conduct is integrated into a brand's sourcing and purchasing policy and represents part of the contractual agreement between the brand and its suppliers and buying agents in the global supply chain. The brand lead firm uses PCIs to enforce compliance with the code of conduct. PCIs are becoming unavoidable components

of lead firms' supply chain management systems.<sup>13</sup> The rise of PCIs has been accompanied by the growth of the social auditing industry. In the absence of effective labour inspection by state authorities, which often lack adequate resources to conduct rigorous inspections, and in light of the weakness of trade unions due to restrictions and repression in many countries, international brands increasingly rely on private audit firms to monitor the labour, health and safety situations at workplaces.

Most audit systems rank the results in terms of their risk or severity; for example, low, medium and high or minor, major and critical. High or critical risk findings can result in immediate halt orders or non-placement of orders; these findings normally relate to out-and-out child labour, forced labour under slavery conditions or fully locked-down facilities posing serious safety concerns. In the case of findings relating to less serious non-compliance issues, the lead firm usually establishes a recommended corrective action plan with a specific time frame against which the supplier or subcontractor must take corrective measures to become compliant. The time frame of the corrective action plan would depend on the severity of the issue. Minor issues, such as an incomplete first aid kit, would be given a short time to correct, while more significant findings that may require time and money or technical capacity to improve would be given



<sup>12</sup> International Labour Organization 2016, p.49.

<sup>13</sup> Supply chain management encompasses all the processes and planning coordinated by lead firms to influence and control the operations of their suppliers and subcontractors.



Tailors at stitching centres put together garments using hand-embroidered pieces created by home-based workers.

considerably more time and perhaps even assistance from the lead firm.

Appendix 1 shows the human and labour rights components of the codes of a list of major international brands in global garment and textile supply chains: H&M Hennes & Mauritz AB, Levi Strauss & Co., Eileen Fisher, Burberry, J Crew, Marks & Spencer, Gap (including Banana Republic and Old Navy), Target, Fast Retailing Group (a Japanese holding company owning Uniqlo, J Brand, Comptoir des Cotonniers, G.U., Princesse Tam-Tam, and Theory), Inditex Group (a Spanish multinational clothing company whose subsidiaries include Zara, Bershka, Massimo Dutti, Pull&Bear, Stradivarius), Country Road Group (an Australian group which includes five brands – Country Road, Mimco, Politix, Trenerly and Witchery), Walmart Stores Inc., Nike (including the Nike Brand, Jordan Brand, Hurley and Converse), IKEA and Patagonia. Several of these brands, in addition to having their own

codes of conduct, are members of or have signed up to multi-stakeholder, international codes or standards such as the Ethical Trading Initiative (ETI) Base Code of Labour Practice, Social Accountability International SA8000 Standard, Fairtrade Standards and the Nest Code of Conduct for Handworkers.<sup>14</sup>

The codes commonly start with a general statement indicating the brand's commitment to conduct ethical business with respect for human and labour rights and environmental sustainability. They refer to the international standards or benchmarks that form the bases of the codes, commonly the UN Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work and its core Conventions. They also stipulate that suppliers/vendors must comply with national laws and regulations, that the standards represent the minimum, and that efforts should be made to achieve beyond the minimum.


## HUMAN AND LABOUR RIGHTS IN CORPORATE CODES OF CONDUCT

A corporate code of conduct is a codified set of ethical standards voluntarily undertaken by a company to operate in an economically, socially and environmentally sustainable manner. The human and labour rights covered in codes commonly include the following:

- No forced, bonded, compulsory, prison or illegal labour;
- No child labour;
- Safety and health measures;
- Working time;
- Wages and benefits;
- Freedom of association and the right to collective bargaining;
- No discrimination of any kind;
- No harsh or inhumane treatment, no harassment.



<sup>14</sup> These multi-stakeholder codes are discussed in Section 4.2 of the paper.



The human and labour rights provisions in the codes are described below:

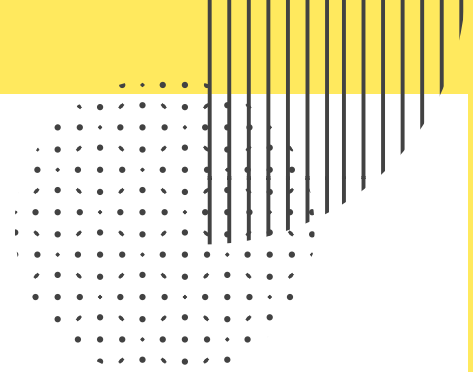
- **No forced, bonded, compulsory, prison, or illegal labour:** All employment should be voluntary. Some of the codes also specify that suppliers must ensure that workers are not required to make deposits/financial guarantees/payments to employers, labour providers or agencies to obtain work; and suppliers must not retain original copies of the workers' identity documents (such as passports, identity cards, etc.). There can also be mention of human trafficking.
- **No child labour:** The provisions normally spell out that no person should be employed below the legal minimum age for employment or the age of completion of compulsory education (and/or not under the age of 15 years). Production partners must implement robust age verification checks at all times to ensure this policy is upheld. There is recognition of "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."<sup>15</sup> Several of the codes stipulate that workers below the age of 18 years should not perform work that may jeopardize their health or safety nor work in night shifts.
- **Safety and health measures:** Safe and hygienic working environments shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Suppliers shall ensure compliance with applicable laws and regulations

relating to health and safety issues including classification, work-place risk analysis, reporting and inspections by authorities. The required corrective actions from such inspections shall be documented and completed within the set timeframe. The employer shall take a proactive approach to health and safety by implementing policies, systems and training designed to prevent accidents, injuries and protect worker health.

- **Working time:** Working hours should comply with national laws and benchmark industry standards or whichever affords greater protection. In any event, workers shall not on a regular basis be required to work in excess of forty-eight hours per week and shall be provided with at least one day off for every seven-day period on average. Overtime shall be voluntary, shall not exceed twelve hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate, pursuant to the provisions of the prevailing regulations in force. Workers may refuse overtime without any threat of penalty, punishment or dismissal. Other than in extraordinary circumstances, the sum of regular and overtime hours in a week shall not exceed 60 hours. 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.
- **Wages and benefits:** A relatively standard provision is that "suppliers must pay workers a fair wage and benefits and have a transparent process to ensure that workers fully understand the wages that they



<sup>15</sup> See, for example, H&M Hennes & Mauritz GBC AB 2016.



receive. Suppliers must compensate all their workers by providing wages, overtime pay, all legally required benefits and paid leave which respectively meet or exceed the national legal minimum wage, and all applicable laws and regulations. If industry benchmark standards and/or collective agreements are in place, provided they are higher than the minimum wage, these must be followed. Wages should be paid regularly and on-time.”<sup>16</sup> The codes can also specify that suppliers should provide all workers with written and understandable information about their wages conditions upon their recruitment and detailed information about the particulars of their wages every time that these are paid. There should be no disciplinary deductions from pay. The codes can also stipulate the provision of legally mandated benefits, including holidays and leaves, and statutory severance when employment ends. The IKEA code also mentions medical insurance, social insurance, pensions, etc.<sup>17</sup> Nine out of the fifteen brands analysed make specific reference to the provision of a living wage/wage sufficient to cover workers’ basic needs and provide some discretionary income. Three of these companies specifically call for action to work towards the payment of a living wage rather than a minimum wage.<sup>18</sup>

- **Freedom of association and the right to collective bargaining:** All the corporate codes examined uphold the fundamental right of all workers to freedom of association and collective bargaining. A detailed provision in the Inditex Group Code of Conduct is worth highlighting: “Manufacturers and suppliers shall ensure that their employees, without distinction, have the right of association,

union membership and collective bargaining. No retaliation may arise from the exercise of such right and no remuneration or payment whatsoever may be offered to the employees in order to hinder the exercise of such a right. Likewise, they shall adopt an open and collaborative attitude towards the activities of Trade Unions. Workers’ representatives shall be protected from any type of discrimination and shall be free to carry out their representative functions in their workplace. Where the rights to Freedom of Association and Collective Bargaining are restricted under law, the appropriate channels to ensure a reasonable and independent exercise of such rights must be designed.”<sup>19</sup>

- **No discrimination of any kind:** All the corporate codes emphasize that conditions of employment must be based on an individual’s ability to do the job, not on the basis of personal characteristics. The employment relationship should be based on the principle of equal opportunity and fair treatment. The employment conditions include recruitment, hiring, compensation, training, benefits, advancement, termination and retirement. The bases for non-discrimination commonly include race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation. Marks & Spencer has a specific gender policy in its code: “Suppliers must not require a pregnancy test or discriminate against pregnant workers except where required by applicable laws or regulations or prudent for workplace safety. In addition, suppliers must not require workers or potential workers to undergo medical tests that could be used in a discriminatory way except where

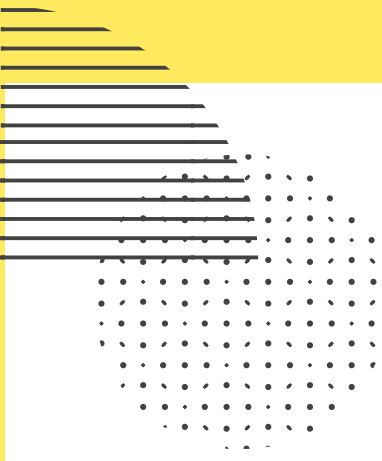


<sup>16</sup> Marks & Spencer 2018.

<sup>17</sup> IKEA N.d.

<sup>18</sup> H&M Hennes & Mauritz GBC AB 2016, Nike 2017 and Patagonia 2013.

<sup>19</sup> Inditex N.d.



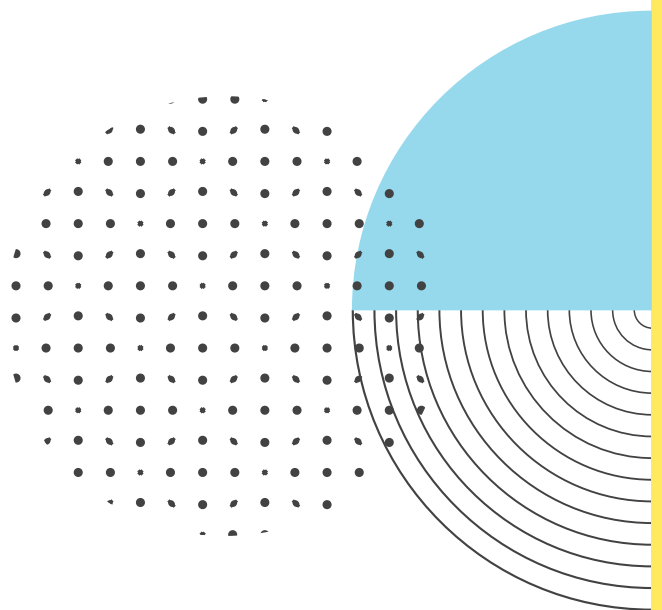
required by applicable laws or regulations or prudent for workplace or food safety. Suppliers should have an equal opportunity employment policy that promotes gender equity in employment practices, and states maternity leave provision and support for child care where appropriate.”<sup>20</sup> Other code provisions worth highlighting include the following: “Women and men shall receive equal pay for work of equal value;”<sup>21</sup> and “all employment decisions must be made based on the principle of equal employment opportunity, and shall include effective mechanisms to protect migrant, temporary or seasonal workers against any form of discrimination (ILO Convention C100 and C111).”<sup>22</sup>

- **No harsh or inhumane treatment, no harassment:** All the codes also have non-harassment clauses

that state that employees should be treated with respect and dignity and that the company does not accept the use by suppliers, their subcontractors or other business partners of humiliating or corporal punishment, and that no employee shall be subject to physical, sexual, psychological or verbal harassment or abuse.

Clearly, the text of the codes is intended to provide decent work in global supply chains. However, critical questions, which are examined in the following sections, remain:

- Do the codes specifically apply to homeworkers?
- How relevant are the provisions for homeworkers? and
- How effective is implementation of the codes?



<sup>20</sup> Marks & Spencer 2018.

<sup>21</sup> Nike 2017.

<sup>22</sup> Patagonia 2013.



# CORPORATE CODES OF CONDUCT AND HOMEWORKERS

Of the codes examined, nine<sup>23</sup> out of the fifteen specify application to homeworkers. Another three<sup>24</sup> indicate that the code covers not only suppliers but also subcontractors and sub-suppliers (who often subcontract work to homeworkers) and “suppliers’ facilities and the facilities of suppliers’ contractors to ensure suppliers’ compliance with these standards.” Two<sup>25</sup> of the codes refer only to factory workers

and factory-based programmes, and one<sup>25</sup> code categorically states that the company does not use any form of home working arrangement for the production of its branded or affiliate products. It is also striking that several of the codes put emphasis on migrant workers rather than on homeworkers, the concern with migrant workers being linked especially to anti-slavery/forced labour issues.

## DO CORPORATE CODES SPECIFICALLY APPLY TO HOMEWORKERS?

Only some corporate codes of conduct specifically incorporate homeworkers. They do so in different ways, including by:

- 1** Imposing a transparency/traceability requirement that suppliers and subcontractors must provide full information on all workers in the supply chain and allow unannounced audits so that the brand can access homeworkers and assess their working conditions.
- 2** Restricting subcontracting and the use of homeworkers without prior approval of the brand.
- 3** Recognizing that banning homework is not the answer and, in fact, could harm the brand’s reputation and business.
- 4** Including specific codes or sections of codes to provide equal treatment for homeworkers with other workers in the supply chain and to take into account the particularities of homework.



<sup>23</sup> H&M Hennes & Mauritz GBC AB 2016, Eileen Fisher N.d., J. Crew 2016, Marks & Spencer 2018, FAST RETAILING Group N.d., Inditex N.d., Country Road Group 2015, IKEA 2011 and Burberry N.d.

<sup>24</sup> Target 2014, Walmart 2005, Patagonia 2013.

<sup>25</sup> Nike 2017

The codes that incorporate homeworkers do so in different ways, meaning that the coverage and treatment afforded to homeworkers would differ. Firstly, the codes impose transparency by stipulating that suppliers and subcontractors must provide information on any homework in the supply chain in advance of production and emphasize that the use of homeworkers is at the discretion of the company. A transparency requirement, which stipulates suppliers and subcontractors not only maintain relevant documentation on the homeworkers but also that the supplier and subcontractors are subject to audits and unannounced visits to all sites at any time, should enable the company to track and access homeworkers and assess their working conditions. But the transparency provision may not benefit homeworkers since a detrimental consequence could be that the company bans the use of homeworkers. However, policies that ban homeworkers are not the answer; brands that are members of the Ethical Trading Initiative (ETI) have found that banning homework has “led to concealment of homeworking, which makes it more difficult to tackle and improve homeworkers’ conditions and presents a hidden risk to your company’s reputation.”<sup>27</sup>

Examples of how brands are incorporating homeworkers are highlighted below:

- **Eileen Fisher:** In addition to its Code of Conduct, Eileen Fisher has signed the Nest Code of Conduct for Handworkers, which “addresses the distinct characteristics of home or small workshop production value chains.”<sup>28</sup>
- **Burberry:** Appendix 2 highlights the Burberry Code, which has a specific section on homeworkers.<sup>29</sup> The Burberry Code is unique in that it not only states that all of its business associates should ensure that all of their homeworkers are subject to its Ethical Trading Code of Conduct and should be issued clear employment contracts, but it also covers home-based workers. In the case where the homeworker is self-employed, the home-based worker and the business associate must have a formal contract in place setting out the terms of their business engagement.
- **J. Crew:** “In limited circumstances we may accept of the use of homeworkers at our discretion. We

require the disclosure of any homework in advance of production, along with basic information about the structure of the homework arrangement.”

- **Inditex Group:** “Manufacturers and suppliers shall not assign any work to third parties without the prior written authorization of Inditex. Those who outsource any work shall be responsible for the enforcement of the Code by these third parties and their employees. Likewise, manufacturers and suppliers shall apply the principles of this Code to any homeworker involved in their supply chain, and shall give transparency to the locations and working conditions of said homeworkers.”
- **H&M:** “All suppliers and other business partners are obliged to keep H&M informed at all times of where each product is being produced, including subcontracting and homework. Relevant documentation must be maintained for auditing purposes. We reserve the right to make unannounced visits to all units producing goods or services for H&M, at any time.”
- **Country Road Group:** “Suppliers shall not subcontract the manufacture and/or supply of goods or services without the prior written authorisation from the Country Road Group. Where Home Work exists within the supply chain, it must be carried out voluntarily.”

Some of the codes are also specific in restricting subcontracting without prior approval of the brand because the brand’s contract is with the main supplier and monitoring of code compliance tends to be difficult for subcontractors who could be using homeworkers or producing in off-site facilities. The codes, as shown below, may also specify that suppliers and subcontractors cannot further subcontract orders to others and thereby add yet another tier to already complex supply chains:

- **Patagonia:** “Patagonia does not permit subcontracting without our prior written approval. All salesman-sample and bulk production orders must be placed within facilities that have been pre-approved by Patagonia, without exception. Direct suppliers are required to continuously monitor approved



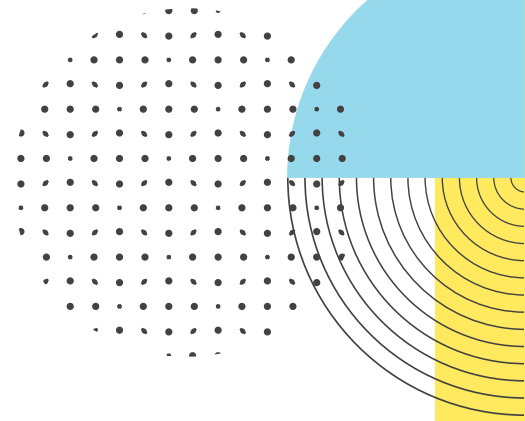
<sup>27</sup> Ethical Trading Initiative, 2010b.

<sup>28</sup> The Nest Code is described in Section 4.2.

<sup>29</sup> The Burberry Code also has a specific detailed section on a Migrant Worker Policy.



A Home-based worker in Fulia, West Bengal weaves at her handloom - these saris and stoles are sold by domestic and global retail brands



subcontractors and sub-suppliers for social and environmental responsibility using standards that meet or exceed our Code and Benchmarks.”

- **Marks & Spencer:** “Suppliers must agree with us in advance the production site or sites to be used for each order: no subcontracting of our orders from these agreed locations is allowed.”
- **Country Road Group:** “Suppliers shall not subcontract the manufacture and/or supply of Goods or Services without the prior written authorisation from the Country Road Group.”

Where the codes do recognize homeworkers, they emphasize equal treatment of homeworkers with other workers in a supply chain and that all provisions of the code should be extended to homeworkers. As shown in the codes below, responsibility for enforcement lies, first and foremost, with the main suppliers directly contracted with the brands:

- **H&M:** “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. 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.”

- **Fast Retailing Group:** “When production partners subcontract production orders submitted by any Fast Retailing 4/4 group company to subcontractors or homeworkers, such production partners shall ensure that all the business activities by the subcontractors or homeworkers are in accordance with this code of conduct and shall cause all of them to comply with this code of conduct on production partners’ responsibility. Any use of subcontractors or homeworkers by production partners shall be reported to Fast Retailing prior to their engagement.”
- **Inditex Group:** “Manufacturers and suppliers shall apply the principles of this Code to any homemaker involved in their supply chain, and shall give transparency to the locations and working conditions of said homeworkers.”
- **Country Road Group:** “The standards and provisions in this Code of Practice apply equally to Home Workers as well as other wage earners, including: discrimination; child labour; freedom of association and the right to collective bargaining; fair living wages, hours of work, health and safety and working conditions; employment relationships and disciplinary practice.”

## TO BE RELEVANT, CODES MUST TAKE INTO ACCOUNT THE PARTICULARITIES OF HOMEWORK

The ILO Home Work Convention, 1996 (C177) emphasizes the need to “take into account the special characteristics of homework” in any policy to promote equality of treatment between homeworkers and other workers in a supply chain. The particularities of homework and code provisions to address them include:

- 1** The disguised nature of the employment relationship:
  - Transparency and traceability requirements that there be full disclosure of all workers and their working conditions in a supply chain;
  - Provision that work must be based on a recognised employment relationship established in compliance with national legislation and practice and international labour standards;
  - Provision for a written employment contract
- 2** Nature of work within the home environment and rules concerning hours of work:
  - Rules in accordance with ILO Recommendation on Homework, 1996 (R184);
  - Provision concerning “excessive” overtime;
  - Provision for overtime compensation.
- 3** Piece rate remuneration for homeworkers:
  - Payment system to ensure at least minimum wage;
  - Provision at no cost to the homeworker of all materials and machinery needed to carry out the work.
- 4** Health and safety within the home environment:
  - Verification that the location of work is safe, hygienic and appropriate for the type of work process to be undertaken.
- 5** Involvement of family members in homework:
  - Suppliers must proactively prevent child labour as well as safeguard young workers.

Although these codes stipulate that the standards and rights apply equally to homeworkers as to other workers in the supply chain, the particularities of homework complicate actual implementation and often indicate the need for specific provisions if a code is to effectively cover homeworkers. The **ILO Home Work Convention, 1996 (C177)** emphasizes the need to “take into account the special characteristics of homework” in any policy to promote equality of treatment between homeworkers and other workers.

A significant particularity is the nature of the employment relationship of homeworkers in the supply chain. Unless there is an established employment relationship, there cannot be enforcement of reciprocal rights and obligations between the “employer” and “employee.” The longer and more complex the supply chain, the more difficult it is to trace the dependency and fix ultimate responsibility for enforcing these rights and obligations.<sup>30</sup> As explained earlier, homeworkers often find themselves in a disguised employment relationship because the subcontractors can designate homework as independent work while the brands may not recognize homeworkers in order to limit the brand’s own responsibility. It is therefore critical that codes stipulate that all production arrangements involving the suppliers, sub-suppliers, contractors, subcontractors, agents, etc. should be identified, reported and approved by the main company. There should be complete and proper mapping of the supply chain. The codes also need to stipulate that documentation be maintained of all workers involved in any part of the production process, including of their locations and workplaces. Such transparency and visibility would mean that the international brand recognizes homeworkers as employed in its supply chain and that it has ultimate responsibility for ensuring that its code applies equally to homeworkers as to other workers further up the chain. To ensure that suppliers and subcontractors do not avoid their responsibilities to workers, some of the codes explicitly state that “work must be based on a recognised employment relationship established in compliance with national legislation and practice and international labour standards.” The codes, like those below, can also stipulate

that the type of employment relationship should not be structured (for example, triangular and/or disguised employment relationships) to avoid labour or social protection obligations:

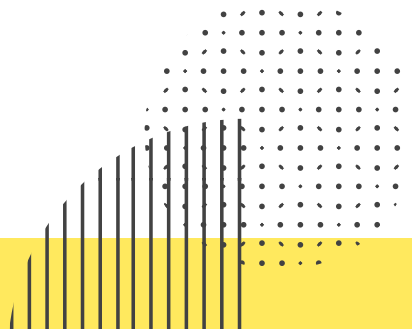
- **Burberry:** “Obligations of the regular employment relationship as provided under labour or social security laws and regulations shall not be avoided through the use of labour-only contracting, subcontracting or homeworking arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment. Nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.”
- **Inditex Group:** “Manufacturers and suppliers undertake that all the employment formulas they use are part of the applicable local laws. Thus, they shall not impair the rights of workers acknowledged under labour and social security laws and regulations by using schemes that have no real intention to promote regular employment in the framework of regular employment relationships.”

A written employment contract could serve as proof of the employment relationship. However, many of the codes analysed are silent on this. Only five out of the fifteen corporate codes examined have a provision for written employment contracts. Examples of codes that do specify an employment contract include the following:

- **H&M:** “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.”
- **Marks & Spencer:** “Work performed must be on the basis of a recognised employment relationship established in compliance with national legislation and practice and international labour standards. Suppliers



<sup>30</sup> International Labour Organization 2012a.



must ensure all workers on their sites are provided with written and understandable information about their employment conditions, including wages, hours, and holidays, before they enter into employment; and about details of their wages for the pay period concerned each time that they are paid.”

- **IKEA:** “A written employment contract is signed with each Worker before they start work, which specifies terms of employment in a way understood by the Worker. As a minimum the contract includes the name of employer, name of Worker, birth date, position, salary, working hours, overtime compensation, benefits and notice period. Information about working hours, overtime compensation, benefits and notice period can instead be described in a Workers Handbook or equivalent. If the employment contract is terminated according to agreed notice period there are no wage deductions for Workers who leave. A written employment contract is signed with each Worker before they start work, which specifies terms of employment in a way understood by the Worker. As a minimum the contract includes the name of employer, name of Worker, birth date, position, salary, working hours, overtime compensation, benefits and notice period. Information about working hours, overtime compensation, benefits and notice period can instead be described in a Workers Handbook or equivalent. If the employment contract is terminated according to agreed notice period there are no wage deductions for Workers who leave”.<sup>31</sup>

Admittedly, the nature of homework within the domestic sphere also raises other difficulties in implementing code rules. For example, it is evidently difficult to implement rules concerning hours of work for homeworkers. But international brands serious about promoting equality of treatment between homeworkers and other supply chain workers could refer to the **ILO Recommendation R184 that accompanies Convention C177 on Home Work**, which states that “a deadline to complete a work assignment should not deprive a homeworker of the possibility to have daily and weekly rest comparable to

that enjoyed by other workers” (Paragraph 23).<sup>32</sup> **The Burberry** homeworker policy covers “excessive overtime” and stipulates that “verifiable systems should be in place to ensure that Homeworkers are not provided with more work than would exceed 48 hours weekly. Any work provided beyond that should not exceed an additional 12 hours (total 60 hours per week). Any hours over 48 hours should be compensated at an overtime premium in line with local or national law.”

Piece rate remuneration of homeworkers is an issue of particular concern. The **Burberry** homeworker policy stipulates that “verifiable systems should be in place to ensure that all Homeworkers are able to meet at least minimum wage”; and the policy is also noteworthy in its provision that: “Each Homeworker shall be provided with all the materials and machinery required for the Homeworker to carry out the work process at no cost to the Homeworker. For the avoidance of doubt this includes no deductions from the Homeworkers’ wages being made in respect of such materials and machinery.”



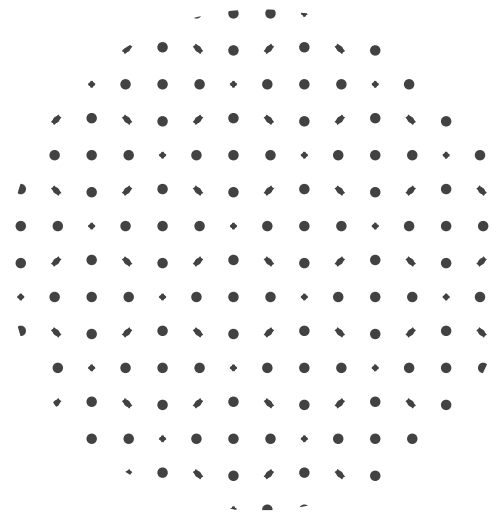
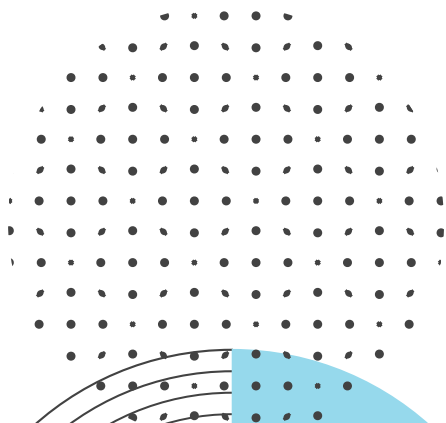
<sup>31</sup> <https://gbl-sc9u2-prd-cdn.azureedge.net/-/media/about/ikea/pdfs/iway-standard-general-section.pdf?la=en&rev=6aa389b2a0f1477e90149f2864bef558&hash=6FBBCEBA98CB-13C347E2E54701E7F622>

<sup>32</sup> International Labour Organization 2012b, p.4.

With regards to health and safety, since brands and suppliers/subcontractors do not have control over private homes, the obligations of the brands and their suppliers/subcontractors are obviously not the same as when workers are based in factories or employer-provided workplaces. However, ILO Convention C177 states that general legislation on health and safety at work applies to homework, takes account of its special characteristics, and has to establish conditions under which certain types of work and the use of certain substances are prohibited in home work for reasons of health and safety. The **Burberry** homeworker policy, for example, states that approval for the use of homeworkers “should include verification that the location of work is safe, hygienic and appropriate for the type of work process to be undertaken.”

Work in the home environment often involves not only the principal worker but also other family members helping out. This complicates compliance with the code provision

prohibiting the use of child labour. The brands tend to place high priority on this aspect of their codes, and it is often for this reason that they impose anti-homeworker policies. The brands that do recognize homeworkers in their chains emphasize that their suppliers should proactively prevent child labour and at the same time also safeguard young workers. For example, IKEA IWAY stipulates that: “all measures to prevent child labour shall be implemented taking into account the best interests of the child. The IKEA supplier shall not make use of child labour and take the appropriate measures to ensure that no child labour occurs at their own place of production or operations or at their subcontractors’ place(s) of production or operations. IKEA supports the legal employment of young workers. The IKEA supplier shall protect young persons of legal working age, until the age of 18, from any type of employment or work which by its nature or circumstances in which it is carried out, is likely to jeopardise their health, safety or morals”.





# BEYOND CODES: INITIATIVES BY BRANDS

“A code is only words if actions don’t speak.”<sup>33</sup> Both internal and external barriers need to be addressed for the codes to work in reality. Internally, the lead firm must address the inherent tensions between the commercial interests that guide purchasing and sourcing decisions and its CSR objectives. Current purchasing/sourcing practices tend to undermine the capacity of the supplier to comply with labour standards. For example, if the procurement department of a lead firm constantly makes late changes to the design of a product or to the volume of an order or demands a short delivery time, suppliers may end up feeling that there is no incentive or simply are not able to comply to code requirements, which leads to adverse impacts on workers such as excessive hours, unpaid overtime, inadequate earnings, illegal subcontracting, etc. To address these issues, there needs to be better cooperation and understanding between the procurement department, the CSR department and the suppliers. Initiatives adopted internally within lead firms include the following: embedding responsibility for promoting code compliance with those responsible for purchasing/ sourcing decisions; and, at Eileen Fisher, “assessing our internal processes to understand how our purchasing practices impact the well-being of the workers who make our clothes;”<sup>34</sup> providing incentives to procurement staff for taking labour standards into account when placing orders with suppliers; and conducting joint audits between the procurement and CSR teams.

To make visible the invisible homeworkers and to detect labour rights abuses, a complete mapping of the supply chain requires cooperation from the suppliers themselves and from any licensees, vendors, buying agents or other intermediaries who deal with suppliers. However, in

many instances, competing motivations, disincentives, or different business drivers may make this cooperation less forthcoming. For instance, either for commercial reasons or in a deliberate attempt to circumvent the standards and requirements of buyers, suppliers are often reluctant to disclose information about their own supply chains. Despite contractual obligations, undisclosed suppliers and subcontractors, not to mention the homeworkers, are a frequent reality.

One approach to promote internal and external buy-in to a more complete mapping of the supply chain and code compliance is to emphasize the commercial rather than the human or labour rights perspectives: “In developing that buy-in, company leaders emphasize the critical importance of spending as much time on the ‘why’ as on the ‘how’ – conveying an underlying rationale for the importance of mapping the supply chain that resonates for key audiences. Specifically, they have found that simply contractually obligating suppliers to disclose their supply chains, while necessary, has proven ineffective and inadequate. For both internal audiences and external suppliers, this may require conveying the importance of mapping the supply chain through a commercial lens, rather than a human rights lens. For instance, one company emphasizes the importance of knowing all levels of the supply chain in order to safeguard quality, and engages the quality control team, which is regularly in the field, to report back new suppliers that are uncovered during site visits. Others make the case in terms of commercial efficiencies, limiting commercial business risk and ensuring the sustainability of supply.”<sup>35</sup>

Making the business case for proper mapping of the supply chain and effective implementation of the code



<sup>31</sup> Nieweler 2015.

<sup>32</sup> Eileen Fisher N.d.

*The suggested measures came from workshops conducted by Shift, an independent non-profit centre for business and human rights and co-hosted with the Corporate Social Responsibility Initiative of Harvard’s Kennedy School of Government in support of the UN Guiding Principles on Business and Human Rights. The workshops involved teams from various international brands with global supply chains. Shift 2012, p.6.*

of conduct is part of a collaborative approach that lead firms are adopting with suppliers. Instead of merely making suppliers sign a code of conduct as a condition for securing business, lead firms are introducing dialogue with potential suppliers around code provisions even before offering contracts: “this approach creates an opportunity for a conversation between company and supplier about the underlying principles in each set of standards, and an opportunity to create a sense of shared purpose. Some other companies build these types of conversation into supplier opportunities for business at the front end of the process. One company requires suppliers to participate in two workshops sponsored by the company on social and human rights standards and compliance, in order to be eligible to bid for business. Another company suggested building human rights compliance criteria and conversations into the bidding process, before the business has been awarded. Each of these approaches recognizes the opportunity to create a dialogue with suppliers at a critical moment in the relationship, when the leverage of the company is potentially at its high point, to discuss expectations and potential roadblocks to meeting them.”<sup>36</sup>

The type of contract lead firms sign with their suppliers is crucial in promoting code compliance. For example, in a recent study on how apparel brand purchasing practices can drive labour abuses, Human Rights Watch suggests that the contracts should include standard terms and conditions that account for the inevitable financial costs human rights compliance creates for suppliers and, at the same time, address supplier demands that contractual arrangements be made fairer and more transparent. Human Rights Watch identifies a number of clauses that could be included in such written contracts to improve predictability and clarity on terms and conditions.<sup>37</sup> The pricing policy in a contract is of key importance. Suppliers often report that they accept orders below the cost of production just so that they can have orders in the face of stiff competition, but when they are producing below cost, they are in even less of a position to fulfil code standards for their workers.<sup>38</sup>

In a collaborative approach, lead firms are working with

suppliers to assess gaps, build capacity and incentivize improvements in code compliance. They are giving attention to capacity building measures as an essential part of their supply chain management systems. This involves working with local suppliers to enable them to understand and start complying with human rights standards so that they can become a sustainable part of the company’s local supply base. As **Walmart** asserts, “we believe that staying engaged with suppliers can have a more positive impact on workers than abandoning the supplier relationship.”<sup>39</sup> Walmart further describes how it is enhancing the capacity of its suppliers through its Responsible Sourcing Academy: “there are several ways we help empower suppliers to promote worker dignity. The Responsible Sourcing Academy provides suppliers with access to training resources, best practice guidance, and educational materials developed by third parties and by Walmart. The Academy covers topics such as audit guidance – including the Global Compliance Guidance Tool – forced labour, health and safety, and supply chain controls. Many of these resources are offered in multiple languages. In addition, Responsible Sourcing associates conduct training and onboarding sessions with suppliers around the world.”<sup>40</sup>

However, one-time training alone is not enough for suppliers and subcontractors to understand and appreciate a code and to be able to take action to address code violations. Field work on **IKEA** operations in Indonesia found that training and support of suppliers, especially sub-suppliers, has to be on an on-going basis to be effective: “training in IWAY has been provided to the main suppliers and sub-suppliers. The main supplier companies have appointed staff with specific



<sup>36</sup> *Ibid.*, p.12.

<sup>37</sup> *Human Rights Watch 2019*, pp.55-56.

<sup>38</sup> *See, for example, Ethical Trading Initiative 2017*, p.8.

<sup>39</sup> *Walmart N.d.*

<sup>40</sup> *Ibid.*



responsibilities for training the sub-suppliers and workers and checking on their knowledge and practice. However, not all sub-suppliers have been trained; one-time training is not adequate; and what the sub-suppliers remember from the training and practice is often limited.<sup>41</sup>

The results of the IKEA study also underscored the importance of promoting buy-in and not merely compliance: “suppliers and sub-suppliers are much more likely to observe labour standards if they see it not merely as an obligation but good for business. One important measure will be to review the contents and manner of training (‘training is an investment, auditing is a cost’) that IKEA provides for the suppliers and sub-suppliers to ensure that the emphasis is not just on what must be done but on why it should be done and to discuss with them (not just instruct) the barriers and difficulties they face and how it can be done to achieve ‘win-win’ outcomes.<sup>42</sup>

Grievance and investigation mechanisms can also be an important aspect of strengthening code compliance and in particular to give workers a voice. **Patagonia**, which was listed in the top three among 200 international brands in the Fashion Transparency Index 2019<sup>43</sup> and whose products are fair trade certified, has established a Grievance System Toolkit, defined as followed: “A series of training, guidance and assessment documents that our factories use to ensure workers can freely share their concerns with management, and that these issues will be addressed in a timely manner. Using the toolkit, each of our factories has considered the best grievance mechanisms to put in place for their unique circumstances, including worker committees, trained complaint handlers, regular worker forums or surveys, open-door policies and hotlines...Giving workers more ways to share their concerns increases their chances of doing so. An open-door policy is not enough. A survey is not enough. We want them to have many choices to voice their concerns, so they feel comfortable and begin to establish trust with factory management.”<sup>44</sup>

In addition to the grievance mechanisms implemented and monitored at the factory level, Patagonia set up a

supply chain hotline. Accessible for any worker in the world to call at any time, the line allows field managers to investigate every incident, find out why it happened, visit the factory, figure out a solution and protect the worker. As part of its accreditation, the Fair Labour Association (FLA) reviews the grievances Patagonia receives every year to be sure they follow up on every call. To encourage other brands to implement programs that elevate workers’ voices and actively work together to change conditions for workers in the apparel industry, Patagonia has also shared its Grievance System Toolkit.

There is a growing list of examples of how brands are shifting from a narrow risk-reduction approach to an inclusive benefit-creation model informed by local needs and implemented in collaboration with workers and a wide range of stakeholders in local communities. Often this inclusive approach originates in the social sphere of workers’ lives and the in the places where they live rather than on the factory floor, and it focuses on the area-based labour markets from which their workers are drawn.<sup>45</sup> The inclusive approach strongly emphasizes the importance of working with a broad range of stakeholders, including cooperation among brands within the same industry. Some examples include the following:

■ **IKEA:** In North India, IKEA decided to put in place a wider set of alliances that would help them make all of the communities in their entire carpet-making region child-labour free. Its efforts have been described: “IKEA built a series of alliances with a variety of actors: university professors, WHO and UNICEF’s India offices, other NGOs and most importantly with district administrators and state government officers to bring in a variety of existing programs related to health, education, school lunches, and social security. They had identified the presence of punishing debt as the deeper, root cause that led families to send their children to work. They worked with the state government and UNICEF to help build self-help groups where through small savings local women could accumulate enough to open bank accounts and borrow at lower interest rates to pay off higher debt loans. They also worked with UNICEF to build



<sup>41</sup> *Lim 2015b, p.12.*

<sup>42</sup> *Ibid., p.20.*

<sup>43</sup> *Fashion Revolution CIC 2019. See also Section 4.2 for a description of the Fashion Transparency Index.*

<sup>44</sup> *Horn 2018.*

<sup>45</sup> *Tewari 2017, p.2.*

bridge schools to help prepare the children to get back to school. This work was not restricted to the households of workers who were directly employed by IKEA's supplier factories. It involved working with all households in the carpet-making belt – irrespective of current connection to IKEA's work. (They were all 'potential workers'/suppliers). The goal was to help make progress in eliminating (or at least blunting) the conditions in the entire belt that generated the incentives on both the supply and demand side for the use of child labour in production.... The efforts are a work in progress, and they bore mixed success, but in the orchestrating of many services and existing public (and multilateral) programs on households in the region, many important benefits were brought to the communities that did not exist before.”<sup>46</sup>

- **Eileen Fisher:** The company outlines its policies around workers in its supply chain as follows: “We have been paying close attention to the workers in our supply chain since 1997. Over the years, we have determined that what works best for us are: (1) Committed, values-based supply chain partners, such as our fair-trade partner in Peru – Indigenous Designs – or one of our artisan suppliers in India – Indigo Handloom. These businesses were founded specifically to create viable opportunities for indigenous people through the creation of exquisite products. We are proud to work with them and to add value to their important work in their communities; (2) Strong NGO partnerships with organizations like Verite, which has been a key training partner for our China suppliers and their workers, and Labour Link, which has enabled us to conduct mobile phone surveys among workers in two of our India supply chains. These partnerships allow us to hear directly from workers about their needs and their experiences in a way that we might not otherwise be able to have access; (3) A focused programme called, ‘Choose Handloom’, which we created in partnership with Indigo Handloom and other India partners, to provide credit support and community health services to a community of weavers in NE India. One of our 2020 goals is to increase worker voice

within our suppliers by ensuring there are either well-functioning labour unions or worker committees in place within our supplier workplaces.<sup>47</sup> The Choose Handloom programme is the brainchild of the brand's Social Consciousness Department, which, among other initiatives, is “paying attention to vulnerable populations outside of factory walls, especially the homeworkers in rural India who handloom many of our scarves. We are currently partnering with nonprofits for our Handloom Project, which aims to create more sustainable working conditions for homeworkers in West Bengali villages.”<sup>48</sup>

- **Levi Strauss:** Since 2011 Levi Strauss has initiated a Worker Well-Being (WWB) Programme as a new approach to supply chain engagement. The Programme is outlined as: “WWB goes beyond labour compliance and collaborates with suppliers to implement programs that improve the lives of apparel workers. LS&Co. believes that investments in worker well-being enable a more conducive business environment, generating shared value for workers and factories. To drive improvements to worker and community well-being, WWB sets more holistic expectations for suppliers.”<sup>49</sup> The Worker Well-Being Programme takes a unique approach by partnering with suppliers and local organizations to design and deliver programs that meet worker needs. Before the implementation of any program, suppliers distribute a survey to factory workers in order to get first-hand information about their needs. Once challenges are identified, the suppliers partner with local non-profits and NGOs in order to implement programmes that will meet the needs identified. In 2018, the CEO of Levi Strauss, speaking at a conference, reported that the programme “includes a 10-week course to teach workers in some of the world's poorest countries about health, hygiene, and sanitation, as well as communication and critical thinking. For factory owners, the program more than pays for itself by creating a happier, healthier workforce. By investing back in their employees and helping them live a better life, that had a positive we've demonstrated a \$3 to \$4 per dollar invested return on investment.”



<sup>46</sup> *Ibid.*, p.3-4.

<sup>47</sup> *Conscious Collective Co. 2016*

<sup>48</sup> *Eileen Fisher N.d.*

<sup>49</sup> *Levi Strauss N.d.(a)*



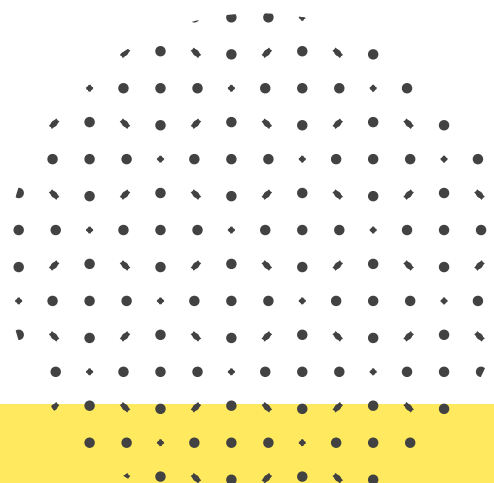
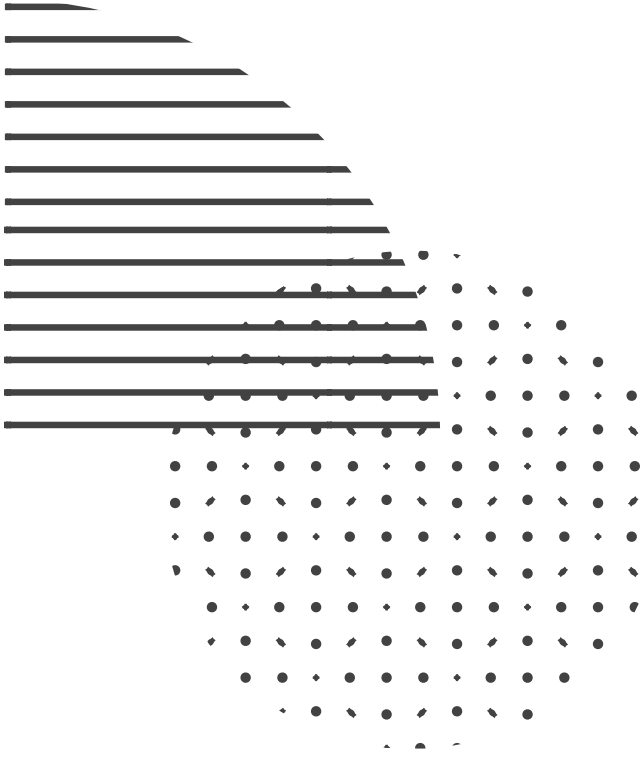
Home-based worker in Rajasthan, India working on cushion covers for a Dutch home-furnishings brand

<sup>50</sup> Unfortunately, available documentation indicates that the WWB Programme is factory-based and does not currently appear to cover homeworkers.

■ **Action, Collaboration, Transformation (ACT):**

ACT is a ground-breaking agreement between global brands (which include some of the brands in Appendix 1: H&M, Inditex and Target) and retailers and trade unions to transform the garment, textile and footwear industry and to achieve living wages for workers through collective bargaining at the industry level that is linked to purchasing practices. While the ACT initiative is non-binding and has yet to develop a robust monitoring and public reporting framework in consultation with a range of stakeholders, it is the first attempt of its kind. In November 2018, brand

members agreed on a set of five actions regarding purchasing practices. These brand commitments include accounting for workers' wages as itemized costs; offering fair terms of payment; initiating better planning and forecasting; undertaking training on responsible sourcing and buying; and creating responsible exit strategies. ACT brands are also required to conduct a "self-assessment" of their purchasing practices based on an evaluation tool. ACT brands have further undertaken to develop country-specific sourcing commitments for countries where there exist collective bargaining agreements that carry three key criteria: wage growth and a negotiated collective bargaining commitment; full respect for freedom of association; and a robust monitoring and enforcement mechanism.<sup>51</sup>



<sup>50</sup> Pressman 2018.

<sup>51</sup> ACT N.d.; and Human Rights Watch 2019, pp.58-59

## INITIATIVES BY BRANDS TO EFFECTIVELY IMPLEMENT CODES

Recognizing that having codes of conduct alone are not enough, international brands have instituted a number of initiatives to promote effective implementation, including through:

- 1** Internal processes within the company to take account of the impact of procurement practices on the well-being of workers in the supply chain.
- 2** Externally in dealing with suppliers, encouraging and strengthening code compliance by emphasizing the commercial benefits rather than the human or labour rights perspective.
- 3** Adopting a collaborative approach whereby the lead firm:
  - Dialogues with potential suppliers around code provisions before offering contracts;
  - Signs contracts with suppliers that take into account the financial costs and other constraints suppliers may face in code compliance;
  - Works with suppliers to assess gaps, build capacity and incentivize improvements in code compliance;
  - Provides on-going training and support to suppliers so that they understand the code and are able to address code violations.
- 4** Giving workers a voice by establishing grievance and investigation mechanisms.
- 5** Adopting an inclusive benefit-creation model by:
  - Collaborating with workers and a wide range of stakeholders in local communities;
  - Focusing on local needs and local communities where workers live;
  - Creating social benefits for entire vulnerable communities.
- 6** Action, Collaboration, Transformation (ACT) is an agreement between global brands, retailers and trade unions to promote labour standards. Brands commit to:
  - Account for workers' wages as itemized costs;
  - Offer fair terms of payment;
  - Initiate better planning and forecasting;
  - Undertake training on responsible sourcing and buying; and
  - Ensure responsible exit strategies.

# INDUSTRY-WIDE CODES OF CONDUCT

## INDUSTRY-WIDE CODES OF CONDUCT

These codes are voluntary instruments offered to members of the industry that set out principles of ethical business. These principles refer to international instruments and are very much along the lines of company codes of conduct. Some prominent codes are the:

- **NICE (Nordic Initiative Clean and Ethical) Code of Conduct and Manual for the Fashion and Textile Industry;**<sup>52</sup>
- **Swiss Textiles Code of Conduct;**<sup>53</sup>
- **German Confederation Code of Conduct for the Textile and Fashion industry;**<sup>54</sup>
- **Myanmar Garment Code of Conduct.**<sup>55</sup>

These are codes drawn up by associations of companies in the textile and fashion industry in response to the serious and widely publicized social and environmental challenges the industry faces and to acknowledge their CSR. These codes emphasize their voluntary nature. The German code, for instance, states that “at the places at which they conduct their business, companies contribute voluntarily – and as individually feasible – to the wellbeing and sustainable development of the global community.” It also clarifies that “in a number of places, this Code of Conduct cites international agreements.

These agreements, which are referenced in the footnotes, are as a rule oriented and binding on sovereign states and not on companies. Accordingly, these citations should be understood as offering businesses a contextual focus only to the extent that this is possible for a private commercial enterprise.”

The Nordic, Swiss and German codes offer guidelines to member companies within the respective countries but also stipulate that the codes apply to all the branch establishments and business units of the enterprise that



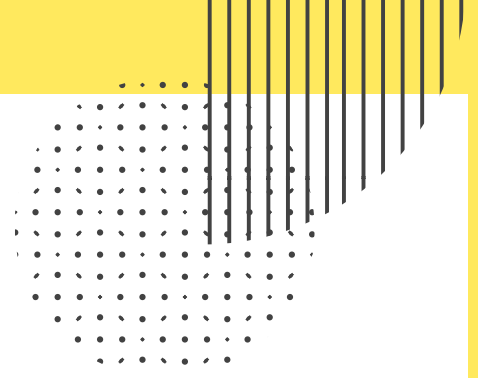
<sup>52</sup> Russell 2015.

<sup>53</sup> Nordic Fashion Association. 2012.

<sup>54</sup> Schoeller Textil AG 2016.

<sup>55</sup> Gesamtverband textil+mode 2010.





are bound by it and that are signed to by that enterprise in a self-declaration. For example, the NICE Manual stipulates that “thus when we refer to ‘you’ in the NICE Manual, it designates not only you as a supplier but also your business partners and subcontractors in your own country and internationally. You are responsible for ensuring a sustainable, responsible and ethical business throughout your supply chain.”

A review of the NICE Code of Conduct and Manual is worth drawing attention to as it highlights some of the common weaknesses of such instruments: “[The code and more specifically the manual] fall short in pointing out how to implement such standards in practise; or in addressing the pitfalls that can occur, how to identify issues and how to address them most effectively. Rather than lists, case studies would probably fill in the missing details how to go about in ‘real life’ in addressing these issues on site at supplying factories. In short, while the Manual is well meant, and certainly from an academic point of view complete and suitable for management training or similar, it is very little practical, and misses out on the most important of all things: How to go about in practise in making sure that all these requirements are actually and physically implemented in the facilities of a supplier ... the principles laid out in this document are so basic, and have been promoted previously over and again by a vast range of organisations, that it begs the question of the rationale behind writing up yet another Code of Conduct.”<sup>56</sup>

The **Myanmar Garment Code of Conduct** is perhaps the

first of its kind in that, rather than being a code imposed by international brands on its suppliers, the Myanmar Code is developed by the suppliers themselves in a country with a rapidly growing apparel production industry. Supported by the SMART Myanmar project,<sup>57</sup> which is funded by the European Union, and with training provided by the ILO, the Myanmar Garment Manufacturers Association (MGMA) developed the code to set out responsible and ethical business practices with the “hope to open themselves up to a ‘massive influx’ of international orders coming from Europe and the US, where retailers and brands demand socially responsible manufacturing practices from their producers.”<sup>58</sup> MGMA believes companies sign the code because it means they will be able to export to the European and US markets. But, unlike the corporate codes examined earlier, which often indicate that the international brand will cease purchasing from suppliers who have serious code violations, the Myanmar Code’s significant concerning feature is that it is totally reliant on the voluntary responsible behaviour of the supplier companies, with no form of redress for non-compliance. Even the wording of the Myanmar Code is weaker: “In the case of infringements directly related to a company’s business activities, companies should use their influence to encourage the responsible actors to mitigate risks or remedy rights violations in the supply chain.” The Code further specifies that “assuming their responsibility to influence a transparent supply chain, the companies refrain from unauthorized subcontracting to third parties. Whenever subcontracting workloads, companies appeal to these third parties to respect the values and requirements outlined in this Code of Conduct.”<sup>59</sup>



<sup>56</sup> Ravasio 2012.

<sup>57</sup> MART Textile & Garments N.d.

<sup>58</sup> Russell 2015.

<sup>59</sup> Ibid.

# BEYOND BRANDS: NON-CORPORATE INITIATIVES

This section draws attention to the various other governance initiatives and instruments to promote decent work in global supply chains. The initiatives and instruments can be identified based upon the lead actors in each approach: the workers themselves; multi-stakeholder groups including consumer advocates,

human rights organizations, NGOs, organized labour, universities and student bodies; governments who are responsible for enforcing national labour laws and regulations; and multilateral organizations and their international instruments. The types of lead actors often overlap and may or may not be complementary.<sup>60</sup>

## WORKER-DRIVEN INITIATIVES

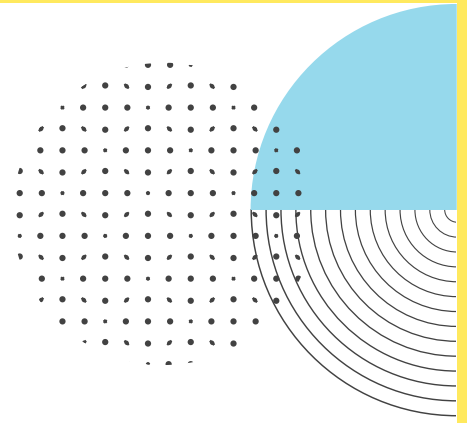
### WORKER-DRIVEN INITIATIVES

Workers themselves have taken various initiatives to get their voices heard in efforts to promote decent work in global supply chains. These initiatives include:

- A platform of demands drawn up by homemaker representative organizations;
- A set of recommendations drawn up by WIEGO together with HomeNet South-East Asia (HNSEA) and HomeNet South Asia (HNSA) to strengthen protection for homeworkers in the UN Principles on Human Rights and Business;
- Global Framework Agreements (GFAs) between global trade union federations and international brands to promote decent work in global supply chains.
- The Worker-Driven Social Responsibility (WSR) Network initiative to substitute voluntary corporate self-regulations with enforceable agreements between corporations and worker representatives to promote decent work for all workers in the supply chain.



<sup>60</sup> International Labour Organization 2016, p.40.



Some labour rights organizations express concern that private initiatives lack accountability. According to the ILO, these “often do not contain inclusive processes which encourage worker participation or public disclosure of information. Frequently, workers are not involved in the design of the PCI, and may lack an opportunity to validate or comment on reports, or influence decision-making processes. When audits take place, non-standard and contract workers are often not consulted, or they are reluctant to raise concerns for fear of losing their jobs”.<sup>61</sup> In response, workers themselves have formed initiatives to get their voices heard. Some of these initiatives are described below.

At the 2016 International Labour Conference General Discussion on Decent Work in Supply Chains, homemaker representatives presented a platform of demands that had been agreed upon by a meeting of homemaker representative organizations from eleven South and South-east Asian countries.<sup>62</sup> Subsequently, the ILO has recognized homeworkers as an integral part of production in global supply chains. In addition, together with HomeNet South-East Asia (HNSEA) and HomeNet South Asia (HNSA), WIEGO has developed a set of recommendations to make the UN Guiding Principles on Human Rights and Business an even stronger instrument for protecting homeworkers (see Appendix 3).

In addition, **Global Framework Agreements (GFAs)** between global trade union federations and international brands aim to promote decent work in global supply chains. One such agreement example is the GFA between H&M, IndustriALL Global Union and Industriefacket Metall on Compliance and Implementation of International Labour

Standards at the Suppliers of H&M Hennes & Mauritz GBC AB.<sup>63</sup> In this GFA, H&M recognizes the global union as its legitimate partner for discussions regarding human and trade union rights in the workplace. Although the GFA does not specifically mention homeworkers, it does state that “the terms and conditions of the GFA shall cover all production units where H&M’s direct suppliers and their subcontractors produce merchandise/ready made goods sold throughout H&M group’s retail operations, and trade unions/worker representatives present at these production units.”

In another example, a new worker-driven initiative called the **Worker-Driven Social Responsibility (WSR) Network**, which launched at the end of 2017, aims to have workers play a central role in developing workplace codes of conduct and in overseeing enforcement of these codes. The WSR Network was founded on the belief that “CSR, in effect a form of corporate self-regulation, has failed to address the ongoing human rights crisis in global supply chains in large part because it does not put workers – the very people whose rights are in question and who have the most direct knowledge of the relevant environment – at the centre of developing and enforcing solutions to the problem.”<sup>64</sup> The Network’s aim is to substitute voluntary corporate self-regulation with enforceable agreements between corporations and worker representatives – in other words, to hold corporations accountable as a matter of contract rather than relying on their good graces. The essential features of the WSR approach are outlined below:

- Worker organizations must be the driving force in the creation, monitoring and enforcement of



<sup>61</sup> *Ibid.*, p.48.

<sup>62</sup> *Women in Informal Employment Globalizing and Organizing 2016*

<sup>63</sup> *H&M Hennes & Mauritz GBC AB 2015.*

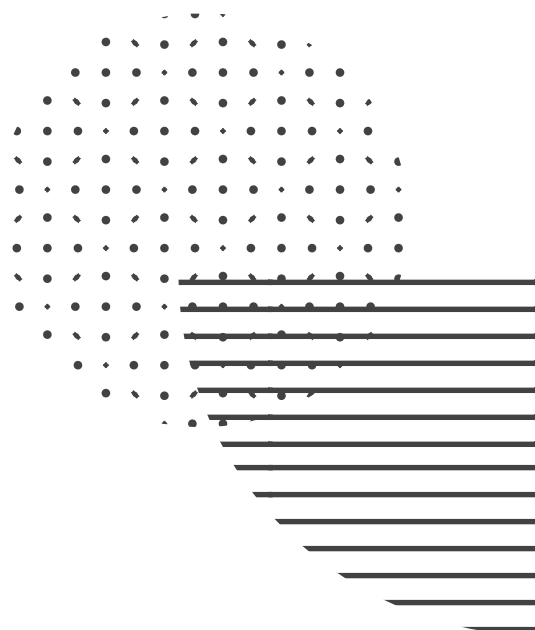
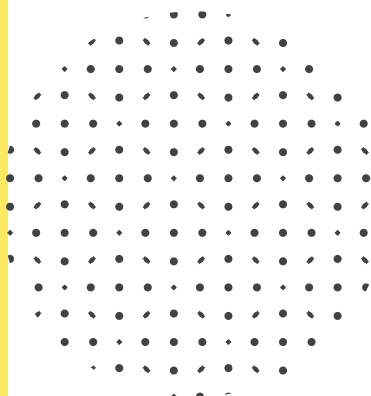
<sup>64</sup> *WSR N.d. (f).*

programmes designed to improve their wages and working conditions;

- Brands and retailers must sign legally binding agreements with worker organizations, and those agreements must require the brands to provide financial support to their suppliers to help meet the labour standards established by the programme and to stop doing business with suppliers who violate those standards;
- Monitoring and enforcement mechanisms must be designed to provide workers an effective voice in the protection of their own rights, including extensive worker education on their rights under the programme, rigorous workplace inspections that are effectively independent of brand and retailer influence, public disclosure of the names

and locations of participating brands and suppliers, and a complaint mechanism that ensures swift and effective action when workers identify abuses.

Recognition and support of the WSR approach has been increasingly widespread, with more and more organizations and individuals supporting it as “a moral and functional necessity.”<sup>65</sup> The WSR website provides a comparison of the WSR approach versus CSR and multi-stakeholder initiatives (MSIs) (see Appendix 4). The WSR Network lists as one of its success stories the Accord on Fire and Building Safety in Bangladesh, which was launched with 43 corporate signatories from 13 different countries and 10 labour signatories, including 2 global union federations and 8 Bangladesh federations.<sup>66</sup> But it is clear that there is still a long way to go for the WSR approach to truly impact the lives of homeworkers at the bottom of supply chains.



<sup>65</sup> WSR N.d. (e); WSR N.d. (d).

<sup>66</sup> WSR N.d. (a).

# MULTI-STAKEHOLDER INITIATIVES (MSI)

## MULTI-STAKEHOLDER INITIATIVES (MSIS)

Multi-stakeholder groups have also played key roles in exerting pressure on supply chain brands to improve working conditions and address labour rights abuses. These groups include consumer advocates, human rights organizations, NGO, organized labour, universities and student bodies. MSIs take the form of codes, certification, campaigns and publication of annual assessment and review reports. Some key multi-stakeholder initiatives include the:

- Ethical Trading Initiative (ETI);
- Social Accountability International (SAI);
- Fairtrade Labelling Organizations International (FLO);
- Clean Clothes Campaign (CCC);
- Nest;
- Fashion Revolution.

Among the foremost MSIs is the Ethical Trading Initiative (ETI), which has been a driving force in ethical trade, influencing business to act responsibly and promote decent work. The members of ETI include: more than 80 global companies and well-known brands such as Burberry, Gap, H&M, Inditex and Marks & Spencer and also supplier companies such as Li & Fung; Union federations representing over 180 million workers worldwide and through them, actively engaged affiliated unions; and NGOs operating in more than 40 countries, including large charities like Save the Children, CARE International and Oxfam. WIEGO is also an ETI member. ETI's approach is presented below: <sup>67</sup>

■ Defining best practice in ethical trade: All corporate members of ETI agree to adopt the ETI Base Code of Labour Practice, which is founded on ILO standards. The ETI Base Code is viewed as a global reference standard that is widely used as a benchmark against which to conduct social audits and develop ethical trade action plans. ETI members have collectively established good practice and developed resources, including a number of useful guides and practical tools and training to help companies promote ethical trade and decent work. Of particular interest to this paper is the very large number and range of homemaker-related resources. <sup>68</sup> ETI's model policy



<sup>67</sup> Ethical Trading Initiative N.d.

<sup>68</sup> Ethical Trading Initiative 2010c.

on homeworking for use by retailers and suppliers is replicated in Appendix 5. The ETI Homeworker Guidelines: What Suppliers Can Do sets out steps the suppliers can take to address homeworker issues and also provides helpful measures for making their actions more effective.<sup>69</sup>

- **Helping workers to help themselves:** ETI supports initiatives that raise workers' awareness of their rights so that they are better able to negotiate with management. It also brokers resolutions where there are major breaches of trade union rights by companies.
- **Building strategic alliances and persuading and influencing key partners:** ETI builds alliances in key sourcing countries and also internationally to address problems that occur, not only in individual workplaces but in entire countries and industries. It raises awareness of how everyone can play a part in protecting workers' rights and works closely with governments and international labour agencies to influence policy and legislation.
- **Driving improvements in the performance of member companies:** Members report annually on their performance in implementing the Base Code. ETI expects members to improve their performance over time and has a disciplinary procedure for those that fail to make sufficient progress or to honour their membership obligations.

Another MSI is **Social Accountability International (SAI)**, established in 1997.<sup>70</sup> SAI has a vision "of decent work everywhere – sustained by an understanding that socially responsible workplaces benefit business while securing fundamental labour rights." Its main tool is the multi-industry **SA8000 Standard**, a leading social certification standard for certified organizations to demonstrate their fair treatment of workers across industries in any country. In addition to publishing SA8000, SAI offers a wide selection of resources to help organizations maintain and continually improve their social performance, including

capacity building, stakeholder engagement, collaboration between buyers and suppliers, and the development of tools to ensure continued improvement. SAI views independent accredited certification to the SA8000 Standard as a critical element contributing to the company's broader objectives of improving global labour conditions. Organizational buyers, independent codes of conduct, and private sector initiatives have increasingly recognized SA8000's multi-sector applicability and responded to growing public interest by integrating SA8000 criteria into their compliance processes. Similarly, governments wishing to encourage and strengthen social performance in the workplace have created incentive programmes specifically recognizing companies with an accredited SA8000 certification.

**Fairtrade Labelling Organizations International**, now simply known as **Fairtrade International (FLO)**, is an umbrella organization whose mission is to set the Fairtrade Standards and to support, inspect and certify ethical production across supply chains. Fairtrade Standards contain minimum requirements, which all producer organizations must meet to become certified, and progress requirements, in which producers must demonstrate improvements over time. There are several types of Fairtrade Standards, including standards for contract situations, for importers and for the different products. Fairtrade Standards for hired labour situations specify the usual labour rights and also stipulate that a joint body be set up with representatives from both the management and employees to decide on how the Fairtrade Premiums will be spent to benefit workers. Fairtrade inspection and certification are carried out by **FLO-CERT**, an independent, for-profit body created by Fairtrade International. FLO-CERT certifies that both producers and traders have met with Fairtrade standards. FLO-CERT inspections and certification follow the international ISO standards for product certification bodies.<sup>72</sup>

The main aspects of the Fairtrade system are the minimum price and the premium. The Fairtrade Minimum Price is a guaranteed price to be paid for a few products



<sup>69</sup> *Ethical Trading Initiative 2010a. See in particular Table 2, pp.12-14. There is also a separate set of Homeworker Guidelines for Retailers.*

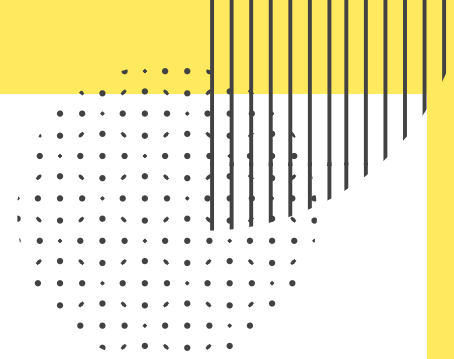
<sup>70</sup> *Social Accountability International N.d.*

<sup>71</sup> *Fairtrade International N.d.*

<sup>72</sup> *Fair Trade Certified N.d.*



A home-based worker in Nepal knits products using traditional Nepali fibre called "Allo" - these Allo products form a large part of Nepal's export market



such as coffee. The Fairtrade Premium is an extra payment over the market price. The residual (after extra costs incurred in producing and marketing Fairtrade have been met) must be spent on social projects for social and economic development in the producing communities. The producers themselves decide how these funds are to be spent.<sup>73</sup> Fairtrade producer organizations are required to be able to show what happened to the money, and FLO-CERT is supposed to check whether they have such a tracking system in place.

**The Clean Clothes Campaign (CCC)** is a global alliance dedicated to ending labour abuses of workers in the apparel and sportswear industry and to providing consumers with accurate information concerning the working conditions under which the apparel and sportswear they purchase are made.<sup>74</sup> The CCC brings together trade unions and NGOs covering a broad spectrum of perspectives and interests, including women's rights, consumer advocacy and poverty reduction. As a grassroots network in both garment producing and consumer markets, CCC "can identify local problems and objectives and transform them into global action; educate and mobilize consumers, lobby companies and governments; and offer direct solidarity to workers as they fight for their rights and demand better working conditions." There are national CCCs in at least 16 countries, mainly in Europe, with an international office based in Amsterdam. Among the better-known and active CCCs is the UK-based Labour Behind the Label.<sup>75</sup>

A major instrument of the CCC is its 1998 Code of Labour Practices, meant to be adopted and implemented by companies, industry associations and employer

organizations. The CCC makes it clear that: "the code is not meant to be a substitute for international intergovernmental co-operation nor for international legislation. Although the code does seek to afford workers protection from oppression, abuse and exploitation where national laws are inadequate or are not enforced, it does not seek to become a substitute for national laws or the national labour inspectorate. The code is not a substitute for secure and independent trade unions nor should it be used as a substitute for collective bargaining".<sup>76</sup> The code's applicability is also clearly spelled out: "Through the code retailers and manufacturers declare their responsibility for the working conditions under which the apparel, sportswear and shoes they sell are produced. This responsibility extends to all workers producing products for the company, regardless of their status or relationship to the company and whether or not they are employees of the company. The code would therefore apply to home-based workers and to workers who are engaged either informally or on a contracted basis. The code applies to all of the companies' contractors, subcontractors, suppliers and licensees world-wide."<sup>77</sup>

In 2008, CCC promulgated a Full Package Approach to Labour Codes of Conduct.<sup>78</sup> The Package offers guidelines on what companies can do to better assess, implement and verify compliance with labour standards in their supply chains and to eliminate abuses where and when they arise. The guidelines provide four major points: a comprehensive, credible and transparent code; implementation of the code; credible stakeholder participation; and freedom of association and collective bargaining. Of particular interest for this paper is the section on Stakeholder Participation, which emphasizes



<sup>73</sup> The international brand Patagonia, for instance, introduced its Fair Trade Certified sewn products in 2014 and pays a premium for every product made in factories certified to the Fairtrade Standard. Patagonia reported that the funds from the premium have been an important means of giving workers a voice to express their needs - "those funds are managed by a democratically elected worker committee that comes together to voice opinions on how to spend the money after assessing the needs of the workers in the factory, and ultimately decides how it is spent. For the first time in many workers' lives, this process opens up conversations with management about critical issues affecting their day-to-day lives". Horn 2018.

<sup>74</sup> Clean Clothes Campaign N.d.

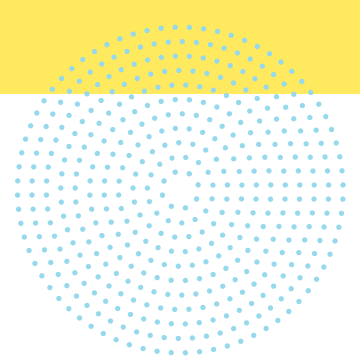
<sup>75</sup> Labour Behind the Label N.d.

<sup>76</sup> Clean Clothes Campaign 1998.

<sup>77</sup> Ibid.

<sup>78</sup> Clean Clothes Campaign 2008.





the following (see Appendix 6 for full replication):

- highlights the benefits for companies to join credible multi-stakeholder initiatives;
- explains the importance of cooperating with workers' rights training initiatives and the conditions for such training to be effective;
- reminds companies that their code monitoring and verification programme should include reporting to customers, shareholders, stakeholders, the public and the affected suppliers and workers;
- stresses the necessity of involving workers as well as local trade unions and labour rights groups as their involvement improves the quality of social audits, the handling of complaints and strategies towards remediation; and
- emphasizes that workers and other stakeholders should have access to secure, anonymous, confidential, and independent mechanism for registering complaints when they believe their rights are being violated.

A more recent initiative gaining growing prominence and traction is the **Nest Ethical Compliance Standards for Home and Small Workshops and the Nest Seal of Ethical Handicraft**.<sup>79</sup> Nest is a non-profit that partners with designers and brands on supporting craftsmanship (handwork) and making home and small workshop-based labour for the fashion and home industries visible and safe. Nest also focuses on improving the well-being of

women workers beyond factories. It has an impressive list of national and international personalities on its trustee and advisory boards and partner organizations and foundations. At the United Nations in December 2017, Nest officially launched the Nest Ethical Handcraft Programme, which includes a set of standards to promote ethical production in the homes and small workshops where handworkers produce their wares.<sup>80</sup>

The **Nest Ethical Compliance Standards for Home and Small Workshops** were developed through a meticulously detailed process, in which Nest implemented a steering committee of brand partners (including Eileen Fisher, Patagonia and Target) to pilot the programme. It also conducted numerous assessments across a range of business structures, craft types and countries.<sup>81</sup> Further, the Nest programme works hand-in-hand with handworkers, empowering them to draw from their experience and expertise in order to develop processes that have the greatest likelihood of adoption while still conforming to the Nest Standards. To address the complexities of decentralized supply chains, the standards use a matrix outlining responsibilities for multiple members of complex supply chains. The matrix includes multiple middlemen, intermediaries or subcontractors between the business and the final worker. All Standards require implementation down to the worker level, and the responsibility rests on intermediaries to ensure that compliance is met for the whole supply chain beyond the factory. The Standards must also be adhered to in all small workshops. If the business is employing multiple subcontractors, the Standards require all subcontractors follow the same guidelines. Nest has also been continually reviewing its process to make improvements and calling



<sup>79</sup> Nest N.d. (c).

<sup>80</sup> Nest defines handworkers as members of the supply chain who work predominantly with their hands, as opposed to relying exclusively on the use of machines. Homeworkers are a subset of handworkers or artisans who conduct their work from a home-based setting rather than carrying out their work in a central or community-based production workshop.

<sup>81</sup> Nest 2019a.

on supply chain experts to weigh in on the Standards. The result is an updated Standards intended to both support industry efforts to address home and small workshop-based production and to streamline Nest's process for training handworkers.<sup>82</sup> This updated version more clearly defines expectations and requirements of vendors and subcontractors alike. Furthermore, if a business meets a threshold level of compliance after the completion of a qualified assessment, Nest will award a seal of assurance, the **Nest Seal of Ethical Handcraft** for the specific verified product line. Since the launch of the standards, six artisan businesses have become Nest Certified. Major brands like West Elm have also begun using the Nest Seal of Ethical Handcraft.

Nest also has a specific code for artisans and homeworkers. The **Nest Code of Conduct for Artisans and Homeworkers** "is designed to address the unique characteristics of the artisan production value chain, which includes labour in both small workshop and homework settings."<sup>83</sup> The Code "promotes the importance of production under safe, lawful and humane conditions within the context the unique operations of the dimension of global commerce impacting artisans." The code clearly indicates that artisan production includes home-based and piece-rate production. Problematically, however, the overall language of the code focuses on "artisans" and does not clarify whether all homeworkers are to be considered artisans and therefore covered by the Code.

**Fashion Revolution** is a not-for-profit global movement with teams now in over 100 countries campaigning for systematic reform of the fashion industry with a focus on the need for greater transparency in the fashion supply chain.<sup>84</sup> It was founded in 2013 in response to the Rana Plaza disaster, and it is represented by two separate

organizations in the United Kingdom: Fashion Revolution CIC and Fashion Revolution Foundation. These two organizations spearhead the global network of official Fashion Revolution Country Offices and the volunteer Country Coordination teams. All Fashion Revolution organizations work to ensure that clothes are made in a safe, clean and fair way. The #whomademyclothes campaign is organized every year on April 24th, the anniversary of the Rana Plaza factory collapse. Here, brands and producers are encouraged to use the hashtag #whomadeyourclothes and to demonstrate transparency in their supply chains. In 2019, the campaign ran for a week instead of a day.

Fashion Revolution also publishes the **Fashion Revolution Transparency Index** every year.<sup>85</sup> The Fashion Transparency Index 2019 reviews and ranks 200 of the biggest global fashion and apparel brands and retailers according to how much information they disclose about their suppliers, their supply chain policies and practices, and their social and environmental impact. It does not evaluate brands' ethical or sustainability performance but rather how much information they disclose publicly about their human rights and environmental policies, practices and impacts. The assessment of brands and retailers is performed across five key areas: policy and commitments; governance; traceability; know, show and fix; and spotlight issues. The results are not that surprising: the average score for all 200 brands and retailers is 21 per cent out of 250 possible points, proving that there is still much work to be done. And unfortunately, the results show that among companies there appears to be little, if no specific attention, to homeworkers even though the Index highlights gender equality, female empowerment, freedom of association and the payment of living wages.



<sup>82</sup> Nest 2019b.

<sup>83</sup> Nest, N.d. (b).

<sup>84</sup> Fashion Revolution N.d.

<sup>85</sup> Fashion Revolution CIC 2019.




# MULTILATERAL INITIATIVES: INTERNATIONAL INSTRUMENTS

At the multilateral level, several international institutions have initiatives to promote internationally-harmonized standards for good governance in global supply chains. These instruments have a human rights framework based on the UN Universal Declaration of Human Rights and the ILO Declaration on Fundamental

Principles and Rights at Work and its core Conventions. These instruments constitute “soft law,” meaning that they are not legally binding—and only one of them explicitly covers homeworkers. Nevertheless, they are important for a number of reasons, as highlighted in the box below.

## WHY INTERNATIONAL INSTRUMENTS ARE IMPORTANT

- These international instruments have a human rights framework based on the UN Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work and its core Conventions.
- The language of human rights provides a universal standard of behaviour and a floor of rights that is dis-embedded from market rationales.
- Although they may not explicitly refer to homeworkers, the provisions of the instruments do implicitly cover homeworkers and can be drawn upon for advocacy to recognize homeworkers as integral to supply chains and to promote their right to decent work;
- Recognition of workers’ rights at the global level is often a precursor to securing recognition and rights at the national level.
- International instruments enable civil society to participate in national-level implementation processes.



The **UN Guiding Principles on Business and Human Rights** is the first UN-endorsed corporate human rights responsibility initiative. The UN Guiding Principles (UNGPs) articulate distinct but complementary duties and responsibilities of States and business enterprises, and apply to all States and business enterprises, both transnational and others, regardless of size, sector, location, ownership or structure.<sup>86</sup> Although the UNGPs are not legally binding, they build on the implications of existing legal obligations that states have undertaken under international human rights law, including explicitly referencing the fundamental principles and rights at work and implicitly including many other labour rights, such as the right to a safe and healthy workplace.

Although the UNGPs do not explicitly refer to homeworkers, the principles can be drawn upon to cover those at the bottom of supply chains.<sup>87</sup> According to the UNGPs, the responsibility of a business enterprise to respect human rights extends beyond its first-tier relationships to cover all of its activities and relationships. Under Guiding Principle 13, business enterprises are expected to “avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur.” In reference to supply chains, Principle 13 states companies should also “seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.” Here, “business relationships” are broadly defined and understood to include a business’s own direct actions and relationships with business partners, with entities in its supply chain, and with any other non-State or State entity directly linked to its business operations, products or services.<sup>88</sup> In addition, businesses should “seek to understand the concerns of potentially affected stakeholders by consulting them directly in a manner that takes into account language and

other potential barriers to effective engagement” - this consultation requirement could present an opportunity for homeworkers organizations to participate in the due diligence processes.<sup>89</sup>

It is important to note that the international instruments described below incorporate the UNGPs, and in that they do so, it can be argued that just as the UNGPs implicitly cover homeworkers, so too can these other instruments be used to advocate for the recognition and protection of homeworkers.

In 2000, the UN Secretary-General launched the **UN Global Compact**,<sup>90</sup> calling upon companies to conduct their business respecting Ten Principles on human rights, labour, environment and anti-corruption. The labour principles follow the ILO’s Fundamental Principles and Rights at Work. Companies signing the Global Compact are supposed to report on the progress they make on the Ten Principles. In 2010, an advisory group on supply chain sustainability was established as a platform for integrating the Ten Principles into supply chain management systems. In 2012, several hundred companies were de-listed for failure to fulfil minimum reporting requirements. Since that time, the number of companies joining the Global Compact has continued to increase and the homepage of the Global Compact’s website lists the Compact as “the world’s largest corporate sustainability initiative.” The ILO serves jointly with the Office of the United Nations High Commissioner for Human Rights (OHCHR) as the secretariat for the Global Compact’s Human Rights and Labour Working Group and provides extensive technical assistance. At country level, the Global Compact Local Networks help companies understand what responsible business means within different national, cultural and language contexts. The Networks also facilitate outreach, learning, policy dialogue, collective action and partnerships. Through the Networks, companies



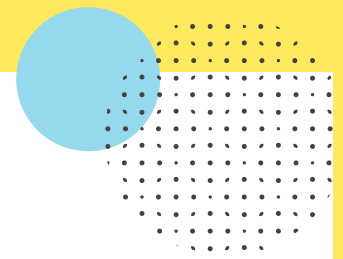
<sup>86</sup> Office of the High Commissioner on Human Rights 2011.

<sup>87</sup> Appendix 3 highlights suggestions from homeworker organizations and WIEGO on how the UNGPs can be strengthened to better protect homeworkers.

<sup>88</sup> International Labour Organization 2016, pp.60-61.

<sup>89</sup> Von Broembsen et al., 2019, p.8.

<sup>90</sup> United Nations Global Compact N.d.



can make local connections with other businesses and stakeholders from NGOs, government and academia, and they can receive guidance to put their sustainability commitments into action. While Local Networks are independent, self-governed and self-managed entities, they work closely with the UN Global Compact in New York and act as a point of contact for UN Global Compact signatories in a country.

The **ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration)**<sup>91</sup> was adopted in 1977 and updated several times, most recently in March 2017. It is the only ILO instrument concerning MNE operations that was negotiated on a tripartite basis, and it is the most comprehensive instrument on labour and employment issues as it provides guidance to enterprises, to governments of home and host countries and to employers' and workers' organizations. Although directed primarily at MNE operations, it also applies to national enterprises, including those commercially linked to MNEs. The MNE Declaration clearly distinguishes between the roles of governments and enterprises: governments are responsible for creating, legislating and enforcing an enabling environment for responsible business; companies are encouraged to respect workers' rights in their own operations. The principles of the Declaration provide guidance in such areas as employment, training, conditions of work and life, industrial relations and general policies. The guidance is founded substantially on principles contained in international labour standards. The Declaration recommends that national tripartite constituents establish national focal points to promote its principles, engage in capacity-building, disseminate information and facilitate tripartite dialogue.

The 2017 revised version of the MNE Declaration incorporates the UNGPs and includes a human rights

dimension that establishes responsibility on the part of corporations to identify, mitigate, prevent and account for adverse human rights impacts in their supply chains. It also establishes meaningful consultation with potentially affected groups as integral to the due diligence process. Therefore, although the MNE Declaration does not specifically mention homeworkers, the case can be made that the Declaration, like the UNGPs, can be a potential mechanism for advocacy to recognize homeworkers as integral to supply chains and to recognize their claims for decent work as legitimate.<sup>92</sup>

The **OECD Guidelines for Multinational Enterprises**<sup>93</sup> apply to some 47 OECD and non-OECD countries that adhere to the OECD Declaration on International Investment and Multinational Enterprises. The unique feature of the Guidelines is that they are addressed by governments to multinational enterprises operating in or from adhering countries. The Guidelines are the only multilaterally agreed-upon and comprehensive code of responsible business conduct that governments have committed to promoting. The Guidelines' recommendations express the shared values of the governments of countries from which a large share of international direct investment originates and which are home to many of the largest MNEs. The Guidelines provide non-binding principles and standards for responsible business conduct (RBC) in a global context consistent with applicable laws and internationally recognized standards. The 2011 updated Guidelines include a human rights chapter consistent with the UNGPs, and, therefore, can be extended to implicitly apply to homeworkers.

The OECD Guidelines also apply the UNGPs' risk-based due diligence process to supply chain management by requiring signatory countries to establish National Contact Points (NCPs) that can take different



<sup>91</sup> *International Labour Organization 2017.*

<sup>92</sup> *Von Broembsen et al. 2019, p.11.*

<sup>93</sup> *Organization for Economic Cooperation and Development 2011.*



institutional forms. Adhering governments establish the NCPs to promote and implement the Guidelines and to provide a mediation and conciliation platform for resolving practical issues that may arise. The NCPs review complaints of corporate non-compliance by trade unions, NGOs, governments and even members of the public. Although participation in the process is voluntary, MNEs engage to prevent reputational risk, or to avoid formal legal charges. Some of these complaint processes have resulted in dialogue or mediation between the parties; and in some cases, corporations have agreed to remedy the violation and pay compensation to affected individuals or groups. The NCPs, therefore, have the potential to “be a strategic site of struggle for homeworkers and allies, in particular because the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector – a key sector for homeworkers – explicitly recognizes that homeworkers are legitimate workers in global supply chains.”<sup>94</sup>

The **OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector**<sup>95</sup> is the product of a multi-stakeholder consultative process that took place in 2017. The Guidance is intended to be practically oriented, with an emphasis on collaborative constructive approaches to complex challenges. It encourages collaboration by MNEs at three levels: (i) at the sectoral level to pool knowledge, increase leverage and scale-up effective measures; (ii) at the union level,

to directly enter into agreements with trade unions to facilitate worker involvement in the design and implementation of due diligence processes, to implement standards on workers’ rights and hold enterprises accountable to them, or to raise grievances against enterprises in relation to workers’ rights; and (iii) at the stakeholder level through MSIs to facilitate collaboration between stakeholders in order to address specific sector risks or implement specific steps in the due diligence process. The Guidance also draws attention to the fact that women account for the majority of the labour force in the garment and footwear supply chain, and it emphasizes that the vulnerability of women workers in a particular context should be systematically considered at all stages of due diligence.

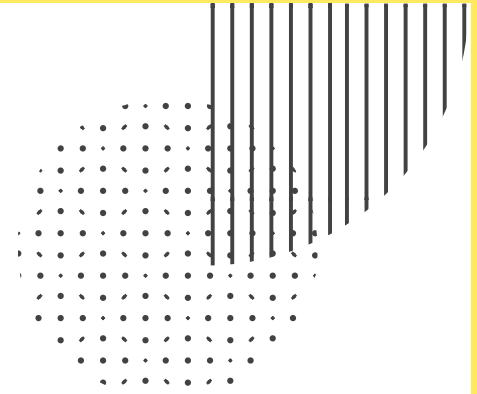
The Guidance includes a specific **Module on Responsible Sourcing from Homeworkers**,<sup>96</sup> which includes both a “framework for preventing and mitigating human rights and labour abuses when engaging homeworkers” and recommendations for enterprises to follow in designing and implementing their due diligence processes. The framework establishes that “homeworkers should be viewed as an intrinsic part of the workforce entitled to receive equal treatment.” The Module advocates that homeworkers “should be formalized in order to achieve good terms and conditions of employment” through legal identity, recognition of their worker status and contracts and/or authorizations that would facilitate the legalization of their work. The framework text also explains that



<sup>94</sup> Von Broembsen et al., 2019, p.9.

<sup>95</sup> Organization for Economic Cooperation and Development 2018. *The OECD has also developed tailored guidance to help enterprises build responsible supply chains in other sectors, specifically: minerals from conflict-affected and high-risk areas; extractive; agriculture; and finance.*

<sup>96</sup> *Ibid.*, pp.184-185.



formalization is a process and that legalization “should not impose expectations for homeworkers that cannot be met and therefore marginalise homeworkers further (e.g. the obligation to work in a particular centre may marginalise homeworkers who can only work from home).” The framework also states the following: “the organisation of homeworkers is an important step that provides them with visibility and recognition and enables social dialogue in order to achieve good terms and conditions of employment. Given the unique needs and circumstances of homeworkers, the organisation of homeworkers may look differently from other organised workforces. The first steps in organising are often taken by community or women’s groups who are in a position to organise local groups which can later come together as a federation or trade union. Given the predominance of women homeworkers in the sector, in many contexts organisers should be women.”<sup>97</sup>

The recommendations for enterprises relate to two areas for action: to identify potential and actual harms; and to seek to prevent or mitigate harm in the enterprise’s own operations and in its supply chain. Under the first area, enterprises are encouraged to identify production processes and sourcing countries where homeworkers are likely be prevalent and at higher risk of being exploited and to assess whether suppliers have measures in place to source responsibly from homeworkers. Second, the recommendations stipulate that enterprises should build the capacity of their suppliers to establish a

“prequalification system” for intermediaries (who would include subcontractors) involved in hiring homeworkers; establish internal protocols for outsourcing of work to homeworkers; establish transparency requirements for those intermediaries who contract work to homeworkers; and provide training for them on their legal obligations and the enterprise’s RBC policy. The recommendations also encourage enterprises to identify and partner with local initiatives such as for rights training, skills training, legalization and service provision.

Undoubtedly, the Guidance is significant in recognizing homeworkers as integral to supply chains. But unfortunately, its potential for promoting decent work is limited not just by its soft law status but also by a number of other omissions in the framework and recommendations: “for example, while it mentions the importance of organizing homeworkers, MNEs are not encouraged to recognize existing representative organizations of homeworkers as legitimate partners in the due diligence process, including discussions on the form that transparency requirements and grievance procedures should take. And, a key recommendation should be that MNEs require their suppliers to mention the name of their brand in sub-contracting agreements – a requirement in the Australian supply chain legislation. Homeworkers would then be able to identify the brand, research its commitments to decent work, and register complaints through its complaint mechanisms.”<sup>98</sup>



<sup>97</sup> Organization for Economic Cooperation and Development 2018, pp.184-188.

<sup>98</sup> Von Broembsen et al. 2019, pp. 10-11.



Producer Companies are setting up compliant, worker-owned community centres for homeworkers to access decent work within global supply chains. Location: Rajasthan, India.



# COUNTRY-LEVEL INITIATIVES: NATIONAL LEGISLATION

A holistic governance system for global supply chains should be at local, national, regional and international levels. As emphasized at different points in this paper, codes are no substitute for national laws, and, in fact, most of the codes indicate that suppliers and subcontractors are expected to comply with national and local laws and regulations at all times. For example, the Inditex Group code of conduct stipulates the following: “provisions of this Code constitute only minimum standards. Should national regulations or any other applicable Law or any

other commitments undertaken or applicable, including collective bargaining agreements, govern the same issue, the provision which offers greater protection for workers shall apply. Inditex assumes, as part of its internal norms, the content of national and international Agreements and Conventions to which it has adhered, and that they are applied in its relationship with manufacturers and suppliers, committing to their promotion and compliance.”<sup>99</sup> National legislation, then, must also be examined.

## NATIONAL LEGISLATION TO PROTECT AND PROMOTE RIGHTS FOR HOMEWORKERS

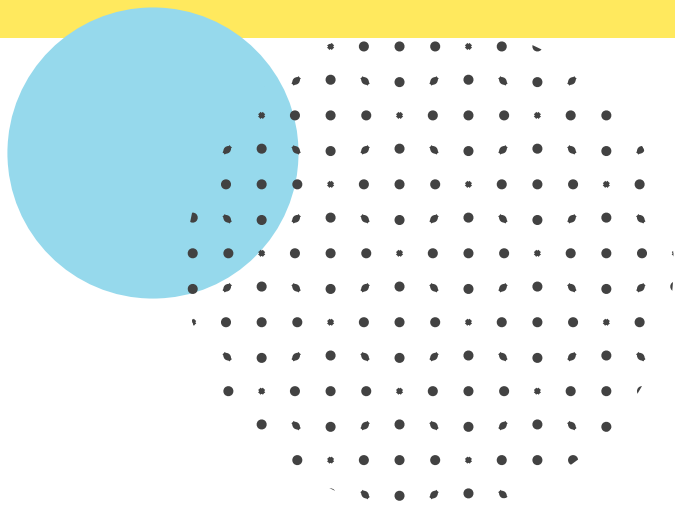
Von Broembsen, Harvey and Chen identify three national legal approaches to promote decent work in supply chains and realize protection and rights for homeworkers:<sup>100</sup>

- The traditional employment and/or labour relations legislation that covers employees is expanded to incorporate subcontracted work, including homeworkers. Bulgaria, Chile, Brazil, Nicaragua, Uruguay and South Africa have adopted this approach to tackle disguised employment relationships.
- The country legislates specifically to protect homeworkers. The Thai Homeworkers Protection Act has several innovative aspects to provide equal treatment for homeworkers with factory workers.
- States combine a “due diligence” human rights approach with a mandatory code that contains stringent enforcement mechanisms. The Ethical Clothing Trades Extended Responsibility Scheme in New South Wales (NSW) and South Australia are examples of codes where compliance is obligatory by law and various supply chain actors are responsible for enforcement.



<sup>99</sup> Inditex N.d.

<sup>100</sup> Von Broembsen et al. 2019, pp.13-19.



The first approach identified by Von Broembsen, Harvey and Chen expands the traditional employment and/or labour relations legislation that covers employees to incorporate subcontracted work, including homeworkers. The approach's aim is to tackle disguised employment relationships and create labour rights for homeworkers as if they were employees. This legislation expansion has been accomplished in countries such as Bulgaria, Chile, Brazil, Nicaragua, Uruguay and South Africa. In Bulgaria, for example, the Association of Home-based Workers Bulgaria and its allies, including international NGOs, successfully campaigned for the government to ratify ILO Homework Convention, 1996 (C177). Ratification took place in 2009. In 2011, the Bulgarian government amended its Labour Code to cover subcontracted "dependent" workers, stipulating that dependent workers must have a contract and must enjoy the same entitlements as employees, including entitlements derived through collective bargaining agreements or through social security legislation.

The second approach is for a country to legislate specifically to protect homeworkers, as Thailand has done. HomeNet Thailand, together with a number of allies, engaged in a decade-long campaign for the recognition and legislative protection of homeworkers. In 2010, the Thai **Home Workers Protection Act** was passed to provide equal protection to homeworkers and factory workers.<sup>101</sup> The Act is innovative in a number of respects:

- Homeworkers must be given a written contract, and where a contract gives the hirer an "undue advantage," the court has the power to order that the terms of the contract only be enforced in so far as the terms of the contract are reasonable;
- It is a criminal offence to pay homeworkers less than the statutory minimum wage. Payment must be made at the homeworke r's place of work within seven days of delivery of the finished products, and limited deductions may be made for such payments;
- Homeworkers must be informed if work is hazardous or involves toxic substances, and the hirer must provide safety equipment. If hirers contravene these provisions, they will have to pay medical expenses, rehabilitation or funeral expenses;
- The Ministry of Labour must draft "secondary laws" or regulations for the Act to come into effect, which should be overseen by a tripartite committee comprising Director-Generals from several Ministries, three homeworke r representatives and three hirers;
- Where a particular case by a homeworke r against a hirer is believed to be "for the common good," the State will appoint a legal representative to represent the homeworke r in the Labour Court.

The third approach is to combine a "due diligence" human rights approach with a mandatory code that contains stringent enforcement mechanisms as has been enacted through the **Ethical Clothing Trades Extended Responsibility Scheme** in New South Wales (NSW) and South Australia.<sup>102</sup> The NSW Code (and the Southern Australia Code, which is similar) is subordinate legislation, enacted by way of proclamation under the Industrial Relations (Ethical Clothing Trades) Act 2001. Therefore, it is a mandatory code and compliance is obligatory as a matter of law. The innovative features of the Code worth noting include the following:

- The Code applies not just to the "lead firm" or the "effective business controller" at the top of the chain but also to the suppliers and contractors lower down the chain;



<sup>101</sup> *Government of Thailand 2010.*

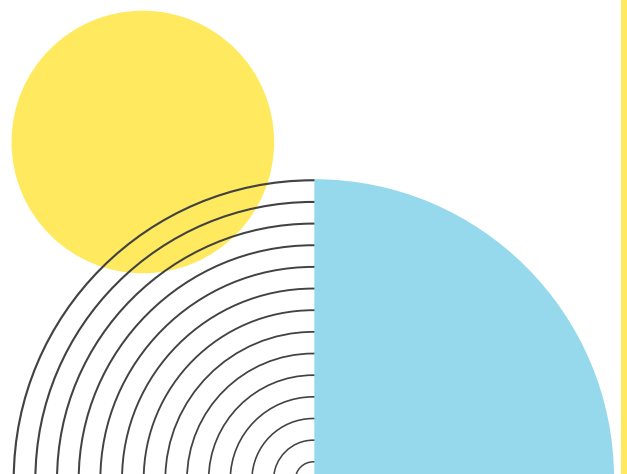
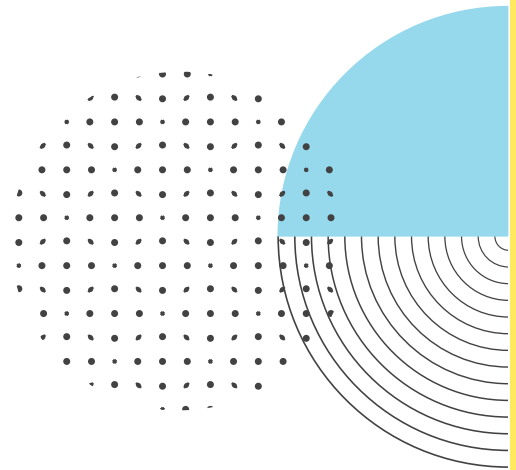
<sup>102</sup> *Labour Exploitation Accountability Hub N.d.*

- The terms “retailer,” “supplier” and “contractor” are widely defined, making it difficult for these parties to avoid their obligations as might be possible through creative corporate structuring;
- The provisions of the code are mandatory and apply to all persons engaged in the manufacturing of clothing products in Australia and the supply and retail sale of those products in NSW;
- Its due diligence approach is wider than that envisaged in the UNGPs; it requires firms to report both to the state and to labour unions and non-compliance is a criminal offence;
- The Code also spells out obligations on the part of retailers, including that “where a retailer becomes aware that an outworker has been engaged on less favourable terms than the conditions described under the applicable award or other industry instrument, the retailer is obliged to report the matter to the NSW union or the government.”

Von Broembsen et al. compare the different national legislation covering homeworkers and point out several weaknesses of the Bulgarian and Thai legislations. First, in the Thai and Bulgarian legislations, if the homeworker’s contract is with a subcontractor or a “hirer,” then the claims for labour rights would be against a supply chain actor who often enjoys as little bargaining power as the homeworkers. Unless the homeworker is able to establish an employment relationship directly with the factory, she/he would be hard-pressed to claim the same rights as factory employees. Second, if the homeworker works intermittently for different contractors, she/he may not be able to satisfy a court that anyone is the employer. The Australian legislation, by contrast, regulates the entire supply chain rather than just the employment relationship so that the homeworker can claim against anyone regarded as the employer. Third, the Bulgarian and Thai legislations place the burden of enforcement on homeworkers whereas the Australian legislation makes various supply chain actors –retailers, factories, suppliers, contractors and even the state and trade unions – responsible for enforcement.



133 Von Broembsen et al. 2019, p.17.



# HOW HOMeworkERS CAN USE CODES AND OTHER INITIATIVES

Guided by the above review of CSR codes of conduct, PCIs, and other non-corporate initiatives, this Section provides some suggestions that may be useful for homeworkers and their organizations to gain recognition as integral to sustainable supply chains and to protect and promote their right to fair and decent conditions of work:

■ First and foremost, to have their voices heard, homeworkers need to come together and be organized. To overcome their characteristic invisibility due to isolation within their homes, women homeworkers need their own strong membership-based organizations. It is, of course, essential that homeworker organizations be legally recognized by the state and also by corporations as trade unions that have the right to collective bargaining. The inauguration of HomeNet International in February 2021 is a landmark event in raising the

profile of homeworkers and getting recognition from corporate and non-corporate actors in supply chains. Alliances with formal trade unions will be important because formal trade unions' institutional power and leverage would strengthen the claims of homeworkers. The regional HomeNets and their affiliated national organizations could also consider establishing direct linkages with MSIs so they can speak for themselves rather than have other organisations speak for them. For example, by joining initiatives such as the Worker-Driven Social Responsibility (WSR) Network,<sup>103</sup> the Nest Ethical Handicraft Programme<sup>104</sup> or participating in the Fashion Revolution #whomademyclothes campaign,<sup>105</sup> the regional HomeNets would have wider channels for raising awareness of the significance and particularities of their type of work and of the issues that are of greatest concern to them.



<sup>103</sup> Worker-Driven Social Responsibility Network N.d. (e)

■ Any kind of advocacy, particularly that addressing lead firms in global supply chains, requires that there are channels or platforms through which homeworkers and their organizations can have their voices heard. They can amplify their voices by making use of relevant corporate and non-corporate initiatives and instruments, such as the following:

- Those corporate codes of conduct that not only call for freedom of association and the right to collective bargaining but that also have implementation strategies aiming “to increase worker voice within our suppliers by ensuring there are either well-functioning labour unions or worker committees in place within our supplier workplaces.”<sup>106</sup> Eileen Fisher and Patagonia offer a number of different mechanisms, including a supply chain hotline, a grievance system toolkit and regular worker forums and surveys for workers at all levels to voice their concerns and for the brands to work with them to address these concerns.<sup>107</sup>
- The MSIs that emphasize the necessity of involving workers throughout the supply chain because this involvement improves supply chain transparency, the quality of social audits, the handling of complaints and strategies towards remediation. As the Clean Clothes Campaign argues, “since the ultimate purpose of codes and monitoring is to improve conditions and protect the rights of the workers who make the company’s products, those workers must have an active role in the day-to-day monitoring process.”<sup>108</sup>
- The multilateral instruments that stress signatory companies should “seek to understand the concerns of potentially affected stakeholders by consulting them directly in a manner that takes into account language and other potential barriers to effective engagement;”<sup>109</sup> establish meaningful consultation with potentially affected groups as integral to the due diligence process;<sup>110</sup>

or establish National Contact Points (NCPs) at country level that provide workers a platform for raising and resolving issues.<sup>111</sup>

■ Advocacy requires making the case that decent work is a win-win proposition both for homeworkers and for supply chain sustainability. Fair and decent treatment of workers is not just an ethical imperative; it is good business. International brands who treat workers fairly and decently can be recognized by consumers, shareholders, investors and business partners as socially responsible and as achieving sustainable productivity and quality gains. Adequate evidence shows that firms found to abuse labour rights face not only reputational damage but also protests, boycotts, attacks on corporate property, divestment campaigns, hostile shareholder resolutions and the enactment of sanction laws. At the same time, the case has to be made that for international brands to take responsibility for labour and human rights violations in their supply chains and, importantly, that a ban on homeworkers is not the answer. Not only will the hard-won rights of factory workers further up the chain be compromised but homework will simply go underground, and brands will then face the pressures posed by the unregulated bottom end of the supply chain.

■ It is not enough to advocate that corporate codes of conduct include homeworkers and accord homeworkers “equal treatment with other workers in the supply chain.” It is important that the particularities of homework that make homeworkers especially vulnerable are taken into account even in the language of the code. In advocating with international brands, the HomeNets can point to specific codes that are sensitive to these particularities (the review above and Appendix 1 offer various examples of code language that could be cited). The Burberry Ethical Trading Code of Conduct Homeworker Policy (Appendix 2) explicitly states that “work must be based on a recognized employment relationship” and all suppliers and subcontractors must provide



<sup>104</sup> Nest N.d. (a)

<sup>105</sup> Fashion Revolution N.d.

<sup>106</sup> Eileen Fisher N.d.

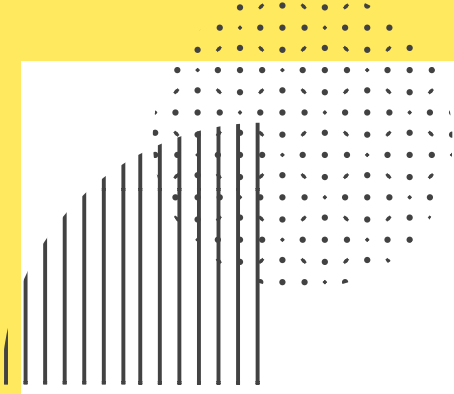
<sup>107</sup> Horn 2018.

<sup>108</sup> Clean Clothes Campaign 2008.

<sup>109</sup> Office of the High Commissioner on Human Rights 2011, p.20.

<sup>110</sup> International Labour Organization 2017.

<sup>111</sup> Organization for Economic Cooperation and Development 2011.



all workers with written employment contracts fully setting out the terms and conditions of employment. However, since homeworkers tend to face difficulties claiming their rights if the employment relationship is only with subcontractors (who themselves often are in weak bargaining positions), it would be useful to push for recognition and coverage at the entire supply chain level, such as is provided for in the Australian legislation.<sup>112</sup> MSI standards and multilateral instruments can also provide useful language for brands developing codes of conduct. Examples include the ETI Model Policy on Homeworking,<sup>113</sup> the ETI Homeworker Guidelines (Appendix 5) and the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector with its specific Module on Responsible Sourcing from Homeworkers.<sup>114</sup>

■ The difficulties and issues homeworkers face differ in different contexts. Therefore, it is important that advocacy efforts with corporations take these contextual differences into account, especially in identifying strategies that could make a real difference in the lives of particular groups of homeworkers. For example, homeworkers who live in more remote areas might save time and cost of transportation if approved subcontractors delivered and collected from them. In this case, advocacy should be focused on this issue. In other contexts, where the state and even corporations are pushing for living wages rather than minimum wages, homeworkers and their organizations should likewise be focusing advocacy efforts.

■ Recognizing that “a code is only words if actions don’t speak” and that traditional PCIs have proven inadequate, the HomeNets should focus on measures where they can work with corporations to enact the codes. Because enlightened corporations are themselves emphasizing the importance of knowing where and how each of their products is being produced, a starting point might be to enhance transparency and traceability in the supply chain. Equally useful are codes that emphasize that “manufacturers and suppliers shall apply the principles of this Code to any homeworker involved in their supply chain, and shall give transparency to the locations and working conditions of said homeworkers.”<sup>115</sup> But is just as important that the corporations themselves need to require their suppliers to include the name of their brand in subcontracting agreements as it is only then that homeworkers will know where to direct their efforts. All too often homeworkers have no idea to whom and where their products are being supplied nor of the eventual selling price.

■ It might also be worth exploring the potential for reaching out to the better known and responsible social audit firms used by international brands for their private compliance initiatives and collaborate with them to monitor the implementation of codes. Homeworker organizations might also work with social audit systems for certification purposes, such as those conducted for SA8000, FLO-CERT or the Nest Seal.

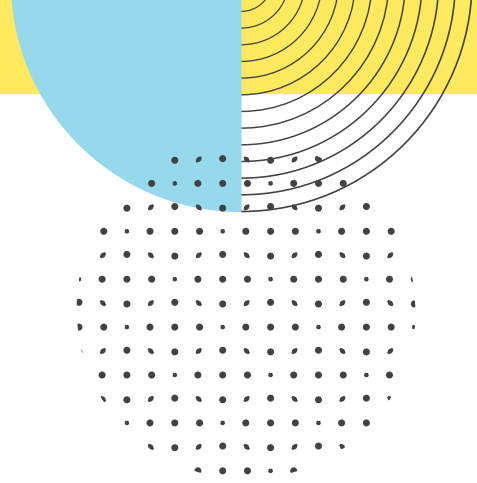


<sup>112</sup> NSW Government 2001.

<sup>113</sup> Ethical Trading Initiative 2010d.

<sup>114</sup> Organization for Economic Cooperation and Development 2018, pp.184-188.

<sup>115</sup> Inditex N.d., p.6.



■ Homeworker organizations should lobby corporations to extend their awareness raising and training programmes to cover homeworkers. As the Clean Clothes Campaign advocates, “since the ultimate purpose of codes and monitoring is to improve conditions and protect the rights of the workers who make the company’s products, those workers must have an active role in the day-to-day monitoring process. In order to do so, they must be aware of their rights under the code, ILO Conventions and local laws.”<sup>116</sup> Many corporations have developed training materials covering the human rights and health and safety provisions of their codes and even make it a condition of contract that suppliers must undergo the training and also that they provide training to their workers—although often this training is limited to factory-based workers. Homeworker organizations could offer to collaborate with corporations and suppliers to provide training to homeworkers; greater understanding on the part of homeworkers could go a long way towards self-observance of code provisions. The training should focus not just on what must be done but on why it must be done. The training must also open up discussion on the barriers and difficulties homeworkers face and what can be done to achieve a win-win situation. Importantly, “this training should also take into account the gendered nature of the workforce in this industry and cultural and religious preconditions (such as separate training sessions for women and men in Muslim countries).”<sup>117</sup>

■ With many international brands adopting more

enlightened collaborative and inclusive approaches, there could be various opportunities for the HomeNets and local homeworker organizations to engage, particularly at the community level. The advantages the homeworker organizations would bring to the collaboration would be their ability to identify the pressing local issues, taking into account cultural and other sensitivities, their linkages with community stakeholders and their organizational ability to help implement the brand’s CSR initiative. The benefits and spin-offs could be multi-fold: the reputation of the brand could be enhanced; the well-being and productivity of all workers, factory and home-based could improve; traditional crafts and skills could be preserved; the supply chain could be more efficient and sustainable; and the relationship between the brand and all their workers and worker organizations would be strengthened.

■ Last but not least, homeworker organizations need to lobby their own national governments to strengthen public governance of supply chains rather than to be driven by the concern of losing foreign investments. Homeworker organizations must also encourage governments to promote and enforce relevant labour laws and regulations and provide a conducive environment for responsible business conduct. Advocacy like this works: homeworker organizations and their national and international allies have been the main driving force in the countries that have adopted national legislation specifically for the protection of homeworkers.



<sup>116</sup> Clean Clothes Campaign 2008. (See Appendix 6.)

<sup>117</sup> Clean Clothes Campaign 2008.



## ACTIONS BY HOMEWORKERS TO PROMOTE DECENT WORK

- Organize into your own membership-based organizations that are legally recognized by the State and also by corporations as having the right to collective bargaining;
- Amplify your united voices through these organizations and be heard by making use of relevant corporate and non-corporate initiatives and instruments;
- Make the case that fair and decent treatment of homeworkers is “good business” and that a ban on homeworkers is not the answer;
- Emphasize that the language and implementation of corporate codes and other instruments must take account of the special characteristics of homework;
- Ensure that your advocacy strategy is gender sensitive and based on the specific local, cultural, religious, legal context;
- Conduct awareness campaigns and training programmes using the materials that brands have developed covering the human and safety and health provisions of their codes. Ensure that the campaigns and programmes consider the gendered nature of the workforce;
- Create win-win situations by collaborating with brands in community-level projects;
- Establish collaboration with responsible social audit firms used by brands in their private compliance initiatives to monitor implementation of codes;
- Lobby your own governments to strengthen public governance of global supply chains and to recognize, protect and promote the rights of homeworkers.





Producer companies often set up their own retail brands to supplement the income from B2B sales. Photo location - Sadhna, Udaipur, India.

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# APPENDIX 1: THE HUMAN AND LABOUR RIGHTS COMPONENTS OF CODES OF CONDUCT OF INTERNATIONAL GARMENT AND TEXTILE BRANDS

## A1.1. General Policy Statement

### H&M Hennes & Mauritz AB Code of Conduct

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

### Levi Strauss & Co. Labour Standards - Terms of Engagement

The purpose of this Guidebook is to assist individuals, including factory managers, licensees and agents, to implement the Terms of Engagement (TOE) in factories producing Levi Strauss & Co. (LS&Co.) products. The TOE requirements are rated to indicate how seriously Levi Strauss & Co. views each particular issue: ZTV Zero Tolerance Violation; IA Immediate Action; and CI Continuous Improvement.

Levi Strauss also has a Worker Well-Being (WWB) Programme since 2011 which was conceived by LS&Co. as a new approach to supply chain engagement. WWB goes beyond labour compliance and collaborates with suppliers to implement programs that improve the lives of apparel workers. LS&Co. believes that investments in worker well-being enable a more conducive business environment, generating shared value for workers and factories. To drive improvements to worker and community well-being, WWB sets more holistic expectations for suppliers. Over time, LS&Co. expects that all its vendors implement worker programs that go beyond legal and Terms of Engagement (TOE) requirements and that respond to workers' needs that often manifest themselves beyond factory walls. WWB asks that vendors communicate with workers, identify local challenges, develop and implement appropriate worker programs and forge partnerships to generate and sustain lasting impacts.

### Eileen Fisher Code of Conduct

To ensure fair conditions for the workers in our supply chain, we are committed to two human rights standards: Social Accountability International's SA8000, a critical tool for assessing factories, and Ethical Trading Initiative's Base Code, which allows us to evaluate "cottage" industries (such as artisans and homeworkers), as well as collaborate with other brands to improve conditions in factories.

### Burberry Ethical Trading Code of Conduct

[https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility\\_docs/Policies\\_statements/Policies/Updated\\_Policies/Ethical-Trading-Code-of-Conduct-120517.pdf](https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility_docs/Policies_statements/Policies/Updated_Policies/Ethical-Trading-Code-of-Conduct-120517.pdf)

Burberry believes that it is important to be a socially responsible business, promoting fair and sustainable employment practices internally and by supporting diversity and equal opportunities in the workplace both within its own operations and across its supply chain. Burberry recognises that, within its supply chain, there are many different countries each with their own laws, cultures, norms and traditions, which Burberry acknowledges and respects.



### **J. Crew Responsible Sourcing Program Supplier Guidelines (Code of Vendor Conduct)**

The J. Crew Social Responsibility Program aims to create long-term relationships with our suppliers and work with suppliers to improve working conditions. It is our practice to support suppliers in their efforts to make necessary improvement within a reasonable and realistic time frame. However, in cases where we identify zero tolerance issues we may choose to terminate our relationship with a supplier. Furthermore, J. Crew reserves the right to reduce business volume with agents, vendors and factories for use of unauthorized manufacturing facilities. Zero Tolerance Issues are issues that are not tolerated by J. Crew. Issues may include but are not limited to Child Labor, Forced Labor, Discrimination, Harassment and Abuse, Unauthorized Subcontracting, Structurally Unsafe Building, Imminent Health and Safety Threat to the workers, and Denied Audit

### **Marks & Spencer Global Sourcing Principles**

We understand that when people are treated with respect, work in decent conditions and earn fair rates of pay, both they and their companies benefit from increased commitment and productivity. Ultimately, our customers benefit too, from better quality, better value products and peace of mind.... Because our suppliers often have their own complex supply chains, it would be impossible for us to monitor or control the working conditions of each individual who contributes to what ultimately becomes a Marks & Spencer product. We will not under any circumstances accept production from non-approved factories or goods supplied from sites that differ from our contracts system for each specific contract. However, we are determined to do everything we can to bring fair sourcing principles to all stages of our supply chain

### **Gap Inc (including Banana Republic and Old Navy) Code of Vendor Conduct**

“Gap Inc. is committed to supporting and improving labour rights and working conditions globally across the retail and apparel industries. As a business we owe a moral responsibility to protect and care for all those whose work goes into creating our products and bringing them to our customers. Likewise, our customers have a right to wear Gap Inc. clothes and use our products with the knowledge that we are living up to their own high ethical standards.

This Code of Vendor Conduct applies to all factories that produce goods for Gap Inc or any of its subsidiaries, divisions, affiliates or agents. While Gap recognizes that there are different legal and cultural environments in which factories operate throughout the world, this Code sets forth the basic requirements that all factories must meet in order to do business with Gap Inc. This Code is based on internationally accepted labour standards, including the ILO’s core conventions and the Universal Declaration on Human Rights. The Code provides the foundation for Gap Inc’s ongoing evaluation of a factory’s employment practices and environmental compliance.

### **Target Ethical Sourcing Code**

Target is committed to conducting and managing our business in a manner that reflects our high ethical and moral values. We expect our vendors to respect and adhere to the same philosophy in the operation and management of their businesses and reserve the right not to do business with vendors that do not share and demonstrate our commitment. Our Ethical Sourcing Code (“Code”) sets out our minimum requirements and expectations that all vendors, factories and authorised subcontractors must comply with in order to do business with Target and its subsidiaries. In addition to complying with local laws and regulations, vendors and their factories & authorised subcontractors must demonstrate continuous improvement towards the following standards.

### **Fast Retailing Group Code of Conduct for Production Partners**

At FAST RETAILING, we are committed to creating truly great clothing and bringing joy of wearing clothes to customers all over the world. The concept of providing truly great clothing includes maintaining integrity, respecting human rights and caring for the environment in every aspect of our business activities. We believe in the importance of ensuring decent working environments and sustainability throughout the manufacturing process of our products

### **Inditex Group Code of Conduct for Manufacturers and Suppliers**

The Inditex Code of Conduct for Manufacturers and Suppliers (hereinafter, the Code) defines minimum standards of ethical and responsible behaviour which must be met by the manufacturers and suppliers of the products commercialized by Inditex in the course of its business, in line with the corporate culture of Inditex Group (hereinafter Inditex), firmly based on the respect for Human and Labour Rights. Inditex undertakes to allocate the appropriate resources so that

manufacturers and suppliers are acquainted with and understand this Code and are able to ensure its compliance.

**Country Road Group Code of Labour Practice**

The provisions of the Code of Labour Practice as adopted by the Country Road Group are over and above the International Labour Organisation (“ILO”) conventions listed, and constitute the minimum standards of operation. Companies are at all times expected to comply with national and other applicable local laws. Where the provisions of the law and this Code of Labour Practice address the same subject, the provision offering the greater protection should be applied. This Code of Labour Practice is based on principals set out in ILO conventions listed below. C001 Hours of Work; C29, C105 - Forced Labour; C100 - Equal Remuneration; C111 – Discrimination; C182 - Child Labour; C138 - Minimum Age; C87, C98 - Freedom of Association and Collective Bargaining; C177 - Home Work

**Walmart Stores Inc. Standards for Suppliers**

Wal-Mart strives to conduct its business in a manner that reflects these three basic beliefs (respect for the individual, service to our customers, strive for excellence) and expects its suppliers to adhere to these beliefs in their contracting, subcontracting, and other business relationships. Additionally, because the conduct of Wal-Mart’s suppliers can be attributed to Wal-Mart and its reputation, Wal-Mart requires its suppliers, and their contractors, to meet the following standards, and reserves the right to make periodic, unannounced inspections of suppliers’ facilities and the facilities of suppliers’ contractors to ensure suppliers’ compliance with these standards

**Nike Code of Conduct**

Nike recognizes that achieving our vision of a leaner, greener, and equitable supply chain requires increased collaboration and joint action not only with our suppliers but with all stakeholders in the supply chain. We believe that partnerships based on transparency, collaboration and mutual respect are integral to making this happen. We will partner with our suppliers as we continue to expand engagement with civil society, unions, governments, and with others in our industry and beyond to affect systemic change to labor, health and safety, and environmental conditions in countries where we operate.

**IKEA Way on Purchasing Products, Materials and Services (IWAY)**

At IKEA we recognise that our business has an impact on social and environmental issues, in particular people’s working conditions, as well as the environment, both locally and globally. We also strongly believe that we can do good business while being a good business. This is a pre-condition to our future growth, a growth that will be achieved along with suppliers that share the same vision and ambition.

The IKEA Way on Purchasing Products, Materials and Services (IWAY) is the IKEA supplier Code of Conduct. It comprises the IKEA minimum requirements relating to the Environment and Social & Working Conditions (including Child Labour).

**Patagonia Supplier Workplace Code of Conduct**

[https://www.patagonia.com/on/demandware.static/Sites-patagonia-us-Site/Library-Sites-PatagoniaShared/en\\_US/PDF-US/Patagonia\\_COC\\_English\\_02\\_13.pdf](https://www.patagonia.com/on/demandware.static/Sites-patagonia-us-Site/Library-Sites-PatagoniaShared/en_US/PDF-US/Patagonia_COC_English_02_13.pdf)

Patagonia’s mission is to “build the best product, cause no unnecessary harm, and use business to inspire and implement solutions to the environmental crisis.” Patagonia seeks at all times to exercise the best possible practices for the respectful and ethical treatment of workers and promote sustainable conditions in which workers earn fair wages in safe and healthy workplaces



## A1.2.Coverage of Homeworkers

### **H&M Hennes & Mauritz AB Code of Conduct**

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.

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.

All suppliers and other business partners are obliged to keep H&M informed at all times of where each product is being produced, including subcontracting and homework. Relevant documentation must be maintained for auditing purposes. We reserve the right to make unannounced visits to all units producing goods or services for H&M, at any time.

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### **Levi Strauss & Co. Labour Standards – Terms of Engagement**

The TOE refers mainly to factory workers.

Levi Strauss & Co.'s Worker Well-being (WWB) program aims to improve the lives of those who make our products around the world. To date, it has reached nearly 200,000 workers globally with factory-based programs that seek to address issues related to health, financial security and gender equality. The program operates on the premise that when workers are content, healthy and engaged, factory productivity will increase.

### **Eileen Fisher Code of Conduct**

In 2017, it signed the Nest Code of Conduct for Handworkers which "addresses the distinct characteristics of home or small workshop production value chains. It promotes production under safe and fair conditions within the context of the unique operations of decentralized and informal supply chains – ensuring that products are ethically handcrafted."

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### **Burberry Ethical Trading Code of Conduct**

Business Associates are not authorised to sub-contract any part of their business related to the production of goods or services they provide either directly or indirectly to Burberry without the prior written consent and approval of Burberry. Similarly, sub-contractors are not authorised to sub-contract any part of their business related to the production of goods or services they provide either directly or indirectly to Burberry without the prior written consent and approval of Burberry. Homeworking is not authorised without the prior written consent and approval of Burberry. A specific section of its code is devoted to its 'Homeworker Policy'.

### **J. Crew Responsible Sourcing Program Supplier Guidelines (Code of Vendor Conduct)**

In limited circumstances we may accept of the use of homeworkers at our discretion. We require the disclosure of any

homework in advance of production, along with basic information about the structure of the homework arrangement. We additionally require that the factory contracting for such work maintain at least minimum records on the production as is outlined in the attached “Homework Schedule” in Appendix G. However, we also acknowledge that it is difficult to verify if the labor conditions for homeworkers meet the standards set out in our Code. We are therefore committed to partnering with our suppliers to take actions to improve transparency around the use of homework and to understand and improve conditions where homework is used.

Suppliers are required to notify us, in advance, of the plan to use any subcontractor for a process related to J. Crew production. Our definition of subcontractors is broad and includes any facility that is performing any process in the preparation, production, finishing, packing, handling, or storing of J. Crew merchandise not done by the main manufacturing factory or wash facility. The agent and vendor should have an internal system to control and eliminate subcontracting.

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**Marks & Spencer Global Sourcing Principles**

Within this Code, reference to “workers” means any individual working under (1) a contract of employment, or (2) any other contract with another party whereby the individual undertakes to personally do any work for, or provide services to, the other party (but excluding contracts where the other party is a client or customer of any profession or business undertaking carried on by the individual).

Suppliers must agree with us in advance the production site or sites to be used for each order: no subcontracting of our orders from these agreed locations is allowed.

It is our supplier’s responsibility to enforce these standards with their own supply chain. As part of their supply chain risk assessment they must be aware of more vulnerable groups like women, migrant workers, indigenous peoples, smallholders and homeworkers, and subcontracting and have adequate measures in place to ensure the rights of these groups are upheld.

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**Gap Inc (including Banana Republic and Old Navy)**

Makes no specific reference to homeworkers. The entire Code of Vendor Conduct refers only to factories

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**Target Ethical Sourcing Code**

Makes no specific reference to homeworkers. But the code covers “vendors and their factories & authorised subcontractors”.

.....

**Fast Retailing Group Code of Conduct for Production Partners**

When production partners subcontract production orders submitted by any FAST RETAILING 4/4 group company to subcontractors or homeworkers, such production partners shall ensure that all the business activities by the subcontractors or homeworkers are in accordance with this code of conduct and shall cause all of them to comply with this code of conduct on production partners’ responsibility. Any use of subcontractors or homeworkers by production partners shall be reported to FAST RETAILING prior to their engagement.

.....

**Inditex Group Code of Conduct for Manufacturers and Suppliers**

Manufacturers and suppliers shall not assign any work to third parties without the prior written authorization of Inditex. Those who outsource any work shall be responsible for the enforcement of the Code by these third parties and their employees. Likewise, manufacturers and suppliers shall apply the principles of this Code to any homeworker involved in their supply chain, and shall give transparency to the locations and working conditions of said homeworkers.

.....

**Country Road Group Code of Labour Practice**

Suppliers shall not sub-contract the manufacture and/or supply of Goods or Services without the prior written authorisation from the Country Road Group. Where Home Work exists within the supply chain, it must be carried out voluntarily. The standards and provisions in this Code of Practice apply equally to Home Workers as well as other wage earners, including; discrimination; child labour; freedom of association and the right to collective bargaining; fair living wages, hours of work, health and safety and working conditions; employment relationships and disciplinary practice.

.....

**Walmart Stores Inc. Standards for Suppliers**

Makes no specific reference to homeworkers but at the same time does not specify only factories. The code is

supposed to cover “suppliers’ facilities and the facilities of suppliers’ contractors to ensure suppliers’ compliance with these standards”

**Nike Code of Conduct**

Work is performed on the basis of a recognized employment relationship established through country law and practice. The supplier does not use any form of home working arrangement for the production of Nike-branded or affiliate product.

**IKEA Way on Purchasing Products, Materials and Services (IWAY)**

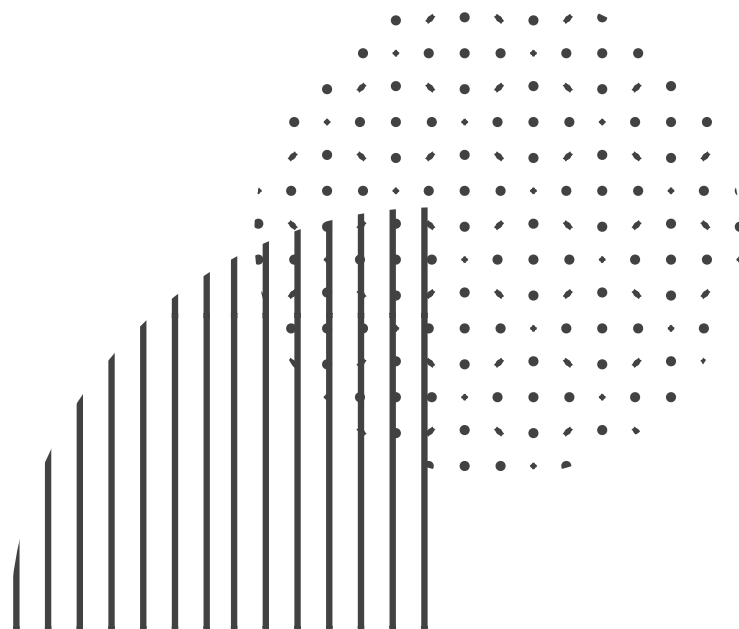
The term “Worker” in this document includes own hired workers as well as on-site temporary workers, piece rate workers, contracted workers, trainees and workers on trial or probation.

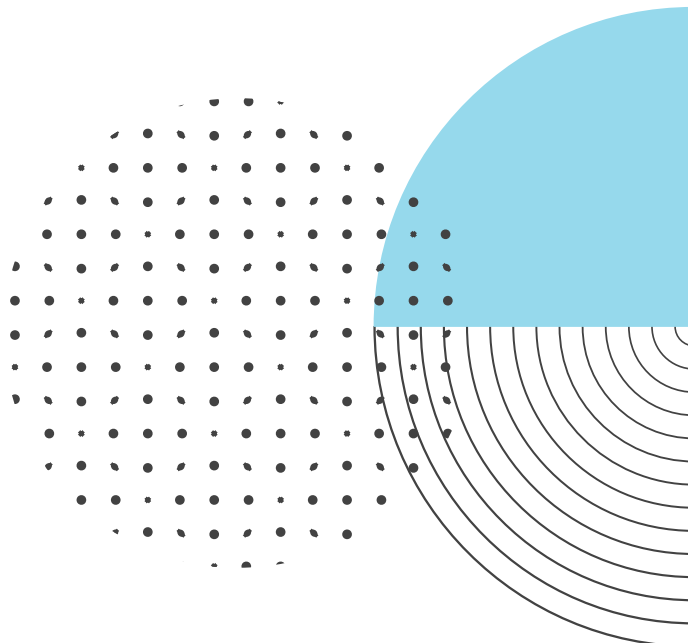
The IKEA Working Manual defines homeworkers as “workers that are contracted to work outside a production unit or weaving centre set-ups, primarily in their homes or equivalent. Home-based work is not acceptable without IKEA specific approval” – the approval is to be based on compliance with requirements regarding child labour, forced and bonded labour, wages and safe working environment.

**Patagonia Supplier Workplace Code of Conduct**

Requirements in this Code apply to the whole supply chain, including sub-suppliers, sub-contractors and farms. Standards equally apply to permanent, temporary, and agency workers, as well as piece-rate, salaried, hourly paid, legal young workers (minors), part time, night, and migrant workers.

Patagonia does not permit subcontracting without our prior written approval. All salesman-sample and bulk production orders must be placed within facilities that have been pre-approved by Patagonia, without exception. Direct suppliers are required to continuously monitor approved subcontractors and sub-suppliers for social and environmental responsibility using standards that meet or exceed our Code and Benchmarks.





### A1.3. Forced or Prison Labour

#### **H&M Hennes & Mauritz AB**

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)

#### **Levi Strauss & Co. Labour Standards – Terms of Engagement**

We will not utilize business partners who use prison, forced or trafficked labor, nor will we utilize or purchase materials from a business partner utilizing prison, forced or trafficked labor. The general definition of forced labor is any work or service performed under the menace of penalty, and for which the said persons have not offered up themselves voluntarily. 1 There are four common forms of forced labor: Prison Labor; Indentured Labor; Bonded Labor and Trafficked Labor.

#### **Eileen Fisher Code of Conduct**

There should not be any forced, bonded or involuntary prison labor.

#### **Burberry Ethical Trading Code of Conduct**

Under no circumstances shall Burberry nor any Business Associate use or in any way benefit from any form of Modern Slavery including but not limited to, 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.

#### **J. Crew Responsible Sourcing Program Supplier Guidelines (Code of Vendor Conduct)**

J. Crew Suppliers must not use any type of forced, bonded, compulsory or prison labor. Suppliers shall ensure that all employment is voluntary, free from violence, threats, financial penalties or coercion. There shall be no restrictions on movement, withholding of personal documents, or deposits. Suppliers must take adequate steps to ensure that workers are not trafficked or otherwise exploited.

#### **Marks & Spencer Global Sourcing Principles**

All work must be conducted on a voluntary basis, and not under threat of any penalty or sanctions. Suppliers must ensure that workers are not required to make deposits/financial guarantees/payments to employers, labour providers or agencies to obtain work, and must not retain original copies of identity documents (such as passports, identity cards, etc.) Bonded/indentured labour is prohibited.

**Gap Inc (including Banana Republic and Old Navy)**

Factories shall not use any prison, indentured or forced labour.

**Target Ethical Sourcing Code**

Factories shall not use any type of forced labour, which means any work or service performed involuntarily under threat of physical or other penalty, such as prison, indentured or bonded labour. Further, they shall respect the freedom of movement of its workers and not restrict their movement by controlling identity papers, holding money deposits, or taking any other action to prevent workers from terminating their employment.

**Fast Retailing Group Code of Conduct for Production Partners**

Production partners shall not use any bonded, indentured, forced, or slave labor, labor conducted by prisoners, labor similar to slavery, or labor engaged through human trafficking. Workers shall not be required to submit original personal legal documents or make deposits of any kind at any time during the recruitment and employment process. Workers' freedom of movement shall not be restricted in either their workplace or living quarters.

**Inditex Group Code of Conduct for Manufacturers and Suppliers**

Inditex shall not allow any form of forced or involuntary labour in their manufacturers and suppliers. They may not require their employees to make any kind of "deposits", nor are they entitled to retain employees' identity documents. Manufacturers shall acknowledge the right of their employees to leave their employer after reasonable notice

**Country Road Group Code of Labour Practice**

There shall be no use of forced, bonded or prison labour. Workers should not be required to lodge "deposits" or their original identity papers with employers and should be free to leave their employer after reasonable notice.

**Walmart Stores Inc. Standards for Suppliers**

Forced or prison labour will not be tolerated by Wal-Mart

**Nike Code of Conduct**

The supplier does not use forced labor, including prison labor, indentured labor, bonded labor or other forms of forced labor. The supplier is responsible for employment eligibility fees of all workers, including recruitment fees.

**IKEA Way on Purchasing Products, Materials and Services (IWAY)**

The IKEA supplier shall: • Not use any prison workers. • Not use any military personnel employed as part of their active service. • Not require any deposits. • Not withhold wages, ID cards, passports, or other personal belongings. • Not delay payments of workers' salary more than one month on a regular basis.

**Patagonia Supplier Workplace Code of Conduct**

There shall be no use of forced labor, including prison, indentured, bonded, slave or other forms of forced labor. Acts of human trafficking are also prohibited. Suppliers are required to monitor any third party entity which assists them in recruiting or hiring employees, to ensure that people seeking employment at their facility are not compelled to work through force, deception, intimidation, coercion or as a punishment for holding or expressing political views. (ILO Conventions 29, 105, 182)

## A1.4. Child Labour

### **H&M Hennes & Mauritz AB**

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

### **Levi Strauss & Co. Labour Standards – Terms of Engagement**

Use of child labor is not permissible. Workers can be no less than 15 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.

### **Eileen Fisher Code of Conduct**

There shall be no new recruitment of child labor.

Companies shall develop or participate in policies and programs that provide for the transition of any child found to be performing child labor. The program must enable her or him to attend and remain in quality education until no longer a child; "child" and "child labor" being defined in the Base Code appendices

### **Burberry Ethical Trading Code of Conduct**

There shall be no child labour. Young persons between 16 and 18 shall not be employed at night or in hazardous conditions. Burberry and its Business Associates will always conform to the relevant ILO standards.

### **J. Crew Responsible Sourcing Program Supplier Guidelines (Code of Vendor Conduct)**

J. Crew Suppliers must not employ workers younger than 15 years of age. However, if the age for completing compulsory education or the minimum working age in the country of manufacture is greater than 15. Suppliers must comply with all other applicable child labor laws, and must ensure workers under the age of 18 do not perform work that may jeopardize their health or safety.

### **Marks & Spencer Global Sourcing Principles**

Suppliers must not employ workers who are younger than: i) the legal minimum age for employment applicable to the supplier; or ii) the age of completion of compulsory education; In any event, a supplier must not employ a person under the age of 15 in any circumstances and must implement robust age verification checks at all times to ensure this policy is upheld.

### **Gap Inc (including Banana Republic and Old Navy)**

Factories shall employ only workers who meet the applicable minimum legal age requirement or are at least 15 years of age, whichever is greater. Factories must also comply with all other applicable child labour laws. Factories are encouraged to develop lawful workplace apprenticeship programmes for the educational benefit of their workers, provided that all participants meet Gap Inc's minimum age standard of 15 and the minimum legal age requirement.

### **Target Ethical Sourcing Code**

Vendor will comply with the minimum employment age limit defined by national law or by International Labor Organization (ILO) Convention 138, whichever is higher. The ILO Convention 138 minimum employment age is the



local mandatory schooling age, but not less than 15 years of age, subject to exceptions allowed by the ILO and national law.

**Fast Retailing Group Code of Conduct for Production Partners**

Production partners shall not use child labor. The term “child” is defined as a person either younger than the age of 15 (or 14 in accordance with exceptions under ILO Convention 138), or younger than the legal minimum working age (if such a legal standard has been set), whichever age is higher. Production partners shall maintain documentation to verify the age of all workers. In those countries where official documents are not available or reliable, production partners shall establish appropriate and consistent methods to confirm the worker’s age. When employing workers, production partners shall comply with all Laws related to workers under the age of 18, and also Laws related to apprentices and learners. Workers under the age of 18 shall not work under hazardous conditions or during night shifts.

**Inditex Group Code of Conduct for Manufacturers and Suppliers**

Manufacturers and suppliers shall not employ minors. Inditex defines minors as those persons who have not yet reached their 16th birthday. In cases where local legislation stipulates a higher minimum age, the higher limit shall apply. Persons with the ages between of 16 and 18 years will be considered young workers. Young workers shall not work during night hours or in hazardous conditions.

**Country Road Group Code of Labour Practice**

There shall be no exploitation of child labour at any point within the supply chain including the cultivation of cotton and cotton shall not knowingly be sourced from Uzbekistan. Manufacturers shall not employ children under the age of 15 years or persons who fall below the local legal minimum working age, whichever is the greater. Workers shall only be employed in accordance with all applicable local laws, regulations and industry standards. Workers under the age of 18 must not perform potentially hazardous work and there must be adequate steps to ensure that there are no adverse effects on the education and safety of the employee. Workers under the age of 18 shall not be permitted to work at night.

**Walmart Stores Inc. Standards for Suppliers**

Wal-Mart will not tolerate the use of child labour. Wal-Mart will not accept products from suppliers or subcontractors who use child labor. No person shall be employed at an age younger than the legal minimum age for working in any specific jurisdictions. In no event shall suppliers or their subcontractors employ workers less than 14 years of age.

**Nike Code of Conduct**

Supplier’s employees are at least age 16 or over the age for completion of compulsory education or country legal working age, whichever is higher. Employees under 18 are not employed in hazardous conditions.

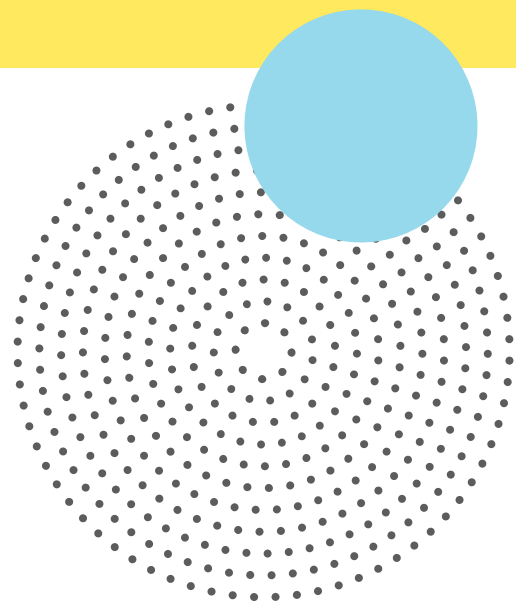
**IKEA Way on Purchasing Products, Materials and Services (IWAY)**

IKEA does not accept child labour. All measures to prevent child labour shall be implemented taking into account the best interests of the child. The IKEA supplier shall not make use of child labour and take the appropriate measures to ensure that no child labour occurs at their own place of production or operations or at their subcontractors’ place(s) of production or operations.

IKEA supports the legal employment of young workers. The IKEA supplier shall protect young persons of legal working age, until the age of 18, from any type of employment or work which by its nature or circumstances in which it is carried out, is likely to jeopardise their health, safety or morals.

**Patagonia Supplier Workplace Code of Conduct**

No person shall be employed under the age of 15 or under the age for completion of compulsory education, whichever is higher. Juvenile workers (ages 15-17) shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to compromise their health, safety or morals. (ILO Convention 138 and 182)



## A1.5. Health and Safety Measures

### **H&M Hennes & Mauritz AB**

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.

### **Levi Strauss & Co. Labour Standards – Terms of Engagement**

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.

### **Eileen Fisher Code of Conduct**

Safe and hygienic working environments 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 minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

### **Burberry Ethical Trading Code of Conduct**

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 practical, the causes of hazards inherent in the working environment

### **J. Crew Responsible Sourcing Program Supplier Guidelines (Code of Vendor Conduct)**

J. Crew Suppliers must comply with all applicable laws and regulations governing workplace health and safety. Suppliers shall provide their workers with a clean, safe and healthy work environment. The same applies for dormitory facilities, where provided

### **Marks & Spencer Global Sourcing Principles**

Suppliers must provide safe and clean conditions for all workers on site in all work and residential facilities and must establish and must follow a clear set of procedures regulating occupational health and safety.

### **Gap Inc (including Banana Republic and Old Navy)**

Factories shall comply with all applicable laws and regulations regarding working conditions and shall provide workers with a safe and healthy environment

### **Target Ethical Sourcing Code**

Conditions in all production and residential facilities must be safe, clean and consistent with all applicable laws and regulations or industry best practices, whichever is higher in order to avoid preventable work related accidents and injuries.

**Fast Retailing Group Code of Conduct for Production Partners**

Production partners shall provide all workers with a safe and healthy environment, ensuring proper health and safety management; building and fire safety; safety of machinery and equipment; access to potable water and suitable sanitary facilities; and safe handling of chemicals. The same standards shall also apply to housing for workers.

**Inditex Group Code of Conduct for Manufacturers and Suppliers**

Manufacturers and suppliers shall provide a safe and healthy workplace to their employees, ensuring minimum conditions of light, ventilation, hygiene, fire prevention, safety measures and access to a drinking water supply.

**Country Road Group Code of Labour Practice**

A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the knowledge of the industry and of any specific hazards. A Health and Safety Manager shall be appointed and workers shall receive regular and recorded health and safety training, which shall be repeated for new or reassigned workers. Access to clean drinking water, adequate sanitary washing and toilet facilities shall be available. Adequate lighting, ventilation, fire extinguishers and fire exits shall be provided. These standards should be maintained for factories, canteens and dormitories.

**Walmart Stores Inc. Standards for Suppliers**

Factories producing merchandise to be sold by Wal-Mart shall provide adequate medical facilities and ensure that all production and manufacturing processes are carried out in conditions that have proper and adequate considerations for the health and safety of those involved. Wal-Mart will not do business with any supplier that provides an unhealthy or hazardous work environment or which utilizes mental or physical disciplinary practices.

**Nike Code of Conduct**

The supplier provides a safe workplace setting and takes necessary steps to prevent accidents and injury arising out of, linked with or occurring in the course of work or as a result of the operation of supplier’s facilities. The supplier has systems to detect, avoid and respond to potential risks to the safety of all employees. Suppliers anticipate, recognize, evaluate and control occupational health and hygiene hazards in the workplace. Suppliers use routine monitoring and analytical methods to determine the potential health effects of hazards that are present in the workplace. Workers are not exposed to physical, chemical or biological hazards above occupational exposure limits.

**IKEA Way on Purchasing Products, Materials and Services (IWAY)**

The IKEA supplier shall ensure compliance with applicable laws & regulations relating to health and safety issues including classification, work place risk analysis, reporting and inspections by authorities. The required corrective actions from such inspections shall be documented and completed within the set timeframe.

**Patagonia Supplier Workplace Code of Conduct**

Suppliers shall provide a safe and healthy workplace 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 employers’ facilities. The employer shall take a proactive approach to health and safety by implementing policies, systems and training designed to prevent accidents, injuries and protect worker health. (ILO Convention 155)

## A1.6. Working Time

### **H&M Hennes & Mauritz AB**

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.

### **Levi Strauss & Co. Labour Standards – Terms of Engagement**

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 favour 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.

### **Eileen Fisher Code of Conduct**

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 forty-eight hours per week and shall be provided with at least one day off for every seven-day period on average. Overtime shall be voluntary, shall not exceed twelve hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

### **Burberry Ethical Trading Code of Conduct**

Working hours must comply with national laws, collective agreements. Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week. All overtime shall be voluntary. Overtime shall be used responsibly, taking into account all the following: the extent, frequency and hours worked by individual workers and the workforce as a whole. It shall not be used to replace regular employment. Overtime shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay. Workers shall be provided with at least one day off in every 7-day period or, where allowed/ required by national law, 2 days off in every 14-day period

### **J. Crew Responsible Sourcing Program Supplier Guidelines (Code of Vendor Conduct)**

J. Crew Suppliers must comply with all applicable laws and regulations relating to hours of work. Except in extraordinary business circumstances, workers shall not be required to work more than 60 hours per week (including overtime). Suppliers shall provide workers with at least one day off for every seven-day period.

### **Marks & Spencer Global Sourcing Principles**

Suppliers must ensure that working hours comply with national laws or benchmark industry standards or relevant international standards, whichever affords greater protection to ensure the health, safety and welfare of workers. Working hours, excluding overtime, must not exceed 48 hours per week. The total hours worked (including overtime) in any week must not regularly exceed 60 hours in a single week. All overtime must be voluntary and must not be requested on a regular basis. Suppliers must ensure that all workers receive on average two days off in fourteen, as well as annual holidays.

### **Gap Inc (including Banana Republic and Old Navy)**

Factories shall set working hours in compliance will all applicable laws. While it is understood that overtime is often required in garment production, factories shall carry out operations in ways that limit overtime to a level that ensures humane and productive working conditions. Workers may refuse overtime without any threat of penalty, punishment or dismissal. Workers shall have at least one day off in seven.

**Target Ethical Sourcing Code**

Under ordinary business circumstances, employees must not be required to work excessive working hours per week, including overtime, and have the option of at least one day off in seven. We expect that all record keeping will be strictly accurate, complete and transparent at all times.

**Fast Retailing Group Code of Conduct for Production Partners**

Production partners shall comply with working hour limits established by applicable Laws, but under no circumstances shall total weekly working hours exceed 60 hours per week. Production partners shall provide workers with at least one day off in seven. Production partners shall also maintain accurate time-in/out records of each worker. Overtime must be voluntary and compensated at a premium rate.

**Inditex Group Code of Conduct for Manufacturers and Suppliers**

Manufacturers and suppliers shall not require their employees to work, as a rule of thumb, in excess of 48 hours a week and workers shall be granted at least one day off for every 7 calendar 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, pursuant to the provisions of the prevailing regulations in force

**Country Road Group Code of Labour Practice**

Hours of work shall comply with applicable laws, regulations and industry standards. Workers shall not be required to work, inclusive of overtime, in excess of 60 hours per week. At least one day off per seven days on average shall be provided Overtime shall be voluntary and shall not be demanded on a regular basis.

**Walmart Stores Inc. Standards for Suppliers**

Suppliers shall maintain reasonable employee work hours in compliance with local standards and applicable laws of the jurisdictions in which the suppliers are doing business. Suppliers' employees shall not work more than 72 hours per 6days or work more than a maximum total working hours of 14 hours per calendar day (measured midnight to midnight). Supplier's factories should be working toward achieving a 60-hour workweek. Wal-Mart will not use suppliers who, on a regularly scheduled basis, require employees to work in excess of the statutory requirements without proper compensation as required by applicable law. Employees should be permitted reasonable days off (at least one day off for every seven-day period) and leave privileges

**Nike Code of Conduct**

Suppliers shall not require workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed. The regular work week shall not exceed 48 hours. Suppliers shall allow workers at least 24 consecutive hours of rest in every seven-day period. All overtime work shall be consensual. Suppliers shall not request overtime on a regular basis and shall compensate all overtime work at a premium rate. Other than in extraordinary circumstances, the sum of regular and overtime hours in a week shall not exceed 60 hours.

**IKEA Way on Purchasing Products, Materials and Services (IWAY)**

The IKEA supplier shall not require their workers to work more than sixty (60) hours per week on a regularly scheduled basis, including overtime. Working time shall not exceed the legal limit. Overtime hours shall be on a voluntary basis. Workers shall have at least one day off in seven.

**Patagonia Supplier Workplace Code of Conduct**

Suppliers shall not require workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed. The regular work week shall not exceed 48 hours or the maximum allowed by the law of the country of manufacture, whichever is less. Employers shall allow workers at least 24 consecutive hours of rest in every seven-day period. All overtime work shall be consensual. Employers shall not request overtime hours on a regular basis. The sum of regular and overtime hours in a week shall not exceed 60 hours or the maximum allowed by the law of the county of manufacture, whichever is less. (ILO Convention 1)



## A1.7. Wages and Benefits

### **H&M Hennes & Mauritz AB**

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.

Roadmap to a fair living wage: It has always been our vision that all textile workers should be able to live on their wage. We are focusing on our strategic suppliers to start with. Our goal is that all of them should have improved pay structures for fair living wages in place by 2018.

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### **Levi Strauss & Co. Labour Standards – Terms of Engagement**

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.

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### **Eileen Fisher Code of Conduct**

Living wages are paid. Wages and benefits paid for a standard workweek 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.

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### **Burberry Ethical Trading Code of Conduct**

Living wages shall be paid. Wages and benefits paid for a standard working week must 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 clear, written information about their employment conditions in respect to wages before they commence their 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 express permission of the worker concerned.

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### **J. Crew Responsible Sourcing Program Supplier Guidelines (Code of Vendor Conduct)**

J. Crew Suppliers must comply with all applicable laws and regulations relating to wages and benefits. Workers shall be paid at least the minimum wage or a wage that is consistent with prevailing local industry standards; whichever is higher. Overtime work shall be compensated at the premium rate as is legally required. Compensation must be provided at least monthly and should be provided without illegal or inappropriate deductions or penalties.

### **Marks & Spencer Global Sourcing Principles**

Suppliers must pay workers a fair wage and benefits and have a transparent process to ensure that workers fully understand the wages that they receive. Suppliers must compensate all their workers by providing wages, overtime pay, all legally required benefits and paid leave which respectively meet or exceed the national legal minimum wage, and all applicable laws and regulations. (If industry benchmark standards and/or collective agreements are in place, provided they are higher than the minimum wage, these must be followed). Wages should be paid regularly and on-time. Suppliers should work towards paying workers a fair living wage.

### **Gap Inc (including Banana Republic and Old Navy)**

Factories shall pay wages and overtime premiums in compliance with all applicable laws. Workers shall be paid at least the minimum legal wage or a wage that meets local industry standards, whichever is greater. Factories are encouraged to provide wages and benefits that are sufficient to cover workers' basic needs and some discretionary income.

### **Target Ethical Sourcing Code**

Vendors must comply with all laws regulating local wages, overtime compensation, and legally mandated benefits. Wage and benefit policies must satisfy all applicable laws and regulations.

### **Fast Retailing Group Code of Conduct for Production Partners**

Production partners shall furnish wages and benefits, make monetary deductions, and provide workers with employment contracts in compliance with all applicable Laws. Production partners shall also maintain wage-related documentation. No monetary deductions shall be permitted for disciplinary action.

### **Inditex Group Code of Conduct for Manufacturers and Suppliers**

Manufacturers and suppliers shall ensure that wages paid meet at least the minimum legal or collective bargain agreement, should this latter be higher. In any event, wages should always be enough to meet at least the basic needs of workers and their families and any other which might be considered as reasonable additional needs. Manufacturers and suppliers shall not make any withholdings and/or deductions from wages for disciplinary purposes, nor for any reasons other than those provided in the applicable regulations, without the express authorization of workers. Likewise, they shall provide all workers with: written and understandable information about their wages conditions upon their recruitment, and detailed information about the particulars of their wages every time that these are paid. Manufacturers and suppliers shall also ensure that wages and any other allowances or benefits are paid on time and are rendered in full compliance with all applicable laws and specifically, that payments are made in the manner that best suits the workers

### **Country Road Group Code of Labour Practice**

Fair living wages: Wages and benefits paid shall meet at least legal or industry minimum standards in the country of manufacture and should be sufficient to meet basic needs and provide some discretionary income. All workers shall be provided with written and understandable information about employment conditions and wages before they commence employment, as well as remuneration details at each payment period Overtime pay shall be calculated at the legally required rate or at a minimum, rate of 125% of the standard rate, regardless of whether workers are compensated hourly or by piece rate.

### **Walmart Stores Inc. Standards for Suppliers**

Suppliers shall fairly compensate their employees by providing wages and benefits which are in compliance with the local and national laws and regulations of the jurisdictions in which the suppliers are doing business, or which are consistent with the prevailing local standards in the countries, if the prevailing local standards are higher

### **Nike Code of Conduct**

Supplier acknowledges that every employee, male or female, has a right to compensation for a regular work week that is sufficient to meet employees' basic needs and provide some discretionary income. Supplier's employees are timely paid at least the minimum wage required by country law, or prevailing wage, whichever is higher, and provided legally mandated benefits, including holidays and leaves, and statutory severance when employment ends. There are no disciplinary deductions from pay. When compensation does not meet the employees' basic needs and provide

some discretionary income, supplier shall develop, communicate and implement strategies to progressively realize compensation that does.

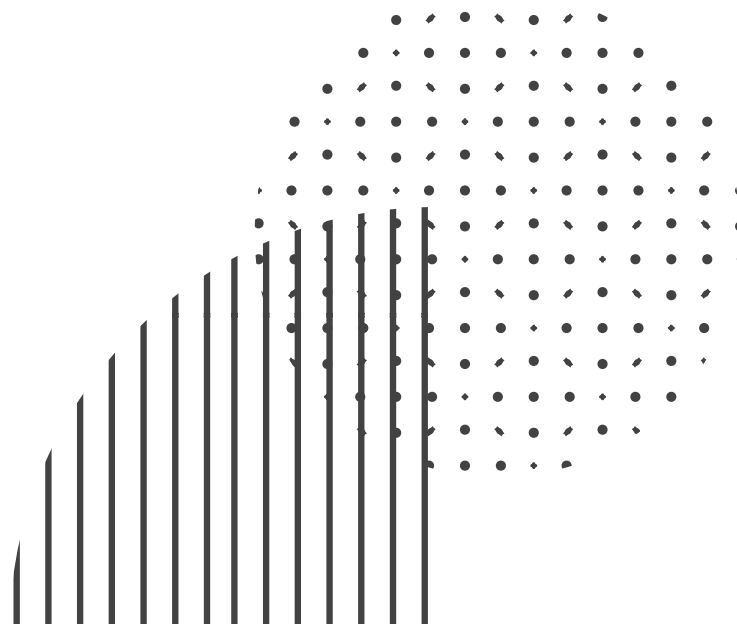
**IKEA Way on Purchasing Products, Materials and Services (IWAY)**

The IKEA supplier shall pay wages to its workers, including compensation for overtime, and working hours in accordance to legal requirements.

The IKEA supplier shall provide its workers with all legally mandated benefits to which they are entitled. These legally mandated benefits could be medical insurance, social insurance, pensions etc.

**Patagonia Supplier Workplace Code of Conduct**

We seek and favour suppliers who progressively raise employee living standards through improved wage systems, benefits, welfare programs and other services, which exceed legal requirements and enhance quality of life. Every worker has a right to compensation for a regular work week that is sufficient to meet the worker's and their family's basic needs and provide some discretionary income. Employers shall pay wages which equal or exceed minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law and/or contract. Where compensation does not meet workers' basic needs and provide some discretionary income, each employer shall work with Patagonia and the Fair Labor Association (FLA) to take appropriate actions that seek to progressively realize a level of compensation that does. (ILO Conventions 26 and 131) In addition to compensation for regular working hours, employees must be compensated for overtime hours at the rate legally required in the country of manufacture or, in those countries where such laws do not exist, at a rate exceeding the regular hourly compensation rate by at least 125%. (ILO Convention 1 and 30)





## A1.8. Freedom of Association and the Right to Collective Bargaining

### H&M Hennes & Mauritz AB

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)

### Levi Strauss & Co. Labour Standards – Terms of Engagement

We respect workers' rights to form and join organizations of their choice and to bargain collectively. We expect our suppliers to respect the right to free association and the right to organize and bargain collectively without unlawful interference. Business partners should ensure that workers who make such decisions or participate in such organizations are not the object of discrimination or punitive disciplinary actions, and that the representatives of such organizations have access to their members under conditions established either by local laws or mutual agreement between the employer and the worker organizations.

### Eileen Fisher Code of Conduct

Workers, without differentiation, 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 organizational 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.

### Burberry Ethical Trading Code of Conduct

Workers, without distinction, have the right to join or form trade unions of their own choice and to bargain collectively.

The employer adopts an open attitude towards the activities of trade unions and their organisational activities.

Worker 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.

### J. Crew Responsible Sourcing Program Supplier Guidelines (Code of Vendor Conduct)

J.Crew Suppliers must recognize and respect the rights of workers to freedom of association and collective bargaining.

Where such rights are not provided by law, Suppliers should take steps to provide an open means of communication with workers.

### Marks & Spencer Global Sourcing Principles

Suppliers must develop processes for communicating and consulting with workers and their democratically elected representatives to share information on the business and to gather feedback. Where relevant a gender committee should be considered to ensure women's health and rights are considered and their voice heard by management.

Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively, without prior authorisation from suppliers' management, according to national law. Suppliers must not interfere with, obstruct or prevent such legitimate activities.

### Gap Inc (including Banana Republic and Old Navy)

Workers are free to join associations of their own choosing. Factories shall not interfere with workers who wish to

lawfully and peacefully associate, organize or bargain collectively. The decision whether or not to do so should be made solely by the workers.

**Target Ethical Sourcing Code**

Vendors should respect the rights of employees to lawfully associate or not to associate with groups of their choosing, as long as such groups are legal in the country where the merchandise is manufactured. Vendors should not interfere with, obstruct or prevent legitimate related activities.

**Fast Retailing Group Code of Conduct for Production Partners**

Production partners shall respect the right of workers to associate, organize, and bargain collectively in a legal and peaceful manner without penalty, interference, or coercion, and in accordance to the Laws. In addition, production partners shall implement grievance mechanisms to allow all workers to confidentially communicate concerns to the production partner's management and the worker representative without the risk of retaliation.

**Inditex Group Code of Conduct for Manufacturers and Suppliers**

Manufacturers and suppliers shall ensure that their employees, without distinction, have the right of association, union membership and collective bargaining. No retaliation may arise from the exercise of such right and no remuneration or payment whatsoever may be offered to the employees in order to hinder the exercise of such a right. Likewise, they shall adopt an open and collaborative attitude towards the activities of Trade Unions. Workers' representatives shall be protected from any type of discrimination and shall be free to carry out their representative functions in their workplace. Where the rights to Freedom of Association and Collective Bargaining are restricted under law, the appropriate channels to ensure a reasonable and independent exercise of such rights must be designed

**Country Road Group Code of Labour Practice**

Workers shall be allowed the right to associate, form and join trade unions and to bargain collectively in a peaceful manner. Where the right to freedom of association and collective bargaining is restricted under law, the employer allows the development of a means for independent and free association and bargaining

**Walmart Stores Inc. Standards for Suppliers**

Suppliers will respect the rights of employees regarding their decision of whether to associate or not to associate with any group, as long as such groups are legal in their own country. Suppliers must not interfere with, obstruct or prevent such legitimate activities.

**Nike Code of Conduct**

Supplier shall recognize and respect the right of employees to freedom of association and collective bargaining. Where the right to freedom of association and collective bargaining is restricted under law, the supplier allows the development of parallel means for independent and free association and bargaining

**IKEA Way on Purchasing Products, Materials and Services (IWAY)**

The IKEA supplier shall ensure that workers are not prevented from associating freely. The IKEA supplier shall not prevent workers from exercising collective bargaining activities.

**Patagonia Supplier Workplace Code of Conduct**

Workers must be free to join organizations of their own choice. Suppliers shall recognize and respect the right of employees to freedom of association and collective bargaining. All suppliers must develop and fully implement effective grievance mechanisms which resolve internal industrial disputes, employee complaints, and ensure effective, respectful and transparent communication between employees, their representatives and management. (ILO Conventions 87, 98 and 135)

# A1.9. Non-Discrimination

## H&M Hennes & Mauritz AB

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).

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.

## Levi Strauss & Co. Labour Standards - Terms of Engagement

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 favour business partners who share this value

## Eileen Fisher Code of Conduct

There should be 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.

## Burberry Ethical Trading Code of Conduct

There shall be 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

## J. Crew Responsible Sourcing Program Supplier Guidelines (Code of Vendor Conduct)

J.Crew Suppliers must not discriminate in employment practices including recruitment, hiring, compensation, training, benefits, advancement, termination or retirement on the basis of race, color, ancestry, national or social origin, religion, gender, marital status, age, sexual orientation, gender identity or expression, disability, political opinion or any other personal characteristics or beliefs.

## Marks & Spencer Global Sourcing Principles

Suppliers must base the employment relationship on the principle of equal opportunity and fair treatment. They must not engage in, support or tolerate discrimination in any area of employment. Suppliers must not discriminate against any worker based on race, colour, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, union membership, national origin, or marital status in hiring and employment practices such as applications for employment, promotions, rewards, access to training, job assignments, wages, benefits, discipline, and termination. Suppliers must not require a pregnancy test or discriminate against pregnant workers except where required by applicable laws or regulations or prudent for workplace safety. In addition, suppliers must not require workers or potential workers to undergo medical tests that could be used in a discriminatory way except where required by applicable laws or regulations or prudent for workplace or food safety. Suppliers should have an equal opportunity employment policy that promotes gender equity in employment practices, and states maternity leave provision and support for child care where appropriate

## Gap Inc (including Banana Republic and Old Navy)

Factories shall employ workers on the basis of their ability to do the job, not on the basis of their personal characteristics or beliefs.

**Target Ethical Sourcing Code**

All conditions of employment must be based on an individual's ability to do the job, not on the basis of personal characteristics, such as gender, ethnic origin, religion, or personal beliefs.

**Fast Retailing Group Code of Conduct for Production Partners**

Production partners shall employ workers on the basis of their ability to do the job. Production partners shall not discriminate against workers on the basis of race, gender, color, nationality, religion, age, maternity, marital status, social or ethnic origin, sexual orientation, political opinion, disability, affiliation, non-affiliation, or any other status.

**Inditex Group Code of Conduct for Manufacturers and Suppliers**

Manufacturers and suppliers shall not apply any type of discriminatory practice with regards the recruitment, compensation, access to training, promotion, termination of the employment agreement or retirement, based on race, caste, creed, nationality, religion, age, physical or mental disability, gender, marital status, sexual orientation and/or union membership or political affiliation

**Country Road Group Code of Labour Practice**

There shall be equality of opportunity in hiring, compensation and treatment regardless of race, caste, colour, gender, religion, political opinion, union membership, nationality, social origin, sexual orientation, age, disability, marital status, or other distinguishing characteristics.

**Walmart Stores Inc. Standards for Suppliers**

All conditions of employment must be based on an individual's ability to do the job, not on the basis of personal characteristics or beliefs. Wal-Mart favours suppliers who do not discriminate on the basis of race, color, national origin, gender, sexual orientation, religion, disability, and other similar factors

**Nike Code of Conduct**

The men and women employed by the supplier are not subject to discrimination in employment, including hiring, compensation, promotion or discipline, on the basis of gender, race, religion, age, disability, sexual orientation, pregnancy, marital status, nationality, political opinion, trade union affiliation, social or ethnic origin or any other status protected by country law. Women and men shall receive equal pay for work of equal value

**IKEA Way on Purchasing Products, Materials and Services (IWAY)**

The IKEA supplier shall not discriminate with regards to workers based on race, religion, beliefs, gender, marital or maternal status, age, political affiliation, national origin, disability, sexual orientation or any other basis. The IKEA supplier shall, as a general principle, base decisions relating to hiring, salary, fringe benefits, promotion, termination on workers individual skills and ability to do the job.

**Patagonia Supplier Workplace Code of Conduct**

No person shall be subject to any discrimination in any aspect of the employment, relationship including recruitment, hiring, compensation, benefits, work assignments, access to training, advancement, discipline, termination or retirement, on the basis of race, religious belief, color, gender, pregnancy, childbirth or related medical conditions, age, national origin, ancestry, sexual orientation, gender identification, physical or mental disability, medical condition, illness, genetic characteristics, family care, marital status, status as a veteran or qualified disabled veteran (in the USA only), caste, socio-economic situation, political opinion, union affiliation, ethnic group, illness any other classification protected under applicable law. All employment decisions must be made based on the principle of equal employment opportunity, and shall include effective mechanisms to protect migrant, temporary or seasonal workers against any form of discrimination. (ILO Conventions 100 and 111)

## A1.10. No Harsh or Inhumane Treatment, No Harassment

### **H&M Hennes & Mauritz AB**

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.

### **Levi Strauss & Co. Labour Standards – Terms of Engagement**

Levi Strauss will not use business partners who use corporal punishment or other forms of physical or mental coercion.

### **Eileen Fisher Code of Conduct**

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

### **Burberry Ethical Trading Code of Conduct**

Physical abuse, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited. Business Associates will have a formal disciplinary and grievance appeal procedure with documented records of individual disciplinary hearings. Such a procedure will support fair treatment of workers.

### **J. Crew Responsible Sourcing Program Supplier Guidelines (Code of Vendor Conduct)**

J.Crew Suppliers must treat all workers with respect and dignity. No worker shall be subject to corporal punishment or physical, sexual, psychological or verbal harassment or abuse. Suppliers shall not use monetary fines as a disciplinary practice.

### **Marks & Spencer Global Sourcing Principles**

Suppliers must commit to a workplace free of harassment. Suppliers must prohibit and must not tolerate all forms of physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse, corporal punishment, mental coercion, physical coercion or other forms of intimidation. Suppliers must not place unreasonable restrictions on entering or exiting the company facilities.

### **Gap Inc (including Banana Republic and Old Navy)**

Factories shall treat all workers with respect and dignity. Factories shall not use corporal punishment or any other form of physical or psychological coercion.

### **Target Ethical Sourcing Code**

Workers shall be treated with dignity and respect. In particular, factories will provide a workplace free from harassment, which can take many forms, including physical, sexual, verbal or visual behaviour that creates an offensive, hostile, or intimidating environment.

### **Fast Retailing Group Code of Conduct for Production Partners**

Production partners must treat all workers with respect and dignity. Production partners shall not use corporal punishment or any forms of coercion. Production partners shall not engage in or permit any forms of abuse, including physical, verbal, or psychological abuse, or any forms of harassment, including sexual harassment.

### **Inditex Group Code of Conduct for Manufacturers and Suppliers**

Manufacturers and suppliers shall treat their employees with dignity and respect. Under no circumstances shall physical punishment, sexual or racial harassment, verbal or power abuse or any other form of harassment or intimidation be permitted.

**Country Road Group Code of Labour Practice**

Corporal punishment or any other form of physical or psychological coercion or intimidation, including sexual abuse or harassment, physical discipline, or harsh discipline of all kinds, or verbal abuse, shall not be used against workers.

**Walmart Stores Inc. Standards for Suppliers**

Refrain from corporal punishment, harassment, threatening behaviour and abuse, including when imposing discipline.

**Nike Code of Conduct**

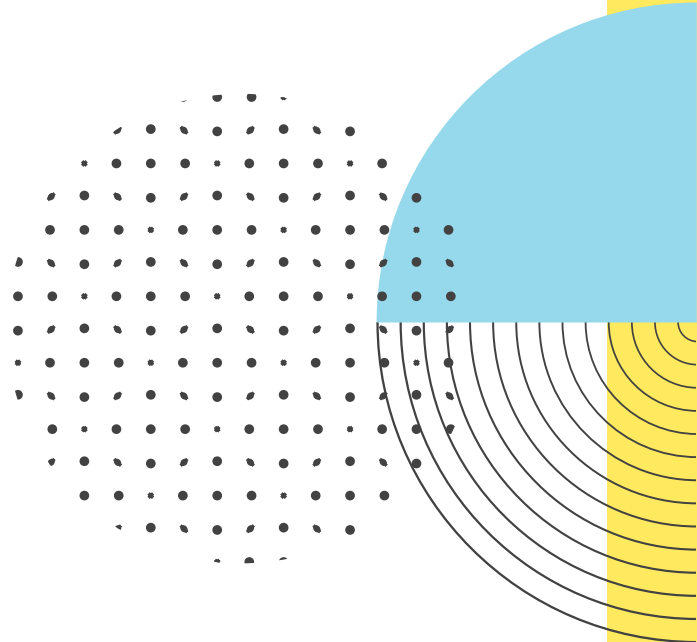
Supplier's employees are treated with respect and dignity. Employees are not subject to physical, sexual, psychological or verbal harassment or abuse.

**IKEA Way on Purchasing Products, Materials and Services (IWAY)**

The IKEA supplier shall not engage in or support the use of corporal punishment, threats of violence or other forms of mental or physical coercion. The IKEA supplier shall not make use of public warning and punishment systems. The IKEA supplier shall not engage, support or allow any form of harassment or abuse in the workplace

**Patagonia Supplier Workplace Code of Conduct**

Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse or to monetary fines or embarrassing acts as a disciplinary measure



# APPENDIX 2: BURBERRY ETHICAL TRADING CODE OF CONDUCT HOMEWORKER POLICY

## 1. BASIC PROVISIONS

- I. Homeworkers cannot be used without the prior written consent of Burberry.
- II. All Homeworkers are subject to the Ethical Trading Code of Conduct and therefore the Business Associate shall procure that all working conditions of each of their Homeworkers comply with the Ethical Trading Code of Conduct and Laws.
- III. Each Business Associate using Homeworkers shall have an internal Homeworking Policy, approved by the Business Associate's most senior person. This should include verification that the location of work is safe, hygienic and appropriate for the type of work process to be undertaken.
- IV. It is the responsibility of the Business Associate to have full information on each of the Homeworkers used for production including but not limited to, the name, the location of work and the wage rate paid to each Homeworker (and any other information as required by Burberry from time to time). The Business Associate shall provide this information to Burberry immediately on request.  
Each Homeworker shall be provided with all the materials and machinery required for the Homeworker to carry out the work process at no cost to the Homeworker. For the avoidance of doubt this includes no deductions from the Homeworkers wages being made in respect of such materials and machinery.

## 2. REMUNERATION

- I. Verifiable systems should be in place to ensure that all Homeworkers are able to meet at least minimum wage.
- II. The Business Associate should have up to date records of all wages paid for at least the previous 12 months which should be available to Burberry for review immediately on request.
- III. If paid in cash, Homeworkers should sign to confirm that they have received the agreed and owed quantity of wages earned. These records should be available from the Business Associate for at least the previous 12 months (or as required by local law, if longer). Homeworkers should be provided with a payslip for their own records for the work completed and payment made.

## 3. REGULAR WORK

- I. All Homeworkers should be provided with an employment contract unless the Homeworker is working on a self-employed basis, in which case the Homeworker and the Business Associate should have a formal contract in place setting out the terms of their business engagement. The relevant contract should include the site location that the work should be conducted in, the name of the Homeworker, the calculation of wages as well as specifying which party is responsible for paying any required tax and insurance or other deductions (and any other information as required by Burberry from time to time).
- II. In the case that the Business Associate employs the Homeworker directly, the Business Associate should ensure that all local and national tax and insurance is paid. In the case that the Homeworkers are engaged on a self-employed basis it is the Homeworker's responsibility to pay all required local and national tax and insurance required.
- III. Only the Homeworker named in the relevant contract should carry out the work and the work should not be further subcontracted without prior written approval of Burberry.

#### 4. EXCESSIVE OVERTIME

- I. Homeworkers working at the facility of the Business Associate should not be given work to take home unless such overtime is on a voluntary basis.
- II. Verifiable systems should be in place to ensure that Homeworkers are not provided with more work than would exceed 48 hours weekly. Any work provided beyond that should not exceed an additional 12 hours (total 60 hours per week). Any hours over 48 hours should be compensated at an overtime premium in line with local or national law.

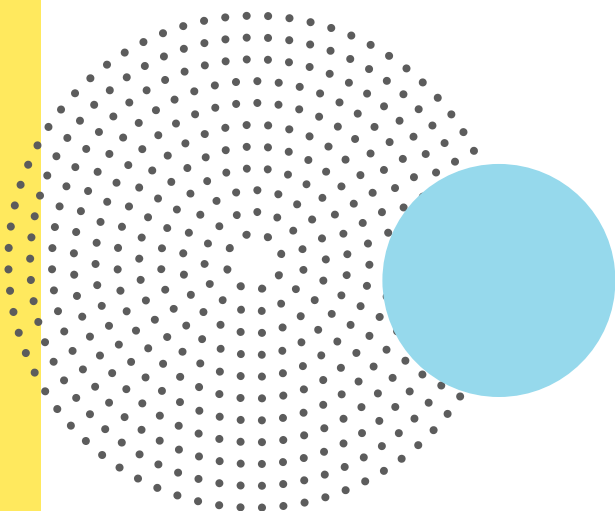
#### 5. DISCRIMINATION

- I. Homeworkers should be compensated at the same rate as all other workers employed by the Business Associate for the same work.

#### 6. STANDARDS

- I. Burberry's Ethical Trading Code of Conduct is based on the following international standards:
  - The Ethical Trading Initiative (ETI) Base Code
  - The United Nations Universal Declaration of Human Rights
  - The Fundamental Conventions of the International Labour Organisation (ILO).
  - Dhaka Principles for Migration with Dignity <http://www.dhaka-principles.org/>
- II. With respect to the International Labour Organisation (ILO) fundamental conventions on Labour Standards, the following provisions have been referenced in the development of this Code:
  - Freedom of association Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87)
  - Right to Organize and Collective Bargaining Convention, 1949 (No. 98)
  - The abolition of forced labour Forced Labour Convention, 1930 (No. 29)
  - Abolition of Forced Labour Convention, 1957 (No. 105)
  - Equality Discrimination (Employment and Occupation) Convention, 1958 (No. 111)
  - Equal Remuneration Convention, 1951 (No. 100)
  - The elimination of child labour Minimum Age Convention, 1973 (No. 138)
  - Private Employment Agencies Convention, 1997 (No. 181)
  - Worst Forms of Child Labour Convention, 1999 (No. 182)

Source: Burberry, N.d.



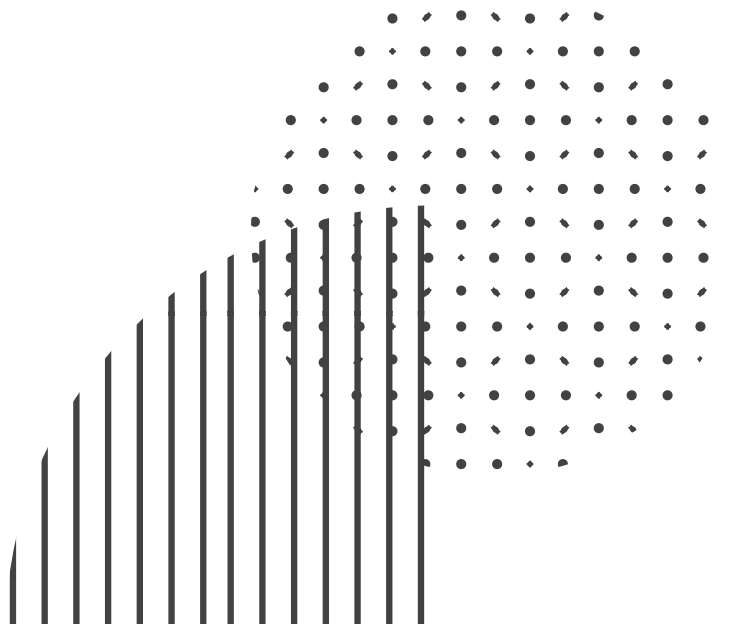


# APPENDIX 3: WORKER-DRIVEN INITIATIVE: STRENGTHENING THE UN GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS TO PROTECT HOMEWORKERS

Together with HomeNet South-East Asia and HomeNet South Asia, WIEGO has developed a set of recommendations to make the Guiding Principles an even stronger instrument for protecting homeworkers. Specifically, these principles should establish the following duties of the state:

- To recognize unions that represent informal workers.
- To require businesses to make available facilities for the use of all workers for organizing purposes.
- To make reporting by corporations mandatory and formal (as opposed to an “informal engagement with affected stakeholders”). Reporting should be made both to a state institution and to unions, in addition to being made available on publicly accessible platforms, such as company websites.
- To design user-friendly complaint mechanisms in consultation with informal worker organizations for individual workers and representative organizations acting on behalf of homeworkers to seek redress. Remedies must be designed so that workers will not have to fear losing their work if they complain.
- To require businesses to report on workers’—including homeworkers’— social protection in the states from which they source goods, and on their initiatives to contribute to social protection where state protection is insufficient. This provision mirrors the IndustriALL/H&M Global Framework Agreement.
- To require that businesses promote transparency in their global value chains by demanding that their brand is mentioned in all supplier and sub-contracting agreements. This means that governance works top-down, but also enables workers to identify the brand, research its commitments to decent work (even if CSR or multi-stakeholder initiatives), and to register complaints through complaint mechanisms.

Source: Von Broembsen, 2017.



# APPENDIX 4: WORKER SOCIAL RESPONSIBILITY (WSR) VERSUS CORPORATE SOCIAL RESPONSIBILITY (CSR) AND MULTI-STAKEHOLDER INITIATIVES (MSIS)

	CSR AND MSIS	WSR
<b>Monitoring</b>	Audits are rushed and superficial. They are conducted by individuals with limited training and without deep knowledge of relevant workplace issues. Auditors are paid by, and are beholden to, the brand whose supply chain is being monitored, or an MSI that is dependent on the brand, or the factory itself. If auditors interview workers, they usually do so onsite, at the workplace, where workers are unable to speak candidly about conditions. Most audit reports are kept secret, even from the workers themselves.	Inspections are in-depth and comprehensive. They are conducted, on a frequent basis, by well-trained investigators with industry-specific experience and sufficient knowledge of the issues they are tasked to assess. Investigators operate independently of the industry and are neither paid nor employed by the company whose supplier is being investigated – or by the supplier. Monitors prioritize worker interviews, which are done offsite whenever possible, and always outside the presence of managers. Workers are fully informed as to the result of all inspections.
<b>Enforcement of Brand/Retailer Obligations</b>	Virtually all CSR and MSI schemes lack an effective enforcement mechanism. Because the commitments of brands and retailers under such schemes are purely voluntary, there are no meaningful consequences for failure to comply. In the case of some MSIs, non-compliance may result in the company's membership in the MSI being revoked, but this is a slap on the wrist. MSI's simply do not have the ability to legally compel a member brand to meet the commitments it has made or to undo the harm its past non-compliance has caused. Making matters worse, a brand or retailer can quit an MSI whenever it chooses, with no significant consequence.	Effective enforcement of brand and retailer obligations is a defining element of WSR. A binding and legally enforceable agreement between worker representatives and corporations at the top of the supply chain is the foundation of a WSR program. If a brand or retailer fails to fulfill a commitment (to pay a required price premium, to terminate abusive suppliers, etc.), worker represents can use legal mechanisms (via judicial systems or private arbitration) to force the brand or retailer to remedy past violations and to comply going forward. And because WSR agreements are a legal contract, brands and retailers cannot just quit the program when they please.
<b>Enforcement of Suppliers' Obligations</b>	There are no sure and swift consequences for suppliers that fail to meet a buyer's	Under WSR, violations are far more likely to be identified, remedial requirements

## CSR AND MSIS

or an MSI's labor standards. Often, the suppliers can successfully hide violations from auditors. When violations are identified, a mere promise to comply in the future is often considered sufficient under buyers' and MSIs' procedures, which then often fail to hold suppliers accountable to those promises. Even when a supplier is caught persistently and flagrantly violating standards, it is, in most cases, up to the buyer to decide whether to stop doing business with the supplier. If the buyer sees financial value in the relationship, the buyer can keep buying from the supplier, as it sees fit. By contrast, if suppliers don't meet buyers' price and delivery demands, they know that loss of business is virtually certain. This is why it is not only common, but economically rational, for suppliers to ignore labor standards in favor of minimizing production costs.

In some CSR and MSI schemes, a buyer or supplier may lose certification from the program when violations are identified, but face no other consequences aside from the decertification, the consequences of which are nebulous at best. Loss of certification does not necessarily result in actual loss of sales or other financial consequences, which is the only potential value of decertification as a means of encouraging compliance, but which has no intrinsic negative value in and of itself.

## WSR

are much tougher, and brands and retailers are legally obligated to cease doing business with any supplier that commits violations and fails to effect remedies. The buyer's desire to keep using the supplier because it needs to the product is immaterial. Suppliers know that abusive labor practices will lead, swiftly and surely, to a loss of customers.

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### Complaint Mechanism

As a rule, complaint mechanisms in CSR and MSI schemes are rare and where they do exist, result in little or no real reform. If such a mechanism does exist, complaints often go directly to the employer or the brand, or to a contract organization acting at the brand's direction, rather than to an independent party that represents workers' interests. Workers understandably have very little trust in such mechanisms and, if they do file a complaint, are typically not protected from retaliation by employers.

Workers can file a complaint directly with an independent body responsible for investigating such complaints and dedicated to protecting workers' interests. Workers who access the complaint mechanism are protected from retaliation. Workers gain trust in the process because they see complaints resulting in timely and effective action. In WSR, workers' complaints are often the primary mechanism for identifying bad actors and bad practices and reforming the workplace.

## CSR AND MSIS

## WSR

### Economic Responsibility for Remediation

Corporations squeeze their suppliers in an effort to secure the lowest possible price, forcing suppliers to cut labor costs, often at the expense of workers' economic well-being and labor standards, in order to remain competitive. Traditional CSR and MSI schemes do nothing to address this problem, which is the single biggest factor leading to abuses in global supply chains.

Corporate buyers are required to provide financial support so that suppliers can afford the increased costs associated with operating in compliance with labor rights standards. Such support can come in the form of higher prices, direct payment for the costs of monitoring and improvements, low cost loans, substantial wage premiums paid directly to workers, or up-front payment for goods.

### Worker Education

Under CSR and MSIs, workers typically receive very little information about their rights. A copy of the relevant code of conduct may be posted in the workplace but workers do not receive effective training on their rights and have no meaningful recourse when violations occur. If training is conducted, it is superficial and is carried out by the factory or the brand, without participation by worker representatives, offering little of value to workers.

Under WSR, workers receive regular, detailed training about their workplace rights, including how to access an independent complaint mechanism. Such training is typically carried out at the time of hire, by worker representatives or other experts who are independent of the buyer and the employer and have the trust of workers, during working hours and in the course of remedying code violations discovered by the program, as a form for underscoring the standards violated and the importance of compliance for workers and supervisory personnel alike. Effective training empowers workers to serve as frontline monitors of their rights.

### Standards

Standards often fail to account for the risks and dangers specific to a particular industry or type of workplace, lack sufficient detail and specificity, and reflect little or no understanding about the realities that workers face on a daily basis.

Workers and their organizations design industry-specific codes of conduct focused on eliminating the specific forms of abuse that are unique to that industry or workplace.

### Transparency

Information about which suppliers are covered by a particular CSR or MSI scheme is kept confidential, unless voluntarily disclosed by the buyer.

WSR includes public disclosure of the names and locations of covered suppliers.

# APPENDIX 5: MODEL POLICY ON HOMEWORKING FOR USE BY RETAILERS AND SUPPLIERS

## BACKGROUND

Company X is a member of the Ethical Trading Initiative (ETI) and is committed to improving working standards in its supply chains through the application of international labour standards. This includes a commitment to improving standards in those parts of the supply chain which are the most difficult to reach.

Historically, the lack of visibility of homeworkers in supply chains, combined with their complicated employment status in many countries, has made them a vulnerable group of workers. Many homeworkers have been underpaid and unsafe. We believe that one of the first steps towards reducing the vulnerability of these workers is to take an open and positive position towards homeworking. By reacting negatively to instances of homeworkers in our supply chain, there is a danger of:

- sending homeworkers underground and thus preventing any progress on improving their labour conditions; and/or
- triggering unintended consequences whereby workers could have their sole means of income removed.

## 2. OUR POSITION

### 2.1 Acceptance of homeworking

Company X believes that homeworking can be critical to its supply chain and openly accepts the presence of homework within these. Homeworkers can often provide us with the flexibility to cope with rapidly changing volumes of production. Homeworkers may also produce specialist components which cannot be made by machinery or small quantities of intricate or high-quality items. From the perspective of homeworkers, the option to work from home can offer a degree of flexibility not met by traditional site-based work. Homeworkers frequently cite the advantages off-site working offers in enabling paid work to be balanced with domestic and family responsibilities.

### 2.2 Commitment to improving homeworkers' conditions

Concurrently, however, we also acknowledge that labour conditions enjoyed by homeworkers may not meet those set out in international labour standards/the ETI Base Code\*. We are therefore committed to taking action, together with our suppliers, to improving these conditions. The first step in such action, we believe, is to make our position on homeworking clear.

## 3. Defining homework

Our definition of homework is based upon the International Labour Organisation (ILO) definition (1996, C177, Article 1) which states:

- (a) the term homework means work carried out by a person, to be referred to as a homemaker, (1) in his or her home or in other premises of his or her choice, other than the workplace of the employer;
  - (2) for remuneration;
  - (3) which results in a product or service as specified by the employer, irrespective of who provides the equipment, materials or other inputs used, unless this person has the degree of autonomy and of economic independence necessary to be considered an independent worker under national laws, regulations or court decisions;
- (b) persons with employee status do not become homeworkers within the meaning of this Convention simply by occasionally performing their work as employees at home, rather than at their usual workplaces;
- (c) the term employer means a person, natural or legal, who, either directly or through an intermediary, whether or not intermediaries are provided for in national legislation, gives out home work in pursuance of his or her business activity

#### 4. OUR COMMITMENT UNDER THIS POLICY

We acknowledge that improving labour conditions for homeworkers is a complex issue. Under this homeworker policy we commit:

- to communicate our position on homeworking throughout our company, to those who supply to us, and those we supply to;
- to ensure that the presence of homeworkers in the supply chain will not lead to the relocation of work or cancellation of orders; and
- to work with our suppliers for the sustainable improvement of labour conditions with homeworkers in our supply chains. We will aim to do this by following the guidance set out in the ETI homeworker guidelines.

#### 5. OUR SUPPLIERS' COMMITMENTS UNDER THIS POLICY

We expect those we are sourcing from to:

- adopt a shared policy of acceptance of homeworking and commitment to improving homeworkers' labour conditions where these do not meet those set out in international labour standards/the ETI Base Code;
- communicate this policy to all those in the supply chain below them, including homeworkers themselves;
- work with us to identify where homeworking occurs in the supply chains beneath them; and
- work with us to develop an action plan for improving labour conditions with homeworkers where these are found to be below those set out in international labour standards/the ETI Base Code.

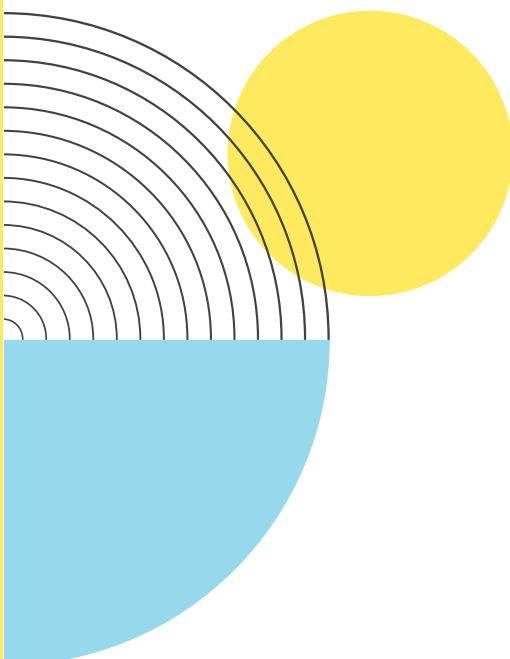
#### 6. LABOUR STANDARDS

The provisions, in summary, of the ETI Base Code, are:

1. Employment is freely chosen
2. Freedom of association and the right to collective bargaining are respected
3. Working conditions are safe and hygienic
4. Child labour shall not be used
5. Living wages are paid
6. Working hours are not excessive
7. No discrimination is practised
8. Regular employment is provided
9. No harsh or inhumane treatment is allowed.

These provisions are founded on key ILO conventions, including ILO Convention 177 on Home Work which promotes the equality of treatment between homeworkers and other wage earners.

*Source: Ethical Trading Initiative, 2010d.*



# APPENDIX 6: CLEAN CLOTHES CAMPAIGN FULL PACKAGE TO LABOUR CODES OF CONDUCT: CREDIBLE STAKEHOLDER PARTICIPATION

## STEP 3: CREDIBLE STAKEHOLDER PARTICIPATION

The implementation of ethical standards should not be based on policing suppliers unilaterally but should instead require stakeholder participation throughout the various aspects of the code-implementation process.

### a **Joining a multi-stakeholder initiative**

Membership in a credible 'multi-stakeholder initiative' (MSIs) can also serve as a valuable step for companies in their efforts to improve their code compliance undertakings. These initiatives require that companies, unions, and NGOs work together to promote improved labour practices through codes and monitoring. Multi-stakeholder code initiatives in the garment and related consumer products sectors include the Ethical Trading Initiative (ETI) in the UK and the Fair Wear Foundation in the Netherlands, the Fair Labor Association and Social Accountability International in the US. MSIs are helpful in getting a company with little experience or little existing capacity regarding code compliance on the right track, since membership in an MSI usually stipulates that a company take certain initial steps. Companies that have decided to participate in one or more of the above initiatives do so in order to:

- Gain consistency in code provisions and monitoring and verification practices;
- Avoid duplication in monitoring of factories producing for more than one company;
- Draw upon a pool of accredited compliance verification organisations;
- Share the costs associated with compliance verification;
- Create mechanisms for receiving and resolving complaints.

### b **Co-operating with worker rights training initiatives**

Since the ultimate purpose of codes and monitoring is to improve conditions and protect the rights of the workers who make the company's products, those workers must have an active role in the day-to-day monitoring process. In order to do so, they must be aware of their rights under the code, ILO Conventions and local laws. Because workers are often reluctant to express their views in the presence of management personnel, the training of workers should be done somewhere away from the workplace. Without prejudicing existing trade union representation, sourcing companies should strongly encourage suppliers to co-operate with worker rights training programs. Worker rights training programs for workers and management personnel are the most effective when they are administered by trusted local human rights, women's, and/or labour organisations. Furthermore, this training should also take into account the gendered nature of the workforce in this industry and cultural and religious preconditions (such as separate training sessions for women and men in Muslim countries).

### c **Informing your stakeholders**

To be credible, a company's code monitoring and verification program should include reporting to customers, shareholders, stakeholders, the public, and the affected suppliers and workers. Information on the company's monitoring and verification system works, and what is expected of the various parties involved should be made available to all interested parties. Moreover, a company should also provide periodic public reports on the results of code compliance verification, including the identities of the auditing organisation(s), the areas of compliance and non-compliance in specific countries and regions, and the steps that have been taken to achieve compliance. Furthermore, companies should be fully transparent with respect to all of their business operations and

arrangements that have an effect on labour practices and working conditions by disclosing the identity, location, and country details of all of their supplier factories.

**d Including workers, local trade unions, and labour rights groups in code implementation**

Too often, workers have been ignored, even though they are the intended beneficiaries of code implementation programs. Companies need to develop programs that ensure the involvement of workers as well as local trade unions and labour rights groups. Their involvement improves the quality of social audits, the handling of complaints, and strategies towards remediation. Resources and capacity building is essential for these groups to play a meaningful role in monitoring and verification systems, as the varied contexts found throughout the global garment industry mean that what works or is appropriate in some situations might not be feasible in others.

**e Including a confidential complaints procedure in the company's monitoring and verification program**

Workers and other stakeholders should have access to secure, anonymous, confidential, and an independent mechanism for the registering of complaints when they believe their rights are being violated. It is crucial that workers are able to report violations of a code of conduct or national labour laws without having to fear disciplinary action. Good complaints mechanisms would provide workers, trade unions, and NGOs with the tools to address breaches of labour standards among the suppliers with buyers, instead of having to wait for the next social audit. For interested third parties, it means providing clearly defined procedures for the receiving and investigating of complaints by independent parties, and for reporting back on the results. Companies should respond to all legitimate complaints in a timely manner with further information concerning the findings and ensuring that an effective remediation plan is developed to address the remaining rights' violations in collaboration with local stakeholders.

Source: *Clean Clothes Campaign, 2008*

