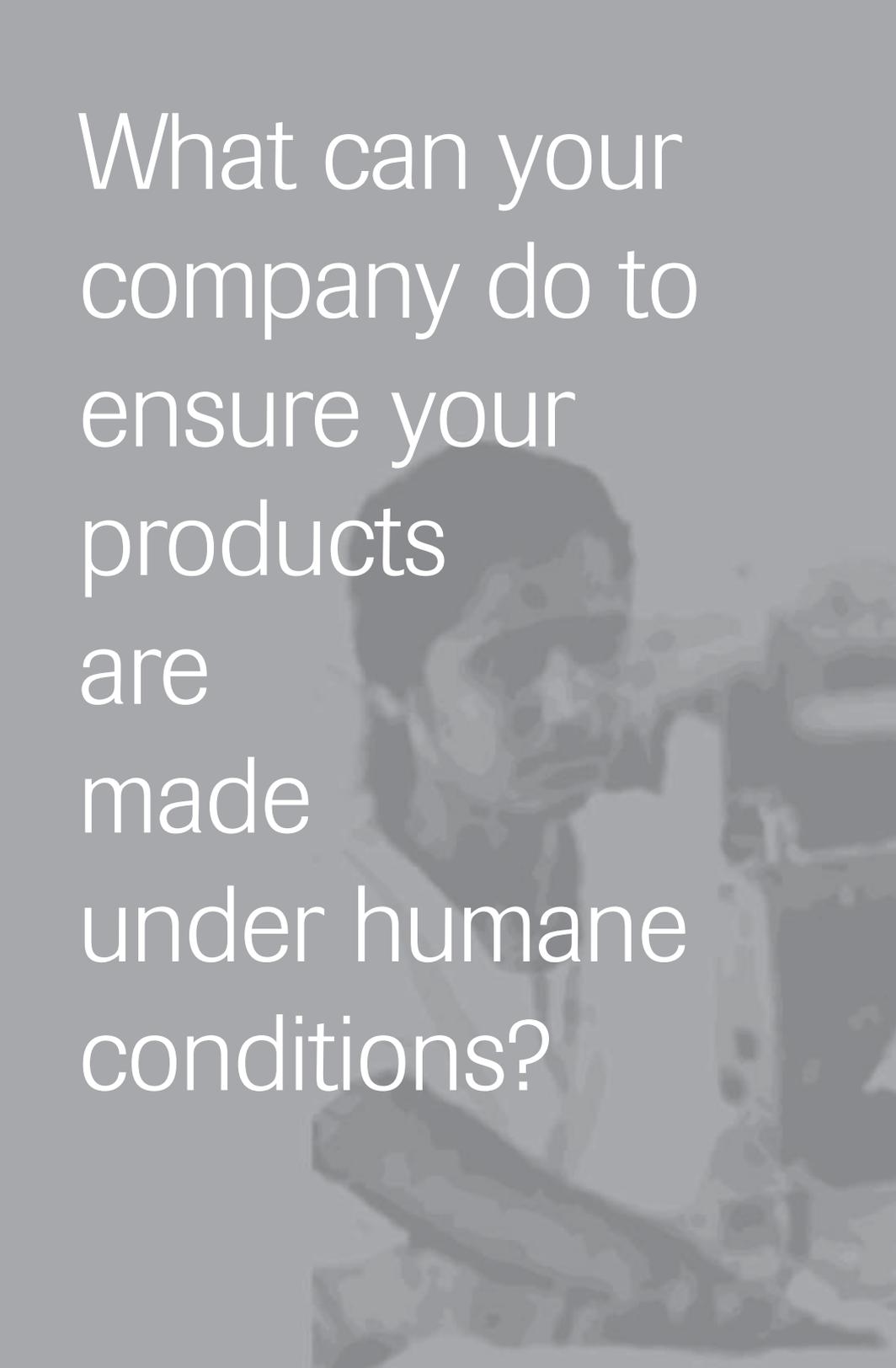


What can your  
company do to  
ensure your  
products  
are  
made  
under humane  
conditions?



Growing public concern about allegations of “sweatshop” practices in factories producing apparel and other consumer products has prompted retailers and manufacturers to take various steps to provide their customers, shareholders and stakeholders assurances that their products are made under humane working conditions.

Many companies are developing codes of conduct and internal monitoring programs. Others are going further and contracting external monitors to carry out “social audits” of workplaces to verify compliance with codes and local laws.

Through industry associations, retailers and manufacturers are also developing industry-wide codes and compliance verification procedures. However, many of these industry initiatives, such as the Retail Council of Canada’s “Responsible Trading Guidelines” and the Worldwide Responsible Apparel Production Certification Program (WRAP) of the American Apparel and Footwear Association, have been criticized for taking a lowest common denominator approach on labour standards to gain buy-in from their less committed members.

Several leading companies are engaging with faith, labour, student and non-governmental organizations in the development of company or multi-stakeholder code compliance verification systems, such as SA8000, the Fair Labor Association (FLA), and the Ethical Trading Initiative (ETI).

In this pamphlet, the Ethical Trading Action Group (ETAG) offers suggestions on what companies can do to better assess and verify compliance with labour standards in their supply chains, and to eliminate abuses where and when they arise.

Sweatshop abuses are a systemic problem - there are no totally clean or dirty companies. Every company that sources globally has problems to face and correct. Nor are there any quick-fix solutions. Continuous improvement is the guiding principle.

**Ethical Trading Action Group, January 2003**

# Eight Steps to Cleaner Clothes

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## **Step 8: Complaints Process**

Does your monitoring and verification program include a complaints process?

# Step 1: Code of Conduct

## **Does your company have a code of conduct? Is it comprehensive and credible?**

If your company is developing a code of conduct, resist the temptation to reinvent the wheel. Internationally recognized minimum labour standards have already been established by the tripartite (business, labour and government) International Labour Organization (ILO), an agency of the United Nations. If you already have a code, review its provisions to ensure they are in line with relevant ILO Conventions.

To be credible, your code should include provisions based on the ILO Core Labour Rights Conventions on child labour, forced labour, discrimination, and freedom of association, which all ILO member states are obligated to respect, promote and realize, whether or not they have adopted the individual conventions. It should also address other important workplace issues, such as harassment and abuse, hours of work, wages, health and safety, and security of employment. The code should also require compliance with all relevant local labour laws.

ETAG has developed a model code of conduct that is based on ILO Conventions. For a copy, visit: [www.maquilasolidarity.org](http://www.maquilasolidarity.org).

If your company outsources production of some or all of your branded or private label products, the code should apply to supply factories as well as to your own manufacturing operations.



## Step 2: Putting the Code into Practice



### **Is the code available to all stakeholders?**

To be a useful tool, your company's code should be circulated to your employees, available to the public on request, and accessible on your company's website. Senior management personnel should be knowledgeable about the code and how it is being implemented.

More importantly, your suppliers must be knowledgeable about the code, and make a written commitment to fully comply with its provisions. The code should be posted in a prominent place in the workplace in the first language(s) of the workers. Copies of the code should also be made available to the workers who make your products.

## Step 3: Internal Monitoring



### **How does your company monitor code compliance?**

To have a real impact on your company's operations, a senior management person should be made responsible for the implementation of the Code, and company personnel or other designated parties should be adequately trained to carry out the actual monitoring of supplier compliance with the code and local law.

Internal monitoring by designated personnel should cover all provisions of the code and relevant local laws. Suppliers should be required to keep adequate and accurate records, and monitors should have access to suppliers' records, management personnel and workers. Special efforts should be made to ensure that workers interviewed are selected on a random basis, without management interference, that workers' anonymity is protected, and that there are no management attempts to influence what workers say in interviews or to punish workers for reporting violations.

## Step 4: Remediation



### **What does your company do when violations are discovered?**

If your monitoring program is effective, you will no doubt discover some violations of the code and local laws. Few, if any, factories are free of violations. Cutting off suppliers is therefore not the way to deal with reported violations. A cut and run approach will only encourage suppliers to hide abuses.

The constructive approach is to work with suppliers to correct problems when they are identified. Suppliers should be given sufficient time, opportunities and support to achieve compliance. A corrective action plan with reasonable deadlines should be developed and followed. Cutting off a supplier is the last resort when serious problems persist and the supplier is unwilling to correct them.

## Step 5: External Verification

### **Is code compliance verified by reputable third-party organizations?**

To be credible and effective, your company's code compliance program should also include verification by a reputable social auditing organization. Compliance verifiers include commercial firms, non-profit organizations, and in some countries, local independent monitoring groups.

Questions you should consider when selecting a compliance verification organization:

- Does it have a good track record with other companies?
- Has it been accredited by one or more multi-stakeholder code initiatives (see below)?
- Does it have credibility with labour, faith, women's and non-governmental organizations?

- Are the auditors knowledgeable of relevant local laws and the social, economic and political context, and fluent in the local language(s)?

## **Is the process comprehensive?**

As with internal monitoring, the verification process should address all elements of the code and relevant local laws. The auditors must have access to all company records, management personnel and workers.

The verification process should include interviews with workers, as well as management personnel. It should also include periodic consultation with local human rights, women's and labour organizations about common problems in the industry in this specific country/region, as well as reported problems in specific workplaces.

## **Is the process secure and effective?**

As with internal monitoring, workers chosen for interviews should be representative of the workforce, and there should be no management interference in the selection or interview process.

In many cases, off-site interviews by local non-governmental organizations (NGO) that the workers trust might be more effective than in-plant interviews by outside commercial auditing firms. For instance, European monitoring pilot projects have combined book audits by commercial auditing firms with worker interviews by local NGOs.

In either case, interviews with workers should be carried out in a manner that engenders trust, protects their identities, and avoids management retaliation.



# Step 6: Reporting

# 6

## **Is your company's monitoring and verification program transparent?**

To be credible, your code monitoring and verification program should also include reporting to customers, shareholders, stakeholders, the public, and the affected suppliers and workers.

Information should be made available to all interested parties on how your monitoring and verification system works, and what is expected of the various parties involved.

Your company should also provide periodic public reports on the results of Code compliance verification, including the identities of the auditing organization(s), areas of compliance and non-compliance in specific countries and regions, and steps taken to achieve compliance. Reports should be signed off by the auditor(s).

## **What additional information does your company make public?**

Some companies have gone further in providing information to institutional buyers, shareholders and/or the general public on the names and addresses of production facilities. Other companies have declared their support for ETAG's proposal for changes in regulations under the Textile Labelling Act to require all companies to disclose factory locations, thus creating a level playing field.

# Step 7: Worker Rights Training

## **Does your company cooperate with worker rights training?**

Since the ultimate purpose of codes and monitoring is to improve conditions and protect the rights of the workers who make your 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. To encourage a cooperative relationship in the workplace, management personnel also need to be aware of and committed to respecting worker rights.

Worker rights training for workers and management personnel is most effective if carried out by trusted local human rights, women's, and/or labour organizations. Social Accountability International (SAI), which administers the SA8000 Standard, also offers worker rights training in a number of countries. Because workers are often reluctant to express their views in front of management personnel, training for workers should be carried out separately.

Your company should strongly encourage suppliers to cooperate with worker rights training programs by allowing workers and management personnel to attend on work time.



# Step 8: Complaints Process

## **Does your monitoring and verification program include a complaints process?**

To be credible with workers and human rights organizations and to identify problems when they occur, your monitoring and verification program should also include secure means for workers and interested third parties to register complaints.

For workers, this means providing secure mechanisms at the workplace for them to make anonymous complaints when they believe their rights are being violated.

For interested third parties, it means providing clearly defined procedures for receiving and investigating complaints, and for reporting back on the results. Your company should respond to all legitimate complaints in a timely manner with information on your findings and steps being taken to address areas of non-compliance.

## **Beyond Company Codes: the Multi-stakeholder Initiatives**

### **Is your company a member of a multi-stakeholder initiative?**

In recent years, a number of European and US retailers and manufacturers have joined multi-stakeholder code compliance verification initiatives, in which companies, unions and NGOs are working together to promote improved labour practices through codes and monitoring.

Multi-stakeholder code initiatives in the garment and related consumer products sectors include the Fair Labor Association (FLA) in the US, the Ethical Trading Initiative (ETI) in the UK, the Fair Wear Foundation in the Netherlands, and Social Accountability International's SA8000 initiative, which involves both European and US companies.

Another US initiative, the Worker Rights Consortium (WRC), applies solely to university-licensed apparel and includes university students and administrators, academics, unions, and NGOs, but not companies, in its governance bodies.

Companies have decided to participate in one or more of the above initiatives 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 organizations;
- Share costs associated with compliance verification;
- Create mechanisms for receiving and resolving complaints;
- Achieve buy-in from faith, labour and non-governmental organizations.

While there is not currently a similar multi-stakeholder initiative in Canada, such an initiative could be developed in the future. Meanwhile, a few Canadian companies and universities are working with the FLA, SAI or the WRC.

While ETAG continues to campaign against sweatshop abuses, we are also working with companies on positive steps they can take to ensure that their products are made under humane working conditions. We are ready and willing to work with your company.

For further information on codes of conduct and monitoring and verification systems, visit: [www.maquilasolidarity.org](http://www.maquilasolidarity.org).

For information on the multi-stakeholder initiatives, visit the following sites:

[www.ethicaltrade.org](http://www.ethicaltrade.org)

[www.fairlabor.org](http://www.fairlabor.org)

[www.fairwear.nl](http://www.fairwear.nl)

[www.sa-intl.org](http://www.sa-intl.org)

[www.workersrights.org](http://www.workersrights.org)

The Ethical Trading Action Group (ETAG) is a coalition of faith, labour and non-governmental organizations advocating for government policies, voluntary codes of conduct and purchasing policies that promote humane labour practices based on accepted international labour standards. ETAG promotes great public access to information on where and under what conditions clothes, shoes and other consumer products are made, and greater transparency in monitoring and verification of company compliance with international labour standards and local laws. The Maquila Solidarity Network acts as the secretariat for ETAG.

ETAG includes: Canadian Council for International Cooperation, Canadian Labour Congress, Canadian Auto Workers, KAIROS Canadian Ecumenical Justice Initiatives, Maquila Solidarity Network, Ontario Secondary School Teachers Federation, Oxfam Canada, Steelworkers Humanity Fund, Students Against Sweatshops-Canada, and Union of Needletrades, Industrial and Textile Employees.

To contact ETAG, write to: [info@maquilasolidarity.org](mailto:info@maquilasolidarity.org).

Ethical Trading Action Group (ETAG)

c/o Maquila Solidarity Network

606 Shaw Street

Toronto Ontario M6G 3L6

[info@maquilasolidarity.org](mailto:info@maquilasolidarity.org)

[www.maquilasolidarity.org](http://www.maquilasolidarity.org)

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