TEXTILE SOURCING

Environmental and Social Sustainable Development

China - India - Bangladesh - Ethiopia

Elise Luring
TO WHAT EXTENT DOES SOURCING CERTIFIED TEXTILE SUPPLIERS, PROVIDE RELIABLE ENVIRONMENTAL AND SOCIAL SUSTAINABLE DEVELOPMENT FOR FASHION BRANDS?

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I, Elise Luring, declare that the work presented in this thesis is a result of my own investigations. Any usage of the work from others within this thesis is properly recognized by references.

Date:

Signature:
ACKNOWLEDGEMENT

This thesis is part of my graduation from the study Fashion and Management at the Amsterdam Fashion Institute and is relevant to sourcing managers of fashion brands that strive to become more environmental and social sustainable regarding their materials and suppliers.

During my study path, I learned all skills and knowledge to become a professional fashion manager. More specifically, a sustainable fashion manager. These years have helped me to discover my interests and speciality. Due to my experiences during my internship and minor ‘iNDiViDUALS’, I developed my research question.

I looked forward to start this research and it remained to intrigue me until the very end. Even now, I still would like to develop this research further and hope that I can contribute my part to a more sustainable fashion branch.

This research would not have been possible without the support of some professionals and personal contacts. Therefore, I would like to thank first of all my coach Ligia Hera for her fast and extensive constructive feedback. This helped me to progress quickly. Besides, I would like to thank Hendrine Stelwagen (Business Development Manager at Fair Wear Foundation) for the helpful in-depth interview. Dirk Jan Wessels and Angela van den Eijkhof for the professional input. And, other fashion professionals for answering my questions at the fairs Texworld Paris and Future Fabric Expo in London and further contact by e-mail or telephone as for example with, Ariane Biemond (Project Manager Cotton and Textiles at Solidaridad), Monique Voorneman (Head of Communication at Kuyichi) and Iris Komen (Owner of Bo Weevil). Finally, I would like to thank my family and friends for their support and the inspiring enlightening discussions.

Elise Luring
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EXECUTIVE SUMMARY

A textile fair as shown on the frontpage is sometimes overwhelming. The amount of quality labels and certifications can be confusing and misleading. Even more because the labels and terms to expose sustainability, are often used in the wrong way. To create just one European label is not possible. There are too many different interests and to control everything would be too expensive. So, it is necessary to work with all these different quality labels and certifications. But, many of them are even not controlled independently and therefore less reliable. For this reason, a research toward the reliability of environmental and social sustainable certifications will develop a more reliable way of sourcing. The measurability of sustainability within textiles, local laws in production countries, costs and time considerations toward obtaining certifications and risks regarding failed audits and unreliable certificates are also taken into account.

According to different professional opinions, environmental sustainability is easier to measure because for example it is possible to exactly measure the amount of chemicals in textile. On the other hand, social sustainability is much harder to measure. It is hard to gain trust from the workers because audits are too short and therefore receiving the right information is difficult. However, there are a lot of initiatives that try to improve this.

100% sustainability is almost impossible. However, due to use of first-degree certification, certifications based on international standards, requesting all documents and have continuous cooperation with the supplier, this percentage will increase. Also, 100% reliability is hard to achieve. Independent control, using standard protocols, having extensive checks, creating trust, collaborating and educating will raise this reliability.

Due to different environmental and social local laws in China, India, Bangladesh and Ethiopia, it is necessary to have proper control and use certifications to have higher requirements. Some required laws are in force in these countries, but are not well implemented.

For suppliers it requires a lot of time and money to obtain certifications depending the standard, location, complexity, initial compliance and number of transaction certificates. However, it gives them a good position within the market. The costs translated in the buying prices of textile for fashion brands are low and not a reason not to buy certified textiles. Still, costs and time can be saved by preparing processes and documents before the audit, increase the merge of certified products, compare prices of multiple certification bodies, consolidate suppliers and request suppliers.

Failed audits could lead to lose customers or even forced closures. This highly depends on the frequency and level of consequence. Fashion brands have the responsibility to increase the development with their supplier instead of simply go to another supplier. Unreliable certificates can cause reputational, compliance and supply chain risks. This can be prevented by a good risk management plan.

To conclude, certifications are a good tool to source sustainable, but it is necessary to use it in the right way (see recommendations) to ensure or increase the reliability of sustainable development.
INTRODUCTION

1.1 Rationale

Own experience

On the occasion of my internship and minor, I became familiar with sustainable production sourcing. During my internship, I have sourced biodegradable certified materials. While doing this research, I met a supplier who is sustainable that can be seen in the transparency of their numbers that prove for example minimum water waste and no use of chemicals. This will be further explained (different methods to measure environmental and social textile sustainability) in chapter two. The supplier of that particular material does not have a certification because they do not want to invest their money in the certification industry, but in their own development regarding sustainability, which will come back (consideration regarding sustainability versus money and time) further in chapter five. It was not possible to do business with this supplier because they do not have a quality label even though the material is biodegradable.

Also for my minor, I sourced a new sustainable production facility with certifications as a requirement because this is a fast and easy way to select suppliers. After a while, I noticed that this leads to a less accurate research. A supplier with a quality mark might seem sustainable, even though not all the certifications are trustworthy or are not valuable for that particular fashion brand (will be outlined further in chapter two). Therefore, I started questioning the reliability of the sustainable image that fashion brands have. Are these trustworthy? Is there a solution to make this more reliable? And, what does reliable mean in case of sustainable sourcing?

The industry

“There is a pressing need to transform the way clothes are made. Our choice of materials has an impact upon a product’s entire life and therefore making intelligent and creative sourcing decisions can ultimately help to create clothing with minimal negative impacts upon the environment, animals and human welfare”, said by The Sustainable Fashion Angle, Future Fabric Expo (n.d.).

Fabric sourcing is one of the first steps in creating a new collection. The supply chain of textiles are extensive and complicated. The easiest ways to assess sustainability are certifications and quality labels. Still, not every fabric has such a label or sometimes they are not globally recognised. This makes the sourcing process more difficult. Besides, there are so many certifications and quality labels that almost mean the same. An article on September the 6th 2014 of ‘De Volkskrant’ highlights on page 6 that some time ago, a research of Milieu Centraal, showed that in the past eighteen months, ninety quality marks are added in the Netherlands. At this moment there are already 170.170 (not only for textile). Worse perhaps, is the fact that many of them barely are controlled. As there are so many different (but almost the same) certifications and not independent controlled quality labels, there is much confusion about which one to choose. Besides, most of the materials have many sub suppliers. Some are even unknown and laws could be different in the country of origin, which are mostly from Asia, and the country of sales. Therefore, it is not always trustworthy. Due to these reasons, there is not much insurance about the positive outcome of these quality labels.

1.2 Relevance

This research is of relevance for all sourcing managers of fashion brands. It helps improving the sourcing process of textiles and to make sustainable development more reliable1 by improving the transparency2 of certificates.

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1 With ‘reliable’ I mean, the certificate should ensure consistent of compatible result in different audits. (Business Dictionary, Reliability, n.d.) How this should be applied regarding certificates will be outlined in chapter three.

2 With ‘transparency’ I mean, all information of a certificate, necessary to make a decision, is available.
1.3 Aim

The purpose of this research is to make sustainability of textiles for fashion brands more reliable by improving the sourcing process in using quality labels and certifications in the right way concerning the values of the particular fashion brand.

1.4 Product

A sourcing manual that guides the sourcing manager towards the certifications and quality labels that cover mostly their needs. This will make the sourcing process faster, relevant and more reliable. It also considers the gaps of the outcome and provides possible solutions. And, suggests critical questions that need to be asked while sourcing certified textile suppliers to assure their reliability.

1.5 Main question and sub-questions

Main question

To what extent does sourcing certified textile suppliers, provide reliable environmental and social sustainable development for fashion brands?

Sub-questions

1. To what degree is environmental and social sustainability in textiles measurable?
2. What are possible methods to provide more reliable textile sourcing and environmental and social control?
3. To what extent are the local laws being applied in the risk textile production countries, China, India, Bangladesh and Ethiopia sufficient to reach sustainable environmental and social development and what are focus points for certificates to increase this?
4. To what extent does the costs and time to obtain certifications, affect the decision of being environmental and social sustainable for both suppliers and fashion brands?

5. What are possible risks regarding failed audits and unreliable certificates for both suppliers and fashion brands and how can this be prevented?

1.6 Methodology

To answer the main question, I will use qualitative research. For the theoretical framework I have used literature as articles from the Internet, magazines and papers. Also, I visited the “Première Vision” in Paris on September the 16th (2014) and the “Future Fabric Expo” in London on September the 30th (2014) to learn from seminar presentations of experts and did structured observations of suppliers on the fairs. After these global interviews, I have had an in-depth interview by a self-completion questionnaire with Fair Wear Foundation. During the whole research I measured with quantitative research the control methods (as shown in Appendix: Textile Quality labels) to investigate the market of quality labels. This will result in my end product that will be tested on the market by visiting “The Ethical Fashion Show” in Berlin where many fashion professional and sourcing managers are.

1.7 Delimitations and limitations

Delimitations

To make the research accurately and effective, I choose to focus on textile production because this part of the supply chain changes a lot during the seasons of one fashion brand. It is hard to build long relationships with these suppliers as demand is changing fast. This is easier with clothing manufacturers because most of the time this are long lasting contracts. Besides, I delimitated the research by choosing to focus on four production countries. These countries are high-risk textile production countries, but still used by a lot of fashion brands as sourcing countries.

I did not make a choice between environmental and social sustainability because both are related to each other. While sourcing, both

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3 With ‘relevant’ I mean, the certificate should cover the right values of the particular fashion brand.
environmental and social aspects will be part of the sourcing decisions.

Limitations

Perhaps there are more certifications then mentioned in this thesis. There are certifications added all the time. So, the results of reliable certificates will be different if someone will do this research again. Another limitation is the fact that suppliers and fashion brands did not have enough time to do a study case for the costs and time considerations. These results could have been more extensive.

1.8 Structure

The structure of the research report will be divided in different chapters. It will start with defining ‘Sustainability’, ‘Corporate Social Responsibility’, and ‘Certifications’ and ‘Quality Labels’. Next, I will define reliability in detail regarding sustainable sourcing and environmental and social control in textile factories. Chapter four, will investigate the environmental and social local laws in the main risk textile production countries China, India, Bangladesh, and Ethiopia and discuss the influences of European textile certificates on the sustainable development of these countries. The next chapter, will review the considerations that suppliers and fashion brands have regarding sustainability versus the costs and time it takes to obtain a quality label. At last, this research will outline the possible risks for both suppliers and fashion brands as a result of unreliable certificates and failed audits. This will result to my conclusion, recommendation and my end product for the sourcing managers of fashion brands.
TO WHAT DEGREE IS ENVIRONMENTAL AND SOCIAL SUSTAINABILITY IN TEXTILES MEASURABLE?

To answer the main question, it is important to understand the methods to measure environmental and social sustainability regarding textiles. Therefore, this chapter will define ‘Sustainability’, ‘Corporate Social Responsibility’, and ‘Quality Labels and Certifications’. It will show their advantages and problems regarding measurability within the fashion industry. The conclusions will answer this question and clarify the necessary continued research to answer the main question.

2.1 Sustainability
Definition sustainability
There are many different definitions of sustainability. This thesis will use the definition as shown in Figure 1:

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“Sustainable development is development that meets the needs of the present without compromising the needs of future generations to meet their own needs.” (Brundtland, 1987)
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There are big differences in the way organisations adapt this definition.

Corporate Social Responsibility (CSR) teams and conducting control audits when the sweatshops of Nike and Kathie Lee Gifford came to the attention. (Allen & York Sustainable Recruitment, CSR in the fashion industry, 2013)

Problem of sustainability used as term in the fashion business
Nowadays, customers and fashion brands are more interested in the site where their clothes are made and in what circumstances. Textile suppliers use a lot of different terms to expose sustainability. These terms have many different meanings and are often used in the wrong way. Therefore, the true meaning is often misunderstood or even lost its value according Diana Sustanto from Fashion With a Heart (Being Green, a marketing Slogan?, 2012). Alongside the term ‘Sustainable’, there are many other words that companies use regarding environmental and social aspects. For example:

- ‘Eco Friendly’ means that it should not be harmful for the environment (Diana Susanto, Fashion With a Heart, Being Green, a marketing Slogan?, 2012).
- ‘Organic’ is a popular term to expose environmental sustainability as said on Texworld Paris by Claudia Kersten (2014),

Short history of fashion sustainability
The term sustainability in the fashion branche started during the 1990s. Clothing companies spend billions of dollars on composing

Figure 1: Brundtland diagram, 1987
Marketing Director of Global Organic Textile Standard (GOTS). But, the European Union laws does not protect this term. According to Claudia Kersten it is only reliable when it is certified. However, for instance a certification as USDA Organic only certifies the fibres and not the product itself (Eliza Sarasohn and Gaiam Staff from Gaiam Life, Organic Clothing: Can You Read Between the Lines on the Tag?, n.d.).

- ‘Biodegradable’ is used for products that can break down in nature. Only the term biodegradable is not enough, according to Diana Susanto from Fashion With a Heart (Being Green, a marketing Slogan?, 2012). It does not say how long it will take and what conditions are needed. Without these requirements, every product could be labelled as biodegradable.

- The ‘Recycling’ logo on products does not necessarily mean that it is made from recycled material, but that the product could be recyclable. A problem of the recycling logo is the relieving of consumers’ feelings of guilt of using these disposable products. It will be recycled they think, but this could be. Vice President, Gerry Fishbeck of United Resource Recovery Corporation, one of the largest recyclers says:

> “There is a difference between things being recyclable and actually being recycled.” (Gerry Fishbeck, cited in Forbes, Can Recycling Be Bad for the Environment?, 2012)

- And, the term ‘Fair Trade’ that is used a lot. When it is official certified as Fair Trade, it should meet the requirements of the ten worldwide Fair Trade principles regarding the webpage of the World Fair Trade Organization (10 principles of Fair Trade, 2014):
  1. Creating opportunities for economically disadvantaged producers
  2. Transparency and accountability
  3. Fair trading practices
  4. Payment and fair prices
  5. Ensuring no child labour and forced labour
  6. Commitment to non discrimination,
  7. Ensuring good working conditions
  8. Providing capacity building
  9. Promotion for Fair Trade
  10. Respect for the environment

Nevertheless, often this is used for just one of these points or even none. Diana Susanto of Fashion With a Heart (Being Green, a marketing Slogan, 2012) says:

> “A reason for the growing confusion linked to the environmental and sustainability terms that lack sameness in meaning is the absence of regulation behind each of these terms. I, personally think that one of the main reasons of the confusion is simply the scarcity of guidelines and government regulations. These definitions are more a philosophy of life and a way of perceiving an idea than a strict set of rules enforced by the government.”

For example, the phenomenon “Greenwashing” shows that a lot of companies spent more money on their marketing of being green then actually invest in improvement of this industry. During the first Earth Day on 22th of April 1970, a lot of businesses spent 300 million dollar on green advertisement. While this was eight times more than what they spent on pollution decrease study (Diana Susanto, Fashion With a Heart, Being Green, a marketing Slogan?, 2012). The methods to make these terms used on quality labels and certifications more transparent are highlighted in the next chapter.

2.2 Corporate Social Responsibility

Besides the aspects of sustainability that are based on environmental problems, there are also a lot of social problems. Corporate Social Responsibility covers that mostly, but also include some environmental characteristics.

Definition Corporate Social Responsibility

Corporate Social Responsibility (CSR) means that companies need to have responsibility to the community and environment (Business
The pyramid of Carroll (1996) as shown in figure 2 described the importance of the four aspects: Economic responsibility, Legal responsibility, Ethical responsibility and Philanthropic responsibility to create Corporate Social Responsibility. These four aspects are described below:

- **Economic**: the product or service should be profitable to be able to have a return on investment. It is also important to create jobs and useful products and services for the society.
- **Legal**: all business practices must be legal to protect the consumer.
- **Ethical**: the product or service should help to sustain the environment for the next generations. It is not accepted to use this only in advertisement.
- **Philanthropic**: it must promote the well-being of people and extent the goodwill.

(Regina Anaejionu, Small Business, What is Corporate Social Responsibility?, n.d.)

Due to the Rana Plaza disaster in 2013, the outcome and importance of Corporate Social Responsibility became even more to the front. However, there is no standard for CSR According to the Technical Manager of International Register of Certificated Auditors (IRCA). It is needed to have an auditor that has a lot of sector experience. And, it should be applied in the entire supply chain (Allen & York Sustainable Recruitment, CSR in the fashion industry, 2013).

**Problems of implementing Corporate Social Responsibility**

**Complex supply chain**

The biggest issue of implementing CSR is that multinational apparel and textile companies operating in very complex supply chains. The operations are often distributed in different national governance, language diversity and cultural divergence (Allen & York Sustainable Recruitment, CSR in the fashion industry, 2013). Way before, every clothing company owned their own supply bases. Now, they can only suggest code of conducts to the factories they work with (Jennifer Kesik, Challenges of Corporate Social Responsibility Within The Apparel Industry: Implications on IHRM Practices, 2013).

**Consumers still make their decisions based on prices**

Fashion brands try to produce at lowest cost to be profitable as shown in the Pyramid of Corporate Social Responsibility. Outsourcing is a commonly used method to achieve this. But still, often consumers make buying decisions based on prices and not on CSR attitudes of brands (Jennifer Kesik, Challenges of Corporate Social Responsibility Within The Apparel Industry: Implications on IHRM Practices, 2013). Therefore, it is hard to increase the prices to develop the CSR regarding a more simplified supply chain.

**Different cultural approach**

It is very difficult to do business with all the different basic standards within the world. For example, the concerns about labour law in Asia that are adapted by ESCAP in 2005 (Jennifer Kesik, Challenges of Corporate Social Responsibility Within The Apparel Industry: Implications on IHRM Practices, 2013):

- Law is conflicting and can be questionable
- Law does not extend to everyone
- Some government policies may cancel labour laws
- Existing labour laws are criticized

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**Figure 2: Definition Corporate Social Responsibility**

(Carroll, 1996)
There is no enforcement from the government.

Historical agreements of labour law reject workers’ right.

The effects of these local laws differences are outlined in chapter four.

**Hard to get the right information**

Another problem is that it is not always easy to check CSR. Christine Bader from The Guardian Sustainability Business Blog (What is Corporate Social Responsibility?, 2013) says:

> “People lie. Unscrupulous factories owners falsify records, and government inspectors (where they exist) take bribes to ignore violations. I have heard multiple stories of people touring a factory, turning back pretending to have left something behind and seeing workers return the protective gear they have donned for the visit.”

This makes it very difficult compared to environmental aspects that are easier to measure. Besides, CSR teams often only relegate to the playroom while the real decisions are made in the boardroom. (Allen & York Sustainable Recruitment, CSR in the fashion industry, 2013)

### 2.3 Quality labels and Certifications

This part of chapter two will describe how sustainability and Corporate Social Responsibility are translated in a lot of different quality labels and certifications that measure textiles on environmental and social aspects and how this affects sourcing decisions.

**Definition and advantage of quality labels and certifications**

Quality labels are a compact and visual judgement for products and services. It ensures that all or some aspects of the product or service that the buyer cannot control are controlled and approved. A certification is the document that declares the requirements to use a specific quality label. It is useful for both suppliers and buyers. It gives the buyer trust to purchase the product or service and it gives the supplier a good position within the market. If a supplier possesses a well-known quality label, it is easier to convince the buyer. (Keurmerkinstuut, Alles over Keurmerken, n.d.)

**Short history of quality labels**

The history of quality labels goes back to the use of seals during the ancient times. The oldest environmental quality label is “Der Blaue Engel” from Germany that exists since 1978. (AllesDuurzaam.nl, Der Blaue Engel, n.d.)

**Different kinds of quality labels**

There are several kinds of quality labels that are used in a different way on diverse parts of the system. It can be based on type, management and assignment as shown below:

- **Type:** it can be based on the entire product or supply chain or only on one or more parts.
- **Management:** requirements should be set by independent organizations and audits by independent institutes.
- **Assigned to:** it could be based on a product, service (output of results), on a management system (intern organization) as ISO 9001 or the like, or people (input of knowledge and skills).

(Keurmerkinstuut, Alles over Keurmerken, n.d.)

While sourcing, these aspects should be taken into account.

Keurmerkinstuut (Algemene Inleiding over keurmerken, n.d.) divided quality labels in three degrees regarding to control.

- **First-degree:** Independent organizations accredit and controls these quality labels.
- **Second-degree:** These labels are from branch organizations. There are requirements and audits, but this is not always arranged and controlled by independent institutes.
- **Third-degree:** These labels are not really quality labels, but only logos of the supplier of the product or service itself without involving independent organizations.

See ‘Appendix: Textile quality labels’ for the control degrees on textile quality labels.
The reliability of these different controls is explained more deeply in chapter three.

**Accreditation**

The Raad van Accreditatie (RvA) is a quality label for quality labels that provides a ‘First-degree’ quality label. It ensures that the label is independent and knowledgeable. The requirements of the RvA are related to the international norms. After being accredited, the quality labels still will be controlled once in a while. It is not a required quality label for quality labels providing organizations. Most quality labels do not have this because they do not meet their requirements or it takes too much time and cost too much money. (Keurmerkinstituut, Alles over Keurmerken, n.d.) Next to RvA, there are other institutes worldwide that accredits quality labels.

**Receiving and using a quality label**

Different experts from stakeholders are involved during establishing the requirements of a quality label. It is mostly based on general international norms. A supplier needs to meet all the requirements, to receive a quality label. Often, when a supplier wants to be certified, they do not meet the requirements immediately. They will receive improvement points and will be controlled later to receive the certification when they meet all requirements. It will not be published, if a supplier still does not meet those requirements in the meantime because they need a chance to improve. (Keurmerkinstituut, Logo gebruik, n.d.)

Suppliers with a certificate are not able to change the image of the logo (that should be placed on or with the product). It only can be changed in a white reverse image. If the certificate does not have a label, they can use the logo, on request, of the institute who provides it. They cannot use the logo after the contract has ended. Without an ending term, it can be used for three years. There will be a transition period if requirements are modified. The suppliers need to have time to adapt these. (Keurmerkinstituut, Logo gebruik, n.d.)

**Problems of using quality labels**

Besides the advantages of quality labels, there are many disadvantages. This part will show a few of them according to different experts, companies and institutes.

*Too much different quality labels and no rules to start a quality label*

Diana Susanto from Fashion With a Heart, describes that a few years ago, the German government made strict requirements for companies to use a certification or quality label. However, companies that were unwilling to participate developed their own labels, which caused a lot of confusion. The transparency of quality labels will be outlined in chapter three. (Fashion With a Heart, Being Green, a marketing Slogan, 2012) The main problem according to Keurmerkinstituut is that there are no real rules to start a quality label. There are popping up many stamps and logos that not deserve the name “quality label”. Nevertheless, still also these quality labels have to meet some requirements. So, it still has a quality enhancing effect even though they are not accredited. (Keurmerkinstituut, Veel gestelde vragen over keurmerken, n.d.) According to Milieucentraal, a necessity to reach this development is that the requirements of the quality labels should be higher than the minimum as shown in figure 3. (Milieucentraal, Labels and logo’s, n.d.)

![Figure 3: Criteria according to Institute for Marketecology (IMO control)](image)

*Corruption*

According to Jose Koopman from Stylink Serious Business, there are a lot of problems regarding the audits. Often, commercial companies arrange these controls. Those auditors are often prone to a financial bonus and it is only a short check. Besides, due to much (sub) certificates, a lot of companies get a positive image even though a lot should be done still. (Stylink...
Serious Business, What is Corporate Social Responsibility, 2009)

Social sustainability is hard to measure
Claudia Kersten from Global Organic Textile Standard (GOTS) discussed on the Texworld conference in Paris, about the feasibility if sustainability can become certified. According to GOTS, ecologic aspects are easy to certify because you can measure this. Socially on the other hand is harder. Workers do not always tell the truth and therefore it is much harder to measure. Sustainable sourcing is economically risk management. It is necessary to create trust and often measured on reputation. (Global Organic Textile Standard, Paris Texworld conference, 2014)

Comply-or-die model
Avedis Seferian from Worldwide Responsible Accredited Production (WRAP) explained on the Texworld Paris conference that some certifications are comply-or-die models. According to him, this is a bad system because sustainability is about developing. You want them to help improve the fashion industry. WRAP thinks that just auditing is not enough. It is a two-way street. You need to build a relationship to have improvement. And, these auditors should be audited too. You need to know as much you can about the production facility. For instance, the management system approach, you need to have commitment from the top, have to maintain supporting documentation and continuous education of all employees is needed. Training and collaboration are the key solutions. But, due to use of many different suppliers for one fashion brand, it is hard to build a long lasting relationship. This makes it hard to create continuous improvement regarding to sustainability. (Worldwide Responsible Accredited Production, Paris Texworld conference, 2014)

Own research ‘Textile quality labels’
According to my own research that can be found in ‘Appendix: Textile quality labels’ it is noticed that there are already 80 quality labels only for textiles. Probably there will be more. 34 of them are accredited controlled. This means that there are many labels that are not controlled independently. However, this is hard to say because a Second-degree label could be controlled right but, there are more risks. It is remarkable that six of these quality labels is just for social aspects and only one of these six is a First-degree controlled label. This shows that social sustainability is harder to measure. There are developments in improving this. According to Fidh, International Federation for Human Rights Odhikar (One Year After the Rana Plaza Catastrophe: Slow Progress and Insufficient Compensation 2014), the international multi-stakeholder initiatives, consisting of brands, trade unions, NGO’s and the International Labour Organisation (ILO), that improve social aspects within the textile industry are growing after the Rana Plaza disaster in 2013. Still, auditing in a reliable way is difficult. This will be investigated further in the next chapter.

Misunderstood quality labels
There are a lot of quality labels that are placed on almost any product, but often misunderstood, such as:

CE-mark
Products that meet the requirements of the EU are featured with the CE-mark. This is not a quality label, but ensures that the product meets the minimum EU laws of safety, health, environment and consumer protection. Products without this mark (also outside the EU) cannot be traded within the EU. Only when there are big safety risks, it is necessary to have an official quality rapport by the national government. (Keurmerkinstituut, Veel gestelde vragen over keurmerken, n.d.) Often products have this mark without any investigation. The Keurmerkinstituut highlights the opinion of the Consumentenbond (July 2001, p. 51), it only says that it meets the minimum safety- and quality requirements of the EU. They say you can ignore this because every product has to meet this.

Management system quality label
ISO-9001 certifications refer to constant quality.
Also products with a minimal quality could have this certification. It is not granted to delivered products or services, but for intern business processes. It can be useful for a buyer who can clearly describe their requirements for the needed product. It only ensures that the supplier will deliver a product on the agreed requirements. A management system logo as ISO 9001, may not be used on the product itself, but only on websites, flyers, advertisements, etc. (Keurmerkinstituut, Veel gestelde vragen over keurmerken, n.d.).

**One European environmental quality label**

Due to the increasing importance of a clean environment and confusion due to many different labels, there is much debate about one environmental quality label, with all requirements. This has many disadvantages. A good European quality label should have requirements that are equal throughout Europe. To make free trade within Europe possible, they had to replace the national norms to European norms. These were mostly based on safety and health. Nowadays, there have been many environmental norms added. Due to lack of general European norms, many sub quality labels are added. Nowadays, there are many shared European norms. Some different initiatives tried to set up quality labels for whole Europe. Lack of awareness and appreciation is most common reason of failing (Keurmerkinstituut, Veel gestelde vragen over keurmerken, n.d.). Besides, it costs too much money to control all aspects, every supplier and buyer believes something else is important and there is no competition possible and no variety to choose from. But, at this moment there are too many different quality labels (Milieucentraal, Labels en logo’s, n.d.).

### 2.4 Conclusion

‘To what degree is environmental and social sustainability in textiles measurable?’ Textile sustainability looks easy to measure when it comes to environmental aspects. This can be proved with numbers regarding waste and pollution. Social effects are harder to measure. Often workers of suppliers do not tell the truth and audits are just short checks often done by commercial institutes. For sourcing managers, it is hard to measure on just a quality label because being accredited is not required. They have to know exactly where this quality label stands for and how this is controlled. The best way to be sure they have a reliable supplier is to build a good and long relationship with their supplier and have continuous improvement. But, what if the fashion brand would like to work with another supplier? What should be requirements to make reliable sourcing decisions and to have a good cooperation? This will be investigated in the next chapter.

To answer the main question, it is needed to extend the research towards, reliability in case of textile sourcing and environmental and social control (chapter three), to the effect of the certificates on sustainable environmental and social developmental in production countries (chapter four), to the influence of cost and time affecting the decisions of being sustainable (chapter five), and possible risks for both suppliers and fashion brands when a certificate is not reliable or suppliers fail audits (chapter six).
CHAPTER 3
WHAT ARE POSSIBLE METHODS TO PROVIDE MORE RELIABLE TEXTILE SOURCING AND ENVIRONMENTAL AND SOCIAL CONTROL?

As chapter two explained the difficulties of using quality labels in a reliable way, this chapter will define reliability in case of textile sourcing and environmental and social control to be able to find out what requirements should be set to have a reliable sustainable image. To define this, it is necessary to investigate the methods to source textiles and to see what decisions should be taken during this process. The environmental and social control will be outlined in the same way.

3.1 Textile sourcing process

Translating a strategic business plan to sourcing decisions

Figure 4 of fibre2fashion (Role of Sourcing Decisions in an Apparel Firm, 2010) shows the translation of the strategic business plan, which a company probably already have, to a sourcing decisions plan. Therefore, several steps need to be taken in between.

- First, according to the strategic business plan a marketing strategy and sales forecast is made to identify the market.
- Then, a merchandising line planning translates this forecast in number of styles, sizes and colours.
- At last, a production capacity planning translates the merchandise plan into numbers and types of plants, machines and operators that will help to make the right sourcing decisions regarding materials and/or production.

The sourcing manager of a clothing brand has several responsibilities that needs to be taken in consideration during the decision making process. Examples of these responsibilities are:
- Maximize the efficiency by providing an uninterrupted flow of materials and services necessary for manufacturing process.
- Source the materials that are suitable to the purpose at the best possible prices.
- Minimize inventory investment.
- Minimize inventory shrinkage and loses caused by theft, damage and obsolete materials.
- Develop good vendor relationship.
- Develop reliable alternate source of supply

How this shall be done, will be highlighted in the
next part of this chapter. There are limits as budgets, inventory space and contract terms that also should be included into the consideration. (fibre2fashion, Role of Sourcing Decisions in an Apparel Firm, 2010)

The first decision about the sourcing plan is whether to make or buy the fabric. For making own fabric, it is needed to have an own production facility. Buying involves sourcing from vendors (K.P. Kathirvel from fibre2fashion, Role of Sourcing Decisions in an Apparel Firm, 2010). This choice concerns time, budget, inventory availability, capacity, geo-environmental issues and the future position of the company (Mickey North Rizza from AMR Research, Raw Material Sourcing Strategies Are Critical to Revenue and Profit Margins, 2010).

Making or buying the fabric has both advantages and disadvantages, as seen below:

**Making**

Advantages:
- More possibilities regarding design
- Direct control on lead-time, transportation, warehouse costs and quality
- High environmental and social certainty
- Greater insurance of continual supply

Disadvantages:
- Required high investment, which depends on the material, quantity, etc.

**Buying**

Advantages:
- Possibility to have a multiple source policy
- Low investment risks

Disadvantages:
- Limited control
- Limited design choices
- Communication challenges
- High environmental and social uncertainty

(R. Anthony Inman, Reference of Business, Make-or-Buy Decisions, n.d.)

Buying involves other choice decisions. Especially, about whether to source at just one or several suppliers with both again advantages and disadvantages:
- **Single sourcing** means that you have one supplier for all needed materials. A good build relationship and continuous development is easy in this case, but there are risks. It is hard to find another supplier with the same qualities and capacities in a short time when the only supplier a fashion brand has cannot supply a particular needed material due to unexpected circumstances.
- **Multiple sourcing** means that a brand has more than one supplier in order to distribute risks and reduce dependence. Relationship building and development is more challenging with several suppliers.

(Bozarth and Handfield, Sourcing Decisions, 2008)

Making the fabric provides more possibilities in design and the quality control is easier to check. The costs are difficult to compare. Making includes a big investment, but at the end it is possible to make or choose everything the brand wants. The brand should hire or buy a place to produce, invest in machines, employees, raw material, etc. Concerning environmental and social sustainability, it is most reliable to make the fabric because of own control. Often this is not possible because of the high investment. Buying from one supplier makes it easier to check environmental and social aspects, but this gave much more other risks as said earlier.

After, it is needed to decide where to make or buy the textiles:
- **Domestic global sourcing**: QR (Quick Response) or Speed sourcing
  - This will have a short lead-time, but high costs.
- **International sourcing**: developing countries
  - The lead-time will be longer, but the prices lower. The quality can be different per country.

Labour condition consideration in production countries will be discussed in the next chapter.

When the place of sourcing is clear. It is needed to make product decisions based on:
- **Product identifications** (Fabric samples, specifications and certifications)
- **Lead times**
Point of origin: imported (6 – 9 months), domestic (a few days – 3 months)

Shipping methods
- Open-stock or custom designed

Shorter lead-times will have less impact on the environment because there is less CO2 emission. This highly depends on the method of shipment. Delivery by plane will provide a short lead-time, but much higher CO2 emission as a boat or truck. The best way is to source nearby, but this is not always possible due to lack of production possibilities in Europe and the high prices. When choosing to produce in countries outside Europe, it is necessary to make a realistic planning with the supplier and do not change orders last minute. This provides the possibility to ship by sea instead of air.

Order minimums
- Open-stock fabric: smaller minimum (about 500 yards)
- Custom or special order: larger minimum (about 3000 – 6000 yards), exclusivity and higher prices fabrics
- Converts: quicker delivery, smaller minimums than fabric mills

Minimums are also related to availability, order processing, packaging and shipping costs. Higher amounts generally gives the fashion brand a better position with the supplier. This gives the fashion brand the opportunity to ask for sustainable development.

Fabric put-out
- Folder or rolled by the vendor
- Roll length: a full roll (60 – 100 yards), shorts, tailings, (40 yards) and remnants (10 yards or sell by pounds), over-the-counter fabric (less than 30 yards)

The decision how to deliver the textile can influence the space for shipment and inventory. Besides, it is important to order the right amount and do not have leftovers. If there are still leftovers due to changes, this should be used for other purposes or can be donated.

Material testing by apparel manufacturer
Prices and payment terms
Professional credibility of suppliers
- Quality of service
- Timing of delivery

(Sourcing process according to S.H. Shin, Ph. D. from Texas Tech University, Ch 9. Material Sourcing, n.d.)

Issues during sourcing in relation to environmental and social sustainability
During sourcing, there are several difficulties to overcome. This part of chapter three will outline the environmental and social difficulties.

Often only awareness of the first-tier supplier

Figure 5 shows the impact on the environment

Figure 5: Environmental and Social impacts of the textile, clothing and fashion industry (Migual Angel Gardetti and Ana Laura Torres, Greenleaf Publishing, Sustainability in Fashion and Textiles: Values, Design, Production and Consumption, 2013)
during the textile process. Most sourcing managers are only looking at their first-tier supplier, which are direct suppliers. As shown in figure 5, there are other sub-suppliers before this first-tier supplier that have big impact on environmental and social aspects. Often, it is difficult to get information about these suppliers.

Certificates are not transparent
As said in chapter two, the quality labels and certificates suppliers have are not easy to read and often do not cover all aspects. Often, quality labels only present the good news and ignore the aspects that need improvement (Phil Patterson, Managing Director of Colour Connection, Measuring the Environmental Impacts of Textiles, n.d.). So, it is necessary to understand the particular quality label completely to be able to know if this label is relevant for the company and reliable in their control.

Hard to build long lasting relationships
Because the demand of consumers are changing fast, the demand of sourcing manager also changing. This requires often other materials and capacity. All suppliers have different specialities. Therefore, it is necessary to switch from supplier to supplier. This makes it hard to build a long lasting relationship and have continuous improvement.

Due to multiple sourcing, different approach and control is necessary
Because of different demand, different suppliers are necessary. This means more suppliers should be controlled with all different approaches according to the cultural differences.

3.2 Existing methods with a higher reliability and transparency in relation to textile sourcing
Due to these difficulties, there are different methods to make it easier. Still, it is a challenging job. This part will explain how certificates can make the supply chain more transparent.

Only use of first-degree certifications
Certifications can provide legal and brand protection, purchase assurance, and greater credibility to possible claims. According to Textile Exchange (Certification Toolkit, The Essentials, 2012), it will provide environmental and/or social improvement. A third-party certification gives the most insurance because:
- They make independent audits
- They are qualified with a high level of professional experience and expertise
- They have no commercial interest
- They are licensed and reviewed by accreditation bodies

Using the right certifications based on company values
It is needed to know which part of the material/process is tested for a particular certificate. For example for organic materials, it is needed to look at farm level and use farm standards such as USDA NOP or EU 834/2007. Often, brands and suppliers sell both certified and non-certified products. So, it is necessary to look specific to the wanted product. And, normally they are just valid for just one year. So, it is also necessary to look carefully to all documents, which includes documentations of flaws and their location, test reports and date of testing and laboratory details. (Textile Exchange, Certification Toolkit, The Essentials, 2012)

Considerations for fashion brands regarding choosing the right certification
When choosing a certified supplier several aspects need to be taken into account. By considering the sustainability strategy and priorities a clothing brand has and find out which aspects of the supply chain are important for those aspects, it is possible to see which certifier connects with these values. After, it is necessary to read the requirements of this certifier very clearly. And, get in contact with the suppliers the clothing brand already has. Maybe they have these certifications. It is required to check the certification body first and verify their accreditation. When the supplier is not certified yet, it is possible that they are interested in
becoming certified. However, of course this takes some time and cost money for the supplier (certification fees and compliance measure, which will be highlighted further in chapter five). For clothing brands it is very important to support the supplier during this process and assure them new business opportunities. If the supplier is not interested, new suppliers need to be sourced. There are lists of suppliers on standard organizations websites that are certified at that particular organization. For these new suppliers, again it is needed to request all documents such as Scope Certificates (SC) to see if the supplier meets the requirements and Transaction Certificates (TC’s) to see which processes are certified. (Textile Exchange, Certification Toolkit, The Essentials, 2012)

Considerations for the supplier regarding choosing the right certification
The following aspects are important when a supplier wants to obtain a certification. First, the supplier needs to understand the requirements their consumers have regarding materials, inputs and processes and choose the right standards and accredited certification bodies according these requirements. Then, if there are two or more certification bodies that meet those requirements, it is better to choose the one nearest to the production facility to save costs (more about this in chapter five). After finding the right certification body, the supplier should follow their process, requirements, ensure the input of the product is certified appropriately and submit TC’s if requested from the certification body. It is not necessary to request all the TC’s because if the last shipment has a TC it ensures the whole process. The mass balance calculates the flow of inputs and outputs. The certification body fulfil this process during a transaction. (Textile Exchange, Certification Toolkit, The Essentials, 2012)

Using certification based on international standards
ISO/IEC stands for International Organization for Standardization / International Electrotechnical Commission (Social Accountability Accreditation Services, ISO/IEC 17011:2004, 2010). ISO is from the Greek word isos, meaning, "equal". This shows that these requirements are equal in all countries. International technical committees develop these ISO standards. The Draft International Standard (DIS) discuss about a draft agreement. It becomes a Final Committee Draft (FCD) when there are enough votes. After, it becomes an International Standard. (Social Accountability Accreditation Services, ISO/IEC 17011:2004, 2010) ISO is funded by organisations of the particular project, subscriptions from member bodies and sale of standards. (Wikipedia, International Organization for Standardization, n.d.)

Requesting Transaction Certifications
Still, it is not sure if the certificate covers all processes in the supply chain. Therefore, Transaction Certifications (TC’s) are required. This is used when raw materials moves along the supply chain, as figure 6 shows. It ensures that the end product is totally certified. This document should be send to the certification

![Figure 6: Transaction Certifications in the supply chain (Textile Exchange, Certification Toolkit, The Essentials, 2012)](image-url)

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body to request a transaction. The TC’s should be sent to the next part of the supply chain. It is possible that different certification bodies issue the TC’s during the whole supply chain because one product has many different processes that sometimes need different certifications. Also, in this case it is needed to have the TC’s for the specific product the clothing brand wants to buy to ensure the reliability because a supplier can send just a TC of another product. Furthermore, it is always possible to contact the certification body to check the supplier’s validity. (Textile Exchange, Certification Toolkit, The Essentials, 2012)

Cooperation

Besides certifications, cooperation is very important to ensure reliable environmental and social sustainability. Different kinds of cooperation help to provide this:

- Cooperation with business associations for healthy industrial relations systems.
- Cooperation with trade unions to support healthy industrial relations systems.
- Cooperation between factories and companies to create trust and collaboration.
- Cooperation with other multi-stakeholder initiatives for improved implementation on challenging issues.

(Fair Wear Foundation, The Fair Wear Formula, 2010, p. 82 and 83)

3.3 Environmental and social control process

It does not end with just a reliable certificate. It should also be controlled. There is no standard for these audit systems. It is important to understand that auditing can be based on different levels. For example on product, management, site and life cycle. This research will focus on site audits. This means at the factory itself. (SNH, An introduction to environmental auditing, 1996)

General site audit process

Companies often develop their own audit process to meet specific requirements. There are audit firms that have developed general audit forms for a broad market. Most audits are computer based and simple to use according to ‘yes’, ‘no’ and ‘not applicable’ checkboxes. Auditors with a lot of auditing experience, use regulations as a protocol. There is much debate about whether to choose for strict detailed standard form protocols or more flexible control. This is highly depending on the experience of the auditor. (Wikipedia, Environmental audit, 2014)

Third party companies often carry out audits. Often, the brand selects a standard, which they want to be related to. SA8000 is a well-known standard for social compliance. If the brand does not choose a particular standard, the audit is based on a combination of international norms and local regulations. Choosing a specific standard has the advantage to be able to use it as a promotion. (Andrew Reich from Quality Wars, China Social Compliance Audits – The 3 Most Successful Strategies (1 of 3: Audit and CAP), 2013)

Most of the time, the auditors are local staff with a high level of the English language. They are generally trained by third party auditing companies and sometimes even receive a certificate themselves. (Andrew Reich from Quality Wars, China Social Compliance Audits – The 3 Most Successful Strategies (1 of 3: Audit and CAP), 2013)

Audit procedure consist of:
1. Management meeting
2. Documentation review
3. A workers interview to verify verbal responses against what is evident. This should be in a private room or off-site. Depending on the size, 5% of the workers should be interviewed.
4. Factory touring to observe the actual conditions.

(Andrew Reich from Quality Wars, China Social Compliance Audits – The 3 Most Successful Strategies (1 of 3: Audit and CAP), 2013)

These steps are mostly based on social compliance audits, but can also be used for the environmental audit systems. The differences
are the subjects of conversations, documents and assessing aspects during the factory tour.

Environmental audit involves:
- Energy use
- Water use
- Waste
- Emissions
- Pollution
- Biodiversity

As shown in figure 7, fibre production and washing/drying, during the consumer stage, has the most impact on the environment. Therefore, fibre production is an important stage for control as washing and drying (by consumer) is after the buying process. (Gerdien van de Vreede and Maartje Sevenster, Lifecycle environment impact assessment of textiles 2010)

After this audit, the auditor will issue a list of findings that did not meet the standard to the factory. A representative of the factory, which will receive a copy, should sign this. In 3-5 business days, a formal detailed audit report will be issued. This will create a Corrective Action Plan (CAP) that provides suggestions for each finding to ensure the next audit will have a positive result. Both the auditor and the factory signs this CAP and a date will be set for a follow up visit, which is generally in 3 to 6 months after. The follow up audit only measures the issues mentioned in the CAP. A new report will be supplied and signed.

Social compliance involves:
- Health and safety
- Disciplinary practices
- Compensation
- Forced labour
- Child labour laws
- Discriminations

(Andrew Reich from Quality Wars, China Social Compliance Audits – The 3 Most Successful Strategies (1 of 3: Audit and CAP), 2013)

Issues during environmental and social compliance audits

Use of different protocols
Due to a lot of different protocols, it is not possible to re-check by another auditor. (Wikipedia,
Environmental audit, 2014)

Lack of up-dates regarding audit forms
Regulations are changing and therefore forms also need to change in the same speed. (Wikipedia, Environmental audit, 2014)

Use of technology
The past years, a lot of new technology is invented. For example, video audits. In this case, the auditor is not physically present, but uses real-time video to the direct staff of the factory. This makes the auditing much less accurate and reliable than actually be there. (Wikipedia, Environmental audit, 2014)

Corruption
Sometimes suppliers pay more money to the auditor than they get from their ‘official’ employer to just get a pass. (Renaud Anjoran from Quality Inspection, Social compliance audits in factories: perverse effects, 2009)

False documents and not reliable conversations
Factories can show fake documents and can intimidate their workers to lie to auditors. (Renaud Anjoran from Quality Inspection, Social compliance audits in factories: perverse effects, 2009)

Costs above environmental and social improvement
Buyers still keep giving business to the cheapest suppliers. (Renaud Anjoran from Quality Inspection, Social compliance audits in factories: perverse effects, 2009) This will be investigated further in chapter five.

Hendrine Stelwagen from Fair Wear Foundation (own interview, 23 October 2014) argues that the certification system failed and is not trustworthy if we talk about social control. It certifies just moments and after approves a factory. It is not possible to be 100% good as a certificate seem to guarantee. It is better to have a close relationship with the factory and to work step-by-step on the development. Besides, certification is just paperwork. A supplier with enough money could buy this in some cases. (This will be investigated further in chapter four)
For environmental auditing you could say the same.

3.4 Existing methods with a higher reliability and transparency in relation to environmental and social control
As mentioned, there are several issues that make the control less reliable and transparent. Nevertheless, there are options to increase the reliability and transparency, for example: audits should be done by independent accredited bodies, it is necessary to create trust to be able to get the right information, audits should be a collaboration instead of a comply-or-die system and workers should be educated in their rights. These and more methods will be explained.

Independent control
A third party is one of the best ways to make certifications reliable. (Textile Exchange, Certification Toolkit, The Essentials, 2012) Also, according to Hendrine Stelwagen from Fair Wear Foundation (own interview, 2014) it should be independent. Accreditation is a process that presents capability, authority and credibility regarding certifications. They ensure that the certification is acceptable, capable to test and certify by third parties, behave ethical and employ suitable quality assurance (Wikipedia, Accreditation, n.d.). These accreditation norms should be based on international organizations or governments. (Textile Exchange, Certification Toolkit, The Essentials, 2012)

Using standard protocols
This allows an easier review by other auditors (Wikipedia, Environmental audit, 2014). Many different standards make it difficult to test. Recognized standards create a common language for all the stakeholders (Textile Exchange, Certification Toolkit, The Essentials, 2012).
More than just a checklist
As Henrik Lindholm, international verification coordinator of Fair Wear Foundation argues (The Fair Wear Formula, 2010, page 56 and 57):

“Audits are not about long checklists and fixating on minute details. Local specialists are the key. They work to find the underlying problems. To solve these issues, it is needed to create an environment of trust and collaboration”.

Getting the right information - trust
Also, off-site interviews by women with the workers are important. They need to feel free to talk. Mostly these workers are women and have more trust to talk with another women (Hendrine Stelwagen from Fair Wear Foundation, own interview, 23 October 2014). This is mostly related to social control, but also for environmental control you need to create trust.

Collaboration
Audits are done in a randomly chosen time and space. This does not ensure the practices in the time between the visits. There is no system that can ensure this. So, certification is one of the best tools. (Textile Exchange, Certification Toolkit, The Essentials, 2012) Besides, the controls should be announced first to be effective. An unannounced audit does not provide any respect and willing to participate. It is important to collaborate to a better future for both parties. (Hendrine Stelwagen from Fair Wear Foundation, own interview, 23 October 2014)

Education
The workers need to get education about their rights. It is important that this education is in the local language and presented in images as there are a lot of illiterate workers. (Hendrine Stelwagen from Fair Wear Foundation, own interview, 23 October 2014)

3.5 Conclusion
What are possible methods to provide more reliable textile sourcing and environmental and social control? A sourcing plan shows the requirements for suppliers of a particular fashion brand. This also includes certifications. According to this chapter, there are several issues regarding the reliability and transparency of sourcing with only certifications such as, lack of awareness further than the first tier supplier, not transparent certificates, fast changing demand and often use of the multiple sourcing strategy.

There are solutions to make this more transparent and reliable. 100% transparency and reliability is not possible. It is important to use only first-degree certifications based on company values and international standards, to request all documents and to cooperate.

Environmental and social control has a lot of similarities, but in some cases it requires a different approach. It mostly considers the same issue as, use of different protocols, lack of up-dates regarding audit forms, use of technology, corruption, false documents and costs considerations. Also in this case, 100% reliability and transparency is not possible yet. However, there are several methods to improve it, such as; independent control, using standard protocols that are more than just a checklist, creating trust, collaborate and educate.

So, this chapter can conclude that both sustainable sourcing and environmental and social control cannot be 100% reliable and transparent. However, there are useful tools to increase this percentage.

To make this research of a higher value according reliability, it is necessary to investigate the local laws of main risk textile production countries and the influences of international textile certificates to increase their environmental and social development (chapter four).
CHAPTER 4
TO WHAT EXTENT ARE THE LOCAL LAWS BEING APPLIED IN THE RISK PRODUCTION COUNTRIES, CHINA, INDIA, BANGLADESH AND ETHIOPIA SUFFICIENT TO REACH SUSTAINABLE ENVIRONMENTAL AND SOCIAL DEVELOPMENT AND WHAT ARE FOCUS POINTS FOR CERTIFICATES TO INCREASE THIS?

As chapter three explained how reliability could be defined regarding sustainable sourcing and textile certificates, this chapter will investigate environmental and social local laws of four risk textile production countries. The conclusion will focus on the solutions that certificates can have to increase this sustainable development. The research is based on import requirements of Europe because certificates should meet the requirements of the country of sale and for example Bangladesh’s export goes for 58 percent to Europe. (Vice Versa: Een jaar na Rana Plaza, Bangladesh, een jaar na de ramp Nog vele uitdagingen, 2014, p. 25)

The main risk countries at the moment are China, India and Bangladesh regarding textile and apparel production. (Hendrine Stelwagen, Fair Wear Foundation, own interview, 23 October 2014) It could be possible that another source will mention other countries, but this research will use these countries as a lot of European fashion brands that are improving their sustainability are operating in these countries. Besides, it is also important to look at the future. Ethiopia has a high population of 90 million, is the second largest in Sub-Sahara Africa, has a GDP growth of 8,5% a year and has the perfect conditions for cotton growing. Ethiopia aims to export 1 billion worth of garments by 2016. Big companies as H&M, Primark and Tesco are already investing in this country. They are attracted by the low labour costs and tax incentivise. It can become a high-risk land due to the fast growth. (Solidaridad, Textiles from Ethiopia: how to learn from Asia?, 2014)

4.1 European environmental and social requirements
The requirements of a standard go together with the local laws. First, it is needed to check
if these laws are good enough. The points that do not meet the requirements of for example ILO (International Labour Organization) are alert points for that specific place and creative solutions need to be found. (Hendrine Stelwagen from Fair Wear Foundation, own interview, 23 October 2014) It is important that factories shall not be closed when something is not right, but this should be an opportunity for improvement. The workers should not lose their jobs. (Vice Versa: Een jaar na Rana Plaza, Bangladesh, een jaar na de ramp Nog vele uitdagingen, 2014, p. 28).

It is important to understand which standards the local laws need to be related to. Environmental requirements should be at least based on:

- Registration, Evaluation and Authorisation of Chemicals (REACH)

This measures the chemicals in the end product (textile) harmful for humans and the environment.

Social should be based on:

- The International Labour Organisation (ILO)
  - Freely chosen employment
  - No discrimination in employment
  - No child labour
  - Freedom of association and the right to collective bargaining
  - Payment of a living wage
  - Reasonable working hours and no excessive overtime
  - Safe and healthy working conditions
  - Legally binding employment relationship

(SOMO & ICN, Flawed Fabrics: The abuse of girls and women workers in the South Indian textile industry, 2014, p. 67)

These requirements are sometimes very hard to meet if local laws in the country of production are different. The next part of chapter four will discuss each of the four risk countries per environmental of social requirements.

4.2 Limited environmental harmful processes

China

Due to the fast growth of China, waste, pollution and degradation is not yet well managed. The awareness of standards and certifications is growing, but the ones that are already available, are often unknown. They are willing to develop their own standards. (Yvet Breedveld, student Amsterdam Fashion Institute, HvA Kennisbank, Kuyichi in China: How to develop a sustainable supply chain, 2008) This could increase the environmental sustainable development within China, but it will also cause more confusion for sourcing managers, as they have to choose from even more certifications.

India

The regulations of India regarding environmental protection are good, but they are not well imposed according to the Indian Journal of Fibre & Textile Research (Indian textile industry – Environmental issues, 2001). Dyeing is one of the biggest issues in India. Therefore, the government of India prohibit 112 dyes that are harmful and have set up eco standards and logos for eco-friendly textiles. It is noted that India is ahead of other South Asian countries regarding environmental friendly textiles, but they should also implement this in the production of fibres and during spinning, weaving and finishing of textiles. This should be a focus point while sourcing eco-friendly textiles at India. (Indian Journal of Fibre & Textile Research, Indian textile industry – Environmental issues, 2001)

Bangladesh

The New York Times says, that students in Savar (Bangladesh) can see what colours are in fashion by looking at the river, as shown in figure 8. Many rice fields are polluted and fish die. Some factories are working on their water waste, but most do not because of costs. The Bangladesh government has laws to protect the environment, but they are not executed properly. According to the New York Times, the textile factories are the most harmful for the
environment in Bangladesh. A tough-minded official handed out fines against these factories, but owners forced his transfer. (New York Times, Bangladesh Pollution, Told in Colors and Smells, 2013) First-degree controlled certificates for eco-friendly dyeing are very important if Bangladesh would be the choice for textile sourcing.

Ethiopia

The Better Cotton Initiative supports farmers from the beginning to produce cotton in a more sustainable way by using less water, improving the soil and using fewer and less harmful pesticides. (Solidaridad, Africa en Vogue: The opportunities and challenges of textile & apparel sourcing markets in east Africa, 2014) Ethiopia has good access to water from their lakes, rivers and rainy seasons, but they have issues in containing this water. This is a big problem as the production of cotton, that is one of their main products, uses a lot of water. (Made in Ethiopia: Challenges and opportunities in the emerging textile industry in Ethiopia, 2014)

4.3 Freely chosen employment

(ILO conventions 29 and 105, see appendix ‘International Labour Organisation conventions’)

China

The Labour Law and Labour Contract Law of China correspond to the ILO convention 29 and 105. A big problem in China is labour shortage. Therefore, resignation is hard or even impossible. Still, forced labour is not a common practice in China, but there are reports that mention clothing factories in prisons. This is used for subcontracting of other factories. It is hard to control these circumstances at this place, but this could be seen as forced labour, as it is not freely chosen. The local law of China allows this form of labour. (Fair Wear Foundation, China country study, 2013) It is important to control the subcontractors of the supplier in China to ensure freely chosen employment.

India

According to the Ministry of Labour and
Employment, there are still 286,839 identified bonded workers in India, although forced labour is prohibited by the constitution in the Bonded Labour System (abolition) Act in 1979. (Fair Wear Foundation, India country study, 2012) Besides, there is a phenomenon called ‘Sumangali’, which stands for unmarried girls of the age 14 and 15 that are working in the spinning mills of Tamil Nadu in the south of India. The factories promise free food, lodging and small salary for a period of three to five years. And, at the end of the contract a lump sum for their wedding. Often, they sleep in dirty small rooms, undergo excessive work pressure and harassment, see figure 9. Any contact with trade unions is not possible. Still, a lot of desperate families agree with this arrangement. (Fair Wear Foundation, India country study, 2012) Since 2013, India established the law: Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal). However, most factories did not implement this law and most workers do not know that it exist. (Fair Wear Foundation, Country plan India, 2014)

Bangladesh

Forced labour is prohibited according to the constitution of Bangladesh and not seen as a problem in clothing factories. There is a big problem regarding excessive overtime that could be seen as forced labour. (Fair Wear Foundation, Bangladesh country study, 2013)

Ethiopia

According to ILO ratifications for Ethiopia, both convention 29 and 105 are in force. (International Labour Organization, Ratifications for Ethiopia, n.d.) Nevertheless, according to the U.S. Department of State, there is forced labour reported in Ethiopia (2013 Human Rights Reports: Ethiopia, 2014).

Figure 9: “Most mills in Tamil Nadu are like guarded fortresses with high walls and fencing” (SOMO & ICN, Flawed Fabrics: The abuse of girls and women workers in the South Indian textile industry 2014, p. 30)
4.4 No discrimination in employment
(ILO convention 100 and 111, see appendix
‘International Labour Organisation conventions’)

China
The gender-related development rank of China,
according to the Human Development Report
2011, is higher than most Asian countries and
even some European countries. Also, the global
gender gap index and wage equality for similar
work (World Economic Forum, 2011) is higher
than most production countries. (Fair Wear
Foundation, China country study, 2013) China
agrees with the ILO convention 100, but not
with the ILO convention 111. (Wear Foundation,
China country study, 2013) Mostly, men do the
cutting and ironing and women do the sewing
and packaging. The payments are equal as
they are paid by piece. However, pregnant
women are not allowed to work overtime hours.
Therefore, they only earn a minimum wage. (Fair
Wear Foundation, China country study, 2013)

India
The local laws of India correspond to these
ILO conventions according to the Equal
Remuneration Act of India since 1976. Still,
women supervisors are uncommon in India,
women cannot work during pregnancy and they
experience sexual harassment. Participating in
trade unions will be punished and discouraged.
(Fair Wear Foundation, India country study,
2012) Raising awareness of trade unions would
be a focus point.

Bangladesh
The law of Bangladesh prohibits discrimination,
but it is reported that it is still seen a lot in textile
production factories. (Fair Wear Foundation,
Bangladesh country study, 2013)

Ethiopia
According to ILO ratifications for Ethiopia,
both convention 100 and 111 are in force.
(International Labour Organization, Ratifications
for Ethiopia, n.d.) The U.S. Department of State,
reported violence and societal discrimination
against women, persons with disabilities, based
on sexual orientation and against persons with
HIV/AIDS. Besides, there are clashes between
ethnic minorities. (U.S. Department of State,

4.5 No child labour (ILO convention 138
and 182: see appendix ‘International Labour
Organisation conventions’)

China
The Chinese local laws are even stricter than
the ILO convention 138 and 182 according
to the China country study 2013 of Fair Wear
Foundation. In 1998, China’s law state that the
minimum working age is 16. Workers aged
16 to 18 are only allowed to work with special
protection and are not allowed to work on
harmful or dangerous operations. In Jingsu and
Liaoning Provinces, it is even prohibited for them
to work overtime hours. Nevertheless, due to
the labour shortage problem since 2008, some
child labour is reported. This is often seen in
small sized factories. The protection mentioned
earlier, is often ignored at these factories. (Fair
Wear Foundation, China country study, 2013)
So, sourcing at small factories in China is a risk.

India
India has a slavery law, but this is easy to
circumvent. Also, the child labour laws are
not sufficient according to the international
agreements. In India it is allowed for children
to work, although it is required to go to school
since 2009 and it is illegal to do psychically
demanding work below 14 years old. (Lindhout,
De Volkskrant, Sociale wetten zijn in India vooral
sta-in-de-weg, 2014) According to 61st Round
Survey of NSSO, 5.8 million children of age 5 to
14 were working in India in 2004 (new statistics
are not yet finalized). (Fair Wear Foundation,
India country study, 2012)

Bangladesh
The local laws of Bangladesh correspond to
the ILO convention 182, but are not sufficient
according to the ILO convention 138. Bangladesh
has a minimum age of 14 and ‘light’ work is even
allowed for 12 and 13 years old children. There are different opinions about what ‘light’ work means. In 1990 they reduce this child labour, but at this moment it still exist. Some workers have no birth certificates or they are false. This makes reducing child labour in Bangladesh hard. (Fair Wear Foundation, Bangladesh country study, 2013)

Ethiopia

According to ILO ratifications for Ethiopia, both convention 138 and 182 are in force. (International Labour Organization, Ratifications for Ethiopia, n.d.) The minimum age is 14 year according to the local law. Children between age 14 and 18 are not allowed to do hazardous or night work. Nevertheless, it is reported that child labour consists in Ethiopia. (U.S. Department of State, 2013 Human Rights Report: Ethiopia, 2014)

4.6 Freedom of association and the right to collective bargaining (ILO convention 87, 98, 135 and 143: see appendix ‘International Labour Organisation conventions’)

China

The legislation for labour rights protection is getting better, but this is not well implemented at the factories. Freedom of association is a big issue in China. The only association in China, All China Federation of Trade Unions (ACFTU), is from the state itself and therefore not independent. (Fair Wear Foundation, Country plan China, 2014) Besides, only a few workers know their rights regarding trade unions. Often, they do not sign contracts or a collective bargaining agreement (CBA) is not included. If a contract has a CBA, mostly only the minimum rights are mentioned. (Fair Wear Foundation, China country study, 2013)

India

India local laws do not correspond to both ILO convention 87 and 98. (Fair Wear Foundation, Country study, 2012) Workers in India are mostly afraid of their supervisor. “They are always unkind; they do not treat us like humans” said a worker.

And, there is no freedom of association. A worker said:

“We have no outside contacts, so how could we ever join a trade union?”. They think that women are not allowed to join a union. (SOMO & ICN, Flawed Fabrics: The abuse of girls and women workers in the South Indian textile industry 2014, p. 52-54) The trade unions regarding textiles and garments are not very strong in India. They have little or no access to the workers. (SOMO & ICN, Flawed Fabrics: The abuse of girls and women workers in the South Indian textile industry, 2014, p. 60)

Bangladesh

Bangladesh agrees with the ILO conventions regarding freedom of association and the right to collective bargaining. Nevertheless, a factory recognizes only one union when 30% of the workers join this union and a lot of factories do not support to join. (Fair Wear Foundation, India country study, 2012)

Ethiopia

According to ILO ratifications for Ethiopia, both convention 87 and 98 are in force. ILO convention 135 and 143 are not mentioned. (International Labour Organization, Ratifications for Ethiopia, n.d.) Still, there are problems regarding freedom of association in Ethiopia. For example, the local law prohibits anonymous donations to NGO’s and there should be a minimum of 10 workers to form a union. Joining a union can be punished with arrests or harassment. (U.S. Department of State, 2013 Human Rights Report: Ethiopia, 2014)

4.7 Payment of a living wage (ILO convention 26 and 131: see appendix ‘International Labour Organisation conventions’)
China ratified the ILO convention 26, but not the ILO convention 131. About 13% in China lives below the national poverty line (2011). They do not provide a living wage, but a minimum wage that varies per area. It does not include overtime wages. The workers are often paid per piece and earn a living wage by working excessive overtime. This overtime wage is not always paid well. It is required by the local law to pay the workers during factory closures, but often this is not the case. (Fair Wear Foundation, China country study, 2013)

India
The new Hindu nationalist prime minister, Narendra Modi, invests in a modern Indian economy. Social laws only blocks this process for him. In the five months that Modi is in power, he eased the Factory Act. This results in that the smaller factories are free from any inspections and makes it easier to hire people as “apprentice” that allows companies to still bypass already low minimum wage. The Indian government also noticed that European and American companies are forced working to more ‘fair’ produced clothing. Therefore, the Apparel Export Promotion Council (AEPC) developed a certificate, Disha named, for social and environmental produced clothing and textile. According to Coen Kompier from International Labour Organization (ILO), this is only seen as an improvement of the competiveness of India. (Lindhout, De Volkskrant, Sociale wetten zijn in India vooral sta-in-de-weg, 2014) Commonly, the Indian minimum wage uses conservative figures and is often based on skills. Most workers remain in the category ‘un-skilled’, which is the lowest. (Fair Wear Foundation, Country plan India, 2014)

Most of the time the workers get paid cash. They do not receive contracts or payslips. The Indian labour law says that overtime hours should be paid double. Often, the workers give their salary to their parents, see figure 10. (SOMO & ICN, Flawed Fabrics: The abuse of girls and women workers in the South Indian textile industry, 2014, p. 47) Legal minimum wages of Bangladesh are far below living wages. (Fair Wear Foundation, Country plan Bangladesh, 2013) This should be three to four times higher according various stakeholders of Fair Wear Foundation. They tried to increase this, but often only with a bonus payment system, which is not enough. (Fair Wear Foundation, Country study Bangladesh, 2013)

Ethiopia
Botch ILO convention 26 and 131 are not mentioned by ILO ratifications for Ethiopia. (International Labour Organization, Ratifications for Ethiopia, n.d.) The director of Textile Institute in Ethiopia, S. Lemma, told in the documentary ‘De wereld volgens H&M’ that minimum wages do not exist in the local law for the private sector. (Zembla, De wereld volgens H&M, 2014) According to RTL nieuws, workers in the textile industry earn € 36 a month (RTL Nieuws, Jouw
trui of T-shirt: Made in Ethiopië, 2014). According to the documentary on Zembla they earn between € 36 and € 50, less than Bangladesh, which makes Ethiopia an interesting country for fashion brands. This is not enough for a living wage, so a high focus point. (Made in Ethiopia: Challenges and opportunities in the emerging textile industry in Ethiopia, 2014)

4.8 Reasonable working hours and no excessive overtime (ILO convention 1: see appendix ‘International Labour Organisation conventions’)

China
China does not meet the requirements of ILO convention 1. An average workday consists 10 to 12 hours and sometimes even 15 to 17 hours a day. Usually they only have one to four rest days per month due to labour shortage. Overtime is used to earn a living wage to support their families’ needs. (Fair Wear Foundation, China country study, 2013)

India
These ILO laws are often accepted in most industries, but are not well implemented in the textile industry as shown in figure 11. They often work from 7pm until 10pm. (Fair Wear Foundation, India country study, 2012) Most workers are not aware of their rights. Besides, often they work far away from their homes. Sometimes in places were other languages are used. They are not allowed to go home or to have visitors. (Fair Wear Foundation, Country plan India, 2014)

Bangladesh
An FWF/AMFR study in 2012 shows that some interviewees work 180 hours per week. 44% did not know how this overtime was calculated or did calculate (23%) and reported a difference with the employers’ calculation. (Fair Wear Foundation, Bangladesh country study, 2013)

Ethiopia
ILO convention 1 is not mentioned as ratifications for Ethiopia. (International Labour Organization, Ratifications for Ethiopia, n.d.) Information about how this requirement is implemented within the textile industry is not there yet.

4.9 Safe and healthy working conditions (ILO convention 155: see appendix ‘International Labour Organisation conventions’)

China
The local laws of China regarding health and safety are not enough. A lot of small accidents are reported due to long working hours. Cotton dust and noise is also a problem at the textile factories. Besides, they use stain remover a lot. This is a harmful chemical. (Fair Wear Foundation, China country study, 2013) The number of brands, in 2013, that source at small factories has increased due to the rising labour shortage in China. Health and safety are a higher risk at these factories. (Fair Wear Foundation, Country plan China, 2014)

India
There are big issues regarding health and safety in India. Often, the mills are hot and with
a high level of humidity. Most of the time, the workers wear protective gear. However, only 17 of the 151 interviewees have had training about health and safety. There is a nurse available and when a worker has serious sickness, the worker may be taken to the hospital, but only when the management gives approval. (SOMO & ICN, Flawed Fabrics: The abuse of girls and women workers in the South Indian textile industry, 2014, p. 50-52)

Bangladesh
The Rana Plaza collapse in 2013 is a good example of the unsafe building constructions in Bangladesh. After, The Accord on Fire and Building Safety is signed by around 80 clothing brands. (Fair Wear Foundation, Bangladesh country study, 2013) Bangladesh has one of the largest textile factories (both physically and in number of employees) compared to other textile production countries, which makes evacuation challenging. Besides, these buildings are often built fast as demand is growing fast. This led to unsafe structures. Many factories have bad systems for electric and often fire drills are not conducted and there is not enough training. And, often workers do not wear protective gear and work in high temperatures. (Fair Wear Foundation, Bangladesh country study, 2013) There is no exact data, but according to the American Solidarity Centre, there is fire in factories every week. Circa 1800 people since 2005 died because of these fires. (Vice Versa: Een jaar na Rana Plaza, Bangladesh, een jaar na de ramp Nog vele uitdagingen, 2014, p. 26)

Ethiopia
According to ILO ratifications for Ethiopia, convention 155 is in force. (International Labour Organization, Ratifications for Ethiopia, n.d.) Information about how this is actually implemented within the textile industry is not there yet. Building construction is a focus point because Ethiopia could grow too fast, which will lead to the same unsafe building constructions as in Bangladesh.

4.10 Legally binding employment relationship (see appendix ‘International Labour Organisation conventions’)

China
According to the Chinese law, a written contract between worker and employee should be concluded within one month after the first working day. Both should receive a copy. This contract should also include: working hours, rest days, leave rights, labour compensation, social insurance, labour protection and working condition information. It is reported by Fair Wear Foundation that not all workers signed a contract or did not receive a copy. If signed, a detailed job description, legal rights and occupational hazards are often not included. To protect the working hours written in the contract, employees write fewer hours in the book than workers actually work. Generally, factories have workers that are provided by staffing agencies to avoid legal responsibilities. These workers are technically in contract with the agency and not with the factory itself. The Chinese government is discussing about a law change considering the rights of the workers. (Fair Wear Foundation, China country study, 2013)

India

![Image: Figure 12: Did you sign a contract? (SOMO & ICN, Flawed Fabrics: The abuse of girls and women workers in the South Indian textile industry, 2014, p. 40)](image-url)
Contracts are often avoided (as figure 12 shows) because this makes it easier for workers to claim their rights. (Fair Wear Foundation, India country study, 2012) Most of the time, they do not have enough time to read the contract or do not understand it. Besides, they do not receive a copy. A worker said:

“They only showed me a place where I had to sign; they did not show me the rest of the papers”. (SOMO & ICN, Flawed Fabrics: The abuse of girls and women workers in the South Indian textile industry, 2014, p. 37-39)

The mills make false promises about well-payment, comfortable accommodation, three nutritious meals a day and opportunities for training and schooling. However, a worker said:

“I do not like working in the spinning mill. I wanted to continue my education, but because of the poor economic condition of my family I am working here. My parents sent me here. During the recruitment process they asked the agent if the mill could support my education. This was accepted by the agent, but until now the factory has done nothing to help me continue my studies”. (SOMO & ICN, Flawed Fabrics: The abuse of girls and women workers in the South Indian textile industry, 2014, p. 37-39)

Insurance, a provident fund, a gratuity and bonus are required by law, but a pension is not included according to Fair Wear Foundation. (India country study, 2012)

Bangladesh

It is noted that most factories do not provide any contract to their workers. Often, the workers are not aware of their rights. Even though, there are examples of factories that do right. (Fair Wear Foundation, Bangladesh country study, 2013)

Ethiopia

Information about legally a binding employment relationship within the textile industry in Ethiopia is not there yet.

4.11 Conclusion

To what extent are the local laws being applied in the risk textile production countries, China, India, Bangladesh and Ethiopia sufficient to reach sustainable environmental and social development and what are focus points for certificates to increase this? Due to corruption and lack of money, a lot of factories do not meet the local law requirements. Besides, a lot of factory owners have political connections or functions. This makes it even harder to improve environmental and social development. According to the director of the Bangal employee organisation BGMEA and Lejo Sibbel, advisor of the International Labour Organisation, it is difficult to implement European standards in the factories because the manufacturers do not get the right information and just panic about all that is happening that they do not know about. (Vice Versa: Een jaar na Rana Plaza, Bangladesh, een jaar na de ramp Nog vele uitdagingen, 2014, p. 26 and 27) Besides, these developments should also respect the local values and standards of these countries.

China, India and Bangladesh have issues regarding freedom of association. For Ethiopia this information is not available yet. Commonly, workers do not know that they can join a trade union. Besides, contracts are not completed or even do not exist. This increases the ignorance of the rights of the workers. Also, in all risk countries the workers work excessive overtime to earn a living wage. This also could be seen as forced labour. The labour shortage in China provides child labour and result in a lot of small accidents. In India children work for their marriage expenses and in Bangladesh birth certificates are often false, which also is translated in child labour. Bangladesh has another two issues. Due to the fast growing demand, constructions of the fast built buildings are very bad and not safe. And, a lot of pollution is reported by the dyeing industry of Bangladesh. A lot of information for Ethiopia is still missing. This should be investigated further.

As explained, a lot of issues are still there. Often,
there are local laws that meet the requirements of the international textile certificates, but they are commonly not well implemented. Certification could help improve this as the standards are higher than the minimum requirements, but still auditing and collaboration is really important.

To improve the environmental and social development, brands and certificate organisations should cooperate with their stakeholders. For example, it is possible to have a small association for a particular factory. (Hendrine Stelwagen from Fair Wear Foundation, own interview, 23 October 2014)

And, education is the key to development. Fair Wear Foundation is working on implementing a Workplace Education Programme (WEP) to raise more awareness about this topic for both the management and the workers. (Fair Wear Foundation, Country plan China, 2014)
CHAPTER 5
TO WHAT EXTENT DOES THE COSTS AND TIME TO OBTAIN CERTIFICATIONS, AFFECT THE DECISION OF BEING ENVIRONMENTAL AND SOCIAL SUSTAINABLE FOR BOTH SUPPLIERS AND FASHION BRANDS?

As the earlier chapters explained how certificates could support environmental and social sustainability, this chapter will focus on the costs and time to obtain this. Gaining to have the whole supply chain certified requires a lot of time and money according to Textile Exchange (Certification Toolkit, The Essentials, 2012). This can affect the decision of being certified for a supplier. Also, for fashion brands this could be a serious consideration to buy environmental and social sustainable textiles for their collection.

Costs and time estimations for both suppliers and fashion brands will be investigated. Also, savings will be included to help suppliers and fashion brands to be more efficient.

5.1 Costs of obtaining a certificate

Supplier

First, it is important to understand on what aspects the costs are based and how they could be different per certification body:

- **Chosen standard**: complexity can affect the days to complete an audit.
- **Location**: audits that the site pays are more expensive when the auditor needs to travel a lot.
- **Complexity of site operations**: size and number of processes at the site affects the number of days to audit.
- **Initial compliance**: sometimes sites need a follow-up inspection when not all the steps are followed up directly after the first inspection.
- **Number of transaction certificates**: more shipments mean more TC’s.
- **Chosen certification body**: fees are different per body and some do not charge TC’s.
- **Number of standards**: when a company has many different standards for each of their products, it becomes more difficult to do audits because each standard needs another audit process.

(Textile Exchange, Certification Toolkit, The Essentials, 2012)
Besides, there are direct and indirect costs to take in consideration:

- **Direct costs**: certification process fees and annual audit fees.
- **Indirect costs**: costs to improve their process to be able to meet the requirements of the standard.

(Textile Exchange, Certification Toolkit, The Essentials, 2012)

Next to just certifications, small companies often do not have an accreditation because of the high purchase fee. (Wikipedia, Accreditation, n.d.)

The Textile Exchange has made an estimation of those costs to compare many different certifiers. This is based on third-party certifiers and mainly on OE-standards and GOTS. **Most common fees**:

- **Daily fee for inspector**: $ 500 (€ 407) - $ 1.000 (€ 815) per day
- **Travel costs**: actual costs of travel
- **Standard fees (license and/or use of logo)**: Textile Exchange $ 100 (€ 82), GOTS $ 150 (€ 122)
- **Transaction Certificates**: $ 10 (€ 8) - $ 40 (€ 33) per certificate

(Textile Exchange, Certification Toolkit, The Essentials, 2012)

**Other possible fees**:

- Administration
- Application fee
- Certificate
- Testing
- VAT tax
- Postage

**Total**: $ 1.500 (€ 1.222) - $ 3.000 (€ 2.445) for a simple site

(Textile Exchange, Certification Toolkit, The Essentials, 2012)

**Study case estimation**
Supplier Boweevil told that their certification costs are € 3.800 a year. (Iris Komen from Bo Weevil, own interview by e-mail, 20 November 2014)

**Earnings for auditors**
A certified full-time auditor can earn between 12.000 USD (€ 9.602) to 28.000 USD (€ 22.404) per year salary. Or 100 USD (€ 80) to 200 USD (€ 160) per audit. Therefore, there are auditors who get paid from the suppliers in order to receive a pass, which is fraud. (Andrew Reich from Quality Wars, China Social Compliance Audits – The 3 Most Successful Strategies (1 of 3: Audit and CAP), 2013)

**Advantage**
Urvi Alwin Samual, head of Knits Fusion Clothing Company from India says, they choose to have certifications because of customers demand. It gives them a better position within the market. (Urvi Alwin Samual from Knits Fusion Clothing Company, own interview by e-mail, 24 November 2014) Iris Komen, owner of Boweevil from the Netherlands, started with biological cotton 25 years ago. At the moment this was a niche. A certification gives them the opportunity to prove the reliability of sustainable production. (Iris Komen from Bo Weevil, own interview by e-mail, 20 November 2014)

**Fashion brand**
Control Union has made an estimation of the certification costs for organic cotton at each production stage based in India, shown in table 1. A rate of 1.3 calculates the costs in euro. (Textile Exchange, Certification Toolkit, The Essentials, 2012)

Table 2 shows these costs translated into the actual certification costs of garments. This is based on 200.000 garment units.

The total Scope Certification (SC) cost of one garment (based on 200.000 garment units) is € 0,03 as shown below according to Textile Exchange:

**Total certification cost**:

- Scope Certification (SC) costs per garment unit (from field to end garment): € 0.03
<table>
<thead>
<tr>
<th>Certification</th>
<th>Description</th>
<th>INR</th>
<th>Euro</th>
<th>USD</th>
<th>Calculation Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Field</td>
<td>The Organic (EU, USDA, NPOP) field certification costs per 1000 farmers</td>
<td>100,000</td>
<td>1,485</td>
<td>1,930</td>
<td>The 1,000 farmers each will cover an average area of 3 ha of land (7.5 acres). 1 acre can produce 500-600 kg of organic raw cotton, which equals 37,50,000 kg of raw cotton.</td>
</tr>
<tr>
<td>Ginning</td>
<td>Organic Lint Cotton Certification</td>
<td>60,000</td>
<td>890</td>
<td>1,157</td>
<td>The volume of 1,000 farmers combined will generate at a ginning factory 7,500 cotton bales (1 bale is 165 kg of lint cotton - based on 33-35% recovery). In totality producing 12,37,500 kg of lint cotton.</td>
</tr>
<tr>
<td>Spinning</td>
<td>Organic Yarn Certification</td>
<td>60,000</td>
<td>890</td>
<td>1,157</td>
<td>The 7,500 bales of lint cotton will produce around 92,000 kg of yarn taking into account there is a recovery of 85% for carded cotton. The yarn certification at a mid-size spinning mill of 92,000 kg of yarn is 890 euro.</td>
</tr>
<tr>
<td>Dyeing &amp; Weaving/ Knitting</td>
<td>Organic Fabric Certification</td>
<td>120,000</td>
<td>1,780</td>
<td>2,314</td>
<td>Dyeing and Weaving if in separate units the charges will be 890 euro each. This calculation has been based on a single unit - not taken into account a composite unit (multiple units in 1 factory - vertical integrated chain) which could bring the certification costs down even further. When you go for knitted or woven grey fabric the loss is 5% at maximum, however dyeing loss comes to 10-15% which will be compensated with addition of accessories.</td>
</tr>
<tr>
<td>Finishing/End- Garment</td>
<td>Organic End-Garment Certification</td>
<td>100,000</td>
<td>1,485</td>
<td>1,930</td>
<td>Estimating that 92,000 kg of yarn after dyeing and weaving process will have 85,000 kg remaining. We have based our end-calculation on a garment with average weight around 250 grams and estimated around 200,000 (to be exact 212,250) garment units to be produced out of it. This number may be increased based on the different styles. A garment unit is the unit where final fabric is converted to final product.</td>
</tr>
</tbody>
</table>

Table 1: Estimated certification costs according to Control Union for organic cotton at each stage based in India. (Textile Exchange, Certification Toolkit, The Essentials, 2012)

<table>
<thead>
<tr>
<th>Level</th>
<th>Farm</th>
<th>Ginning</th>
<th>Spinning</th>
<th>Weaving</th>
<th>Dyeing</th>
<th>Garment Manufacturer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product</td>
<td>Raw cotton</td>
<td>Lint Cotton</td>
<td>Yarn</td>
<td>Fabric</td>
<td>Fabric</td>
<td>End-Garment</td>
</tr>
<tr>
<td>Costs in Euro</td>
<td>0.007</td>
<td>0.004</td>
<td>0.004</td>
<td>0.004</td>
<td>0.004</td>
<td>0.007</td>
</tr>
</tbody>
</table>

Table 2: Estimated certification costs per stage, according to Control Union, in garments based on 200.000 garment units. (Textile Exchange, Certification Toolkit, The Essentials, 2012)
Transaction Certificate (TC) costs of which the first 10 sets are free: € 7.50 per TC (domestic sales)

A transaction certificate is required per shipment (a shipment can combine various styles): € 15 per TC (international sales)

Please note, that this research is based on 1000 farmers and 200,000 garment units in one order. This may vary per company. Besides, not all stages are included, such as embroidery, printing and washing. Overall, the impact of the costs on the actual fabric and end-garment is not much. So, this should not be the reason to not buy certified fabrics.

**Advantage**

According to Monique Voorneman, head of communications of Kuyichi, certified fabrics are a bit more expensive, but this does not influence the decisions of being sustainable. The fact that the Dutch organisation Made-By verifies and publish their data play a role, but most important is to stay true to their vision and values. (Monique Voorneman from Kuyichi, own interview by e-mail, 25 November 2014)

5.2 Time to obtain a certificate

Besides the money it costs to obtain certification, it also requires a lot of time and time is money.

**Accredited certification process**

1. Contact the certification body to request their service
2. Apply using an application form and paying application fee as mentioned earlier
3. Resources and subcontracting
   - Data collection
4. Audit
   - Give improvement points to technical staff
5. Internal Peer Report
   - Another auditor checks and correct the report
6. Corrective action
   - Company who want this certification needs to make an action plan
7. Decisions making
8. Final technical review
9. Receive certificate
   - Often this is valid for one year, after it has to be renewed
10. Certification support
    - On-going program support, on-going support, marketing, promotional support, information about new or revised requirements, information about logo approval system and use of trademarks for on-product and off-product promotion.
11. Certification Maintenance and Renewal
    - Annual surveillance audits to maintain the certification.
12. The costs of those audits are for the certification body.


According to OEKO-Tex, it will take three months from application until the audit and issuing of the certificate. It highly depends on the complexity of the certification, the site and the processes. (OEKO-Tex, Sustainable Textile Production (STeP), n.d.)

Jay S. Golden says it will take between three to six months. This applies to 37% of the total eco labels, shown in figure 13. This is measured on single standard certifications, not only for the textile industry. (Corporate Sustainability Initiative, An Overview of Ecolabels and Sustainability Certifications in the Global Marketplace, 2010)

Figure 14 shows the time to obtain certifications using more standards. 31% will take two weeks until two months. (Corporate Sustainability Initiative, An Overview of Ecolabels and Sustainability Certifications in the Global Marketplace, 2010)

5.3 Costs and time savings

Certificates include a lot of costs and time that
are not necessary. It is possible to save money and time by:

**Preparing the processes and documents before the audit**

It is possible to save follow-up audits by preparing everything in detail before the audit. (Textile Exchange, Certification Toolkit, The Essentials, 2012) Besides, providing as complete information as possible for application will also save money and time. (OEKO-TEX, Questions and answers about certifications according to OEKO-TEX Standard 100, 2013) € This can save € 407 - € 815 a day for the daily fee for inspectors (see 5.1 Most common fees) that need to do follow-up audits. Besides, there will be less travel costs. How much this costs are depends on the distance from

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**Figure 13: Time to obtain single standard certifications** (Corporate Sustainability Initiative, An Overview of Ecolabels and Sustainability Certifications in the Global Marketplace, 2010)

**Figure 14: Time to obtain multiple standard certifications** (Corporate Sustainability Initiative, An Overview of Ecolabels and Sustainability Certifications in the Global Marketplace, 2010)
certification body to the site.

**Increase the merge of certified products**

Having less different certifications and standards means fewer audits that would save costs and time. (Textile Exchange, Certification Toolkit, The Essentials, 2012)

€ A simple site certification will cost between € 1.222 and € 2.445 a year (see 5.1 Most common fees). When using more standards and certifications this will be double or even more. Also, the audits and travel costs will be double.

**Compare prices of multiple certification bodies**

As mentioned earlier, not all fees are the same for each certification body. Some include TC’s and others not. Therefore, it is important to compare different certification bodies. (Textile Exchange, Certification Toolkit, The Essentials, 2012)

€ As shown above, a certification can cost between € 1.222 and € 2.445 a year (see 5.1 Most common fees). So, it is useful to compare certification bodies. Besides, some do not charge TC’s. This will save € 8 until € 33 per TC (see 5.1 Most common fees).

**Consolidation of suppliers**

Larger orders for just a few suppliers instead of small orders at more suppliers will probably provide discount and lower overall costs of certification per item. (Textile Exchange, Certification Toolkit, The Essentials, 2012)

€ Having more suppliers goes along with more certification fees and audits. So, one supplier less will save between € 1.222 and € 2.445 a year for the certification fees (see 5.1 Most common fees). And, € 407 - € 815 a day for audit inspectors (see 5.1 Most common fees). Besides, travel costs will be saved when having less audits.

**Request suppliers**

It is important to ask the supplier to be certified according to a standard. Certification Bodies could have different unnecessary audits, which will lead to more costs. (Textile Exchange, Certification Toolkit, The Essentials, 2012)

€ Unnecessary audits will cost € 407 - € 815 a day (see 5.1 Most common fees) combined with travel costs. This can be saved.

**5.4 Conclusion**

*To what extent does costs and time to obtain certifications, affect the decision of being environmental and social sustainable for both suppliers and fashion brands?* Obtaining certifications requires a lot of costs and time. This time can be translated in money. The amount of these costs and time depends on the standard, location, complexity, initial compliance and number of transaction certificates. Suppliers choose to have certification because of their customers’ demand and market position. The actual costs that are translated in the textile are low and are not a common reason to not buy certified fabrics. Controls, publications and values of a fashion brand are decisive to choose for certified fabrics, even if the prices were higher. The costs and time can be saved by preparing processes and documents before the audit, increase the merge of certified products, compare prices of multiple certification bodies, consolidate suppliers and to request suppliers.
CHAPTER 6
As chapter one until five shows a lot of difficulties in sustainable sourcing, this chapter will investigate the risks for both suppliers and fashion brands when they work with unreliable certificates or when a supplier fails an audit.

6.1 Risk management to suppliers regarding failed audits

As earlier said, certificates give suppliers a good position within the market. However, it could also have a negative impact when it turns out the particular certificate is not controlled in the correct way or when they fail an audit. It gives the supplier a bad image when it turned out the certificate they provide is not controlled in the proper way. Fashion brands lose faith and will not do business with this supplier again because they do not want to lose their good reputation. Some high risks even lead to a forced closure of the factory.

The following process shows the levels of risks according to an audit process. This is based on Wal-Mart, so it could be different per company, but this is good reference. See figure 13 (next page) for a more schematic overview.

- **Green** means that there are none or few low risks issues reported. The factory will be audited again in about two years. Customers will just continue with their orders and faith in this supplier.
- **Yellow** means that there are medium risks reported. The factory will be audited again within one year.
- **Orange** means that there are higher risks reported. The factory will be audited again within six months. When the factory receives three times an orange rating within two years, they may lose business with their customers. The factory receives improvement points and will be audited again within one year to ensure business.
- **Red** means that serious risks are reported. In this case, they lose customers immediately. When access is denied for auditors, the factory receives a red rating.


This fails could have consequences to:
- Public
- Environment
- Employee safety
- Production loss
- Capital loss
- Reputation of company / market share

The levels of consequences are based on both the frequency of failed assessment and level of consequence. (The Graduate School of Natural and Applied Sciences of Middle East Technical University, Risk assessment for a denim manufacturer plant in Turkey, 2008) This is mentioned below in table 3 and 4 (next page).
Figure 15: Process flow for color-coded assessment. (Wal-Mart Stores, Standards for Suppliers Manual, 2012)

Table 3: Frequency of failed assessments (The Graduate School of Natural and Applied Sciences of Middle East Technical University, Risk assessment for a denim manufacturer plant in Turkey, 2008)

<table>
<thead>
<tr>
<th>Category number</th>
<th>Consequence description</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Not likely to occur during the facility lifetime (&lt;0.02/year)</td>
</tr>
<tr>
<td>2</td>
<td>Once during the facility lifetime (0.02 to 0.05/year)</td>
</tr>
<tr>
<td>3</td>
<td>Several times during the facility lifetime (0.05 to 1/year)</td>
</tr>
<tr>
<td>4</td>
<td>More than once in a year (&gt;1/year)</td>
</tr>
</tbody>
</table>

Table 4: Level of consequences (The Graduate School of Natural and Applied Sciences of Middle East Technical University, Risk assessment for a denim manufacturer plant in Turkey, 2008)

<table>
<thead>
<tr>
<th>Category number</th>
<th>Consequence on public - Category description</th>
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<tbody>
<tr>
<td>1</td>
<td>No injury of health effects</td>
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<td>2</td>
<td>Minor injury of health effects</td>
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<tr>
<td>3</td>
<td>Injure or moderate health effects</td>
</tr>
<tr>
<td>4</td>
<td>Death or severe health effects</td>
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</table>

<table>
<thead>
<tr>
<th>Category number</th>
<th>Consequence on environment - Category description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Less than € 800</td>
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<td>2</td>
<td>Between € 800 and € 8000</td>
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<td>3</td>
<td>Between € 8000 and € 80,000</td>
</tr>
<tr>
<td>4</td>
<td>Above € 80,000</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Category number</th>
<th>Consequence on employee safety - Category description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No injury of occupational safety impact</td>
</tr>
</tbody>
</table>
Fashion brands need to stimulate continuous improvement with the supplier. So, if the supplier failed an audit or it is not controlled in the right way, the fashion brand should step up and start cooperating with the supplier to improve this instead of ending the contract directly. This does not help the development of an environmental and social sustainable fashion industry.

6.2 Risk management to fashion brands regarding unreliable certificates

Risks for fashion brands regarding unreliable certificates and failed supplier audits can be based on reputation, compliance or supply chain risks.

It is easy to just trust on third party certifications, but also in this case 100% reliability does not exist as mentioned in chapter three. Often the brands are the ones who are damaged when fraud at suppliers level is revealed. According to Tristan Martin from [TC]² (Third Party Textile Certifications for Safer, More Sustainable Apparel and Textiles, 2014), it could damage the brands’ equity, sales, public image and consumer loyalty. Third party certifications only minimize this risk.

According to the Mash Risk Management Research about supply chain and reputational risk, it is necessary to consider several questions first before doing business with a new supplier. Especially when the brand considers high-risk countries as mentioned in chapter four. The questions are about reputational risk and crisis management, such as (Mash Management Research, Bangladesh factory collapse: lessons in risk for the retail industry, 2013):

- Is the fashion brand prepared to respond to an event like the collapse of Rana Plaza if it happened at one of their suppliers’ factories?
- Will the fashion brand get prompt and accurate information?
- Does the fashion brand have the capability to manage response at the local level?
- How is the broader impact going to be measured and anticipated, and the overall impact reduced?
- How is the fashion brand going to retain credibility in the marketplace and the trust of consumers?

If the brand only considers these questions after an occurrence, the damage will be even higher because they cannot respond quickly.
such an event can disrupt the supply chain of the fashion brand. This will be a huge problem as continuously production and delivery is important to be profitable. Generally, it takes one full season to build trust and a good infrastructure with a new supplier. Besides, it takes a lot of time and costs a lot of money.

If an audit of a fashion brands’ supplier has failed or failed on just a few points, it is important to react immediately instead of waiting until it will dissolve itself. The timing can help limit the damage.

A risk management plan about the below aspects could help prevent such risks.

- Country of supplier local laws
- Politics:
  - Political instability
  - Emerge of regional or international conflicts
  - Likelihood of changes in labour market regulations, environmental laws and regulation of international business and trade

(University of National and World Economy, International Outsourcing: Incentives, Benefits and Risks for the Companies in See Countries, n.d.)

6.3 Conclusion

What are possible risks regarding unreliable certificates and failed audits for both suppliers and fashion brands and how can this be prevented? Failed audits could lead to lose of customers or even forced closures. This highly depends on the frequency and level of consequence. Fashion brands have the responsibility to increase the development with their supplier instead of simply go to another supplier. Unreliable certificates can cause reputational, compliance and supply chain risks. This can be prevented by a good risk management plan.
CONCLUSION, RECOMMENDATION AND PRODUCT

7.1 Conclusion
Quality labels and certificates are a good tool to source sustainable, but it is necessary to use it in the right way. All labels provide development (also non accredited ones) because the requirements are above the minimums. However, there are several aspects that influence the impact of this development.

It is easier to measure these influence of environmental development because this is shown with exact numbers of for example chemical use or water waste. Social development is harder to measure. It is really important to gain trust and build a good relationship with the supplier to ensure continuous development.

While sourcing, it is important to only use first-degree certification and certifications based on international standards to ensure the reliability. Besides, it is important to request all documents such as TC’s and collaborate with the supplier.

For high-risk countries as China, India, Bangladesh and Ethiopia it is even more important to request all documents. Often, the requirements are accepted by their local laws, but are not well implemented. For example, the working hours are a big issue in all countries. Often, workers work excessive overtime to earn a living wage. Besides, environmental issues and health and safety should be controlled well. Workers should be educated in their rights to improve this industry.

For suppliers it requires a lot of time and money to obtain certifications depending the standard, location, complexity, initial compliance and number of transaction certificates. However, it gives them a good position within the market. The costs translated in the buying prices of textile for fashion brands are low and not a reason to not be sustainable. Still, costs and time can be saved by preparing processes and documents before the audit, increase the merge of certified products, compare prices of multiple certification bodies, consolidate suppliers and to request suppliers.

Failed audits could lead to lose of customers or even forced closures. This highly depends on the frequency and level of consequence. But, fashion brands have the responsibility to increase the development with their supplier instead of simply go to another supplier. Unreliable certificates can cause reputational, compliance and supply chain risks. This can be prevented by a good risk management plan.

7.2 Recommendation
Recommendations for sourcing managers to have more reliable sustainable image regarding materials and suppliers when using certificates as a requirement are:

Understanding the whole supply chain
- **What**: Most fashion brands are only aware of their first tier supplier. It is really important to know all subcontractors because environmental and social problems can be everywhere within the supply chain.
- **How**: Sourcing managers should request all documents of the specific material. Transaction Certificates are really important in this case because they show that other subcontractors are also certified. These documents should be checked accurately on validity and product descriptions. Some supplier just gave a documents from another product.
Identify risks and prepare risk management plan

- **What:** Before doing business with a new supplier, the fashion brand should identify the risks they could face during the collaboration. It is important to make a risk management plan before something happens.
- **How:** The fashion brand should ask them several questions before doing business with a new supplier. Are they prepared for all risks? A clear action plan should be made.

Use only first-degree certificates according to international standards

- **What:** 100% reliable environmental and social sustainability does not exist. This percentage will increase when using first-degree certificates based on international standards. This ensures independent control with equal standards.
- **How:** During sourcing of textile, it is needed to check the control system of the particular certification of a material. This can be checked at the certification body. It should be accredited by an independent organisation.

Check if all REACH and ILO conventions are in force and more important if they are implemented well

- **What:** Environmental certificates should be related to the REACH conventions. Social certificates to the ILO conventions. It is important to check the local laws of the production country the fashion brand wants to source. Are the local laws corresponding with the REACH and ILO conventions? Even more important, are these laws implemented well in the textile factory the fashion brands want to do business with?
- **How:** Fair Wear Foundation has made country studies of a lot of production countries. These rapport advices about what conventions are in force and which not. Besides, they studied how it generally implemented in the factories in that specific country. Of course, it is important to check it specifically for the supplier the fashion brands want to cooperate with.

Build relationships

- **What:** To have continuously environmental and social sustainable development, it is necessary to build strong relationships with the suppliers the fashion brand works with. Auditing is very important, but this does not generally provide development. The supplier should be willing to develop together with the fashion brand.
- **How:** Audits should not be just checklist. It is about building trust and getting the right information to find the underlying issue and solve it together. Often, unannounced audits do not create trust and willing to help. A combination of announced and unannounced audits gives the fashion brand the best image about the supplier. Most important is to be transparent with the supplier and have open and clear communication.

Cooperate

- **What:** Creating a bigger community gives the opportunity to develop together. This will increase the development for the fashion brand.
- **How:** Cooperation with business associations as Modint for advice, trade unions as International Textile, Garment and Leather Workers Federation to strengthen the interests of workers and multi-stakeholder initiatives as Fair Wear Foundation to develop the working condition, will support the environmental and social sustainable development.

7.3 Product

The product (separate document) uses these recommendations as support to sourcing managers to reach a, reliable as possible, environmental and social sustainable development. Sourcing tips and sourcing challenges per country will prevent unexpected risks. It will provide reliable certifications according to the investigations of this research. This result includes the gaps and solutions of these quality labels. This product can be used by any textile sourcing event.
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Papers and magazines


Books

Video
Appendix
TEXTILE QUALITY LABELS, INTERNATIONAL LABOUR ORGANISATION CONVENTIONS AND INTERVIEW

Textile quality labels

Environmental labels

<table>
<thead>
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<th>Label</th>
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*Final Thesis Research - Elise Luring - AMFI - 2015*
### Environmental and social labels

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| ![Global Organic Textile Standard](image7.png) | Global Organic Textile Standard | Different outcome  
Most: First degree (Milieucentraal and Ecolabel Index) |
| ![Global Recycle Standard](image8.png) | Global Recycle Standard | First degree |
| ![Made-By](image9.png) | Made-By | Different outcome  
Not a certification |
| ![Max Havelaar Katoen](image10.png) | Max Havelaar Katoen | Different outcome  
Most: First degree (Milieucentraal, Label info and Ecolabel Index) |
| ![Naturland e.V.](image11.png) | Naturland e.V. | Different outcome  
Most: Second degree (Labelinfo and Ecolabel Index) |
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**Different outcome**

Environmental and social labels

**GOTS**
- Milieucentraal (Keurmerken A-Z n.d.): Accredited control
- Labelinfo (Kleding n.d.): Independent, but not accredited
- Ecolabel Index (Index All ecolabels on textiles 2014): First degree control

**Made-by**
- Milieucentraal (Keurmerken A-Z n.d.): Only controlled when receiving the quality label
- Brussels Observatorium voor duurzame consumptie (Labels en logo's n.d.): Environmental controls by Mady-by, but social is an accredited control
- Ecolabel Index (Index All ecolabels on textiles 2014): First degree control

**Max Havelaar Fair Trade cotton**
- Milieucentraal (Keurmerken A-Z n.d.): Accredited control
- Labelinfo (Kleding n.d.): Accredited control
- Ecoconso (Label n.d.): Independent control, but not accredited
- Brussel Observatorium voor duurzame consumptie (Labels en logo's n.d.): Only independent control, but accreditation is in process
- Ecolabel Index (Index All ecolabels on textiles 2014): First degree control

**Naturland**
- Labelinfo (Kleding n.d.): Independent control, but not accredited
Brussel Observatorium voor duurzame consumptie (Labels en logo’s n.d.): Accredited control
Ecolabel Index (Index All ecolabels on textiles 2014): Second degree control
Naturtextil IVN Best
Ecolabel Index (Index All ecolabels on textiles 2014): First degree control
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Labelinfo (Kleding n.d.): Second degree control

Control

### Environmental labels

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### Environmental and social labels

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International Labour Organisation conventions (Fair Wear Foundation, China country study 2013)

**ILO Convention 29 and 105**

“There shall be no use of forced, including bonded or prison, labour”

**ILO Convention 100 and 111**

“In recruitment, wage policy, admittance to training programs, employee promotion policy, policies of employment termination, retirement, and any other aspect of the employment relationship shall be based on the principle of equal opportunities, regardless of race, colour, sex, religion, political
affiliation, union membership, nationality, social origin, deficiencies, or handicaps”

ILO Convention 138
“There shall be no use of child labour. The age for admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years.”

ILO Convention 182
“There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour. [...] Children [under the age of 18] shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals.”

ILO Convention 87 and 98
“The right of all workers to form and join trade unions and bargain collectively shall be recognised.”

ILO Convention 135 and 143
“Workers’ representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions.”

ILO Convention 26 and 131
“Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income”

ILO Convention 1
“Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7-day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.”

ILO Convention 155
“Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer are strictly prohibited.”

Legally binding employment relationship
“Working relationships shall be legally binding, and all obligations to employees under labour or social security laws and regulations shall be respected.”

In-depth interview Fair Wear Foundation (FWF) – Hendrine Stelwagen
Waarom richt FWF zich alleen op de sociale aspecten en niet op het milieu of beide?
De keuze was om echt een focus te hebben. Liever één ding goed dan twee dingen half. Wij hebben gekozen om echt naar de sociale aspecten te kijken, omdat dit echt over mensen gaat. Dat wil niet zeggen dat we personen boven het milieu stellen, maar dit is onze focus. En als bedrijven meer willen dan dat is dat heel mooi, maar wij zijn specialist op dit gebied. De reden waarom wij ons focussen op textiel fabrieken is, omdat daar de meeste ongelukken gebeuren en dat dat stukje
van het hele proces het meest arbeidsintensief is.

Geeft FWF een certificaat uit?
Nee, juist niet. Wij geloven niet in certificaten als het gaat om arbeidsomstandigheden in de textiel industrie. We hebben gezien dat in de afgelopen jaren het hele certificering gebeuren gefaald heeft. Als je kijkt naar de fabrieken in Pakistan die in de brand zijn gevlogen, die was tot drie keer toe gecertificeerd.

Hoe komt het dat deze certificaten dan niet opleveren waar ze voor staan?
In mijn optiek is dat omdat een certificaat een moment opname certificeert. En met een certificaat keur je je een fabriek dus goed. In onze ogen kan je eigenlijk niet 100% garanderen dat een fabriek goed is. Dus daarom werken wij met een proces aanpak. Stap voor stap verbeteringen. Om uiteindelijk toe te werken naar goede arbeidsomstandigheden. Wij zullen nooit garanderen dat onze deelnemers 100% eerlijk zijn of dat een specifiek shirt 100% eerlijk is, omdat dit gewoon nog niet mogelijk is. Misschien in de toekomst wel. Maar het is zo'n complexe duurzaamheidsvraag met allebei verschillende aspecten. En een certificaat geeft de indruk dat het in orde is. Je garandeert niet de tijd tussen de controles. Dat wil niet zeggen dat wij ieder moment kunnen monitoren. Maar we geven in ieder geval niet de indruk dat het allemaal in orde is. Maar we garanderen dat al onze deelnemers stappen maken in de goede richting. Daarnaast gaat het hierbij om papierwerk. Voor veel fabrieken is het ook gewoon een papiertje die je gewoon kan kopen. Als je net wat meer geld neerlegt krijg je soms gewoon een certificaat en kun je weer klanten binnen halen. Het is gewoon zwak en het heeft gefaald. Maar dan heb ik het echt over de sociale kant. Milieu is makkelijker te controleren en makkelijkere te bereiken. Maar dan nog is het natuurlijk de vraag of die certificaten wel betrouwbaar zijn. Het blijft een relatie tussen merk en fabriek. Als die band stabiel en goed is, kan je veel meer bereiken dan wanneer dat niet zo is. En dan doet het er ook eigenlijk niet meer heel veel toe of een certificaat nou betrouwbaar is (wel voor je klant). En dan is een bewijs dat een bedrijf lid is van Fair Wear Foundation misschien al wel voldoende of meer dan voldoende om aan te kunnen tonen dat het de goede kant op gaat.

Worden de controles van FWF door onafhankelijke partijen uitgevoerd?
Ja, wij zijn een onafhankelijk verificatie initiatief. Onze teams voeren de verificaties audits uit in de fabrieken. Maar niet alleen in de fabrieken, maar ook bij de bedrijven. Ze kijken hoe de bedrijfsvoering is en of dat samen kan gaan met goede arbeidsomstandigheden. Dan heb ik het over levertijden, prijzen, etc. Dus we voeren op verschillende niveaus verificaties uit en we hebben een klachten procedure. Hierbij kunnen arbeiders van fabrieken anoniem een klacht indienen over de arbeidsomstandigheden in die fabriek. Wij gaan dan die klacht onderzoeken en kijken of het waarheidsgetrouw is of niet, of het gegrond is en vervolgens gaan we samen met het merk zo'n klacht aanpakken.

Hoe gaan de controles van FWF in zijn werk?
We hebben sinds kort onze manier van checken in een vernieuwd systeem gegoten. Brand Performance Check heet dat nu. De scores die de merken ieder jaar krijgen, worden in een bepaalde categorie geplaatst. Dan ben je dus als merk of een ‘Leader’, ‘Good’ of je valt in de categorie ‘Needs Improvement’. Dit om toch naar de consument het wat helderder te maken waar zo'n bedrijf dan zit. Dat wil niet zeggen dat ons doel is om te vergelijken, maar wel om onze merken bepaalde richtlijnen te geven. Als je bijvoorbeeld in de ‘Leader’ categorie zit, dan mag je op het label, van het kledingstuk zelf, het logo van Fair Wear Foundation gebruiken. Mits er staat, ‘Member of Fair Wear Foundation’. Er hangen allerlei indicatoren onder wanneer je een ‘Leader’ kan zijn. Dat
heeft met de hoeveelheid fabrieken die je zelf gemonitord hebt te maken, maar ook over hoe lang de relatie met je leveranciers is en hoe jij werkt richting een leefbaar loon.

**Gaat FWF deze controles en categorieën ook toepassen op fabrieken en leveranciers?**

We hebben een aantal fabrieksdeelnemers, maar dat is een soort van pilot wat we nu aan het draaien zijn. Dat zijn vier fabrieken die we nu hebben. En op dit moment zijn we aan het kijken of we dit ook echt willen uitbouwen of dat we op een andere manier echt rechtstreeks met de fabrieken willen gaan werken. We zitten nu midden in de evaluatie hiervan. De kracht en onze specialiteit ligt op dit moment op de merken.

**Waarom heeft FWF er voor gekozen om geplande controles te houden?**

Dat doen we bewust, omdat wij hebben gezien in de afgelopen 16 jaar dat dat uiteindelijk alleen maar in je voordeel werkt. Omdat je uiteindelijk wil dat als er verbeteringen moeten worden doorgevoerd, het fabrieksmanagement akkoord gaat en mee wil werken. Op het moment dat je onaangekondigd een fabriek binnen komt vallen, dan heb je sowieso de fabriekseigenaar tegen je. Dan respecteer je zijn domein niet. Wij willen ze respecteren en tegelijkertijd doen we wel off-site interviews. We praten met de arbeiders buiten de werkomgeving in hun eigen situatie. Op zo’n manier kunnen we onze informatie echt achterhalen.

**Waarom worden deze off-site interviews door vrouwen gedaan?**

Off-site interviews worden bijna altijd door vrouwen gedaan, omdat fabriekskarakers bijna altijd ook vrouwen zijn. Voor een vrouw werkt het vaak in de meeste culturen alleen als de interviewer ook een vrouw is, anders is het bedreigend. De manager van een fabriek krijgt alleen on-site interviews. Hierbij is de audit supervisor wel een man. Maar daarnaast hebben wij ook nog het ‘Work Place Education Program’. Hierbij geven we direct training aan werknemers. Met vooral plaatjes omdat er veel analfabeten tussen zitten, vooral in Bangladesh en India. Door middel van deze trainingen leren we ze wat hun rechten zijn en wat ze kunnen doen als deze rechten geschonden worden.

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**Wat verstaat FWF onder betrouwbaar als het gaat om controles?**

Wat ons betrouwbaar maakt als het gaat om controle, is dat wij een onafhankelijk initiatief zijn, omdat wij een multi-stakeholder initiatief zijn. Wij zijn opgezet en worden gerund en ook financieel gedragen door drie verschillende groepen, namelijk vakbonden die de werknemers vertegenwoordigen, business associations die de werkgevers vertegenwoordigen en NGO’s als ‘De Schone Kleren Campagne’. Met de invloeden en de belangen van deze drie groepen wordt rekening gehouden en wordt nagestreefd. En dat maakt dat wij niet de belangen van de werkgevers hoger stellen dan die van de werknemers.

**Helpt FWF merken ook bij het zoeken van betrouwbare sociaal duurzame leveranciers?**

We hebben alle gegevens van onze merken, maar die zijn volledig vertrouwelijk omdat ze niet willen dat dat soort gegevens gedeeld wordt. Wij zouden natuurlijk heel graag zien dat het wel openbaar is, maar we respecteren het vanwege de concurrentie waar ze mee te maken hebben. We zijn niet een service provider om eerlijke fabrieken aan te kunnen reiken. Wij komen samen met de merken in aanraking met veel fabrieken en daar proberen we de arbeidsomstandigheden voor die arbeiders te verbeteren. Wij bieden ze wel verschillende tools om nieuwe leveranciers te kunnen selecteren, maar in eerste instantie zijn wij er om een garantie te kunnen bieden naar buiten, dat jij als merk vooruitgang boekt. Het is hun verantwoordelijkheid om dit te doen en wij verifiëren dat om het te garanderen.
Wat voor invloed hebben de lokale wetten van productiegebieden op de eisen van een Europees kwaliteitslabel?
Wij doen altijd onderzoek in een bepaald productieland naar de lokale wetgeving. Dat brengen wij in kaart en is te vinden in de Country Studies op onze website. Dit houden we naast de ILO standaarden (International Labour Organization) waar onze Code of Labour op gebaseerd is en dan gaan we kijken of de lokale wetgeving voldoende is ten opzicht van de ILO standaarden. Als die onder de maat is, stellen wij dat dit een hoog risico land is, waaronder ook China die geen vrijheid heeft van vakbonden. In die specifieke fabriek moet daar dus extra aandacht aan besteed worden. Bij China is de enige vakbond eigendom van de staat. Dus er is helemaal geen vrijheid voor kritische dialoog. Hier moet je kijken naar creatieve oplossingen. We kunnen de fabrieken stimuleren om een soort van heel lokaal vakbondje op te stellen voor een specifieke fabriek. Op zo’n manier kun je de functie die een vakbond normaal gesproken heeft opnieuw op micro level creëren. Op zo’n manier proberen we oplossingen te zoeken. Dit geldt ook voor een minimum loon en een leefbaar loon. Wij hebben in onze Code of Labour staan dat er een leefbaar loon moet zijn. Het minimum loon van veel landen is veel te laag om in de basis behoefte te kunnen voorzien. Daar gaan onze merken dan een dialoog over aan met de fabrieken. En wij bemiddelen daar in en bieden daar in support.

Wat zijn de grootste risico landen om mee te werken?
Elk productieland heeft zijn eigen moeilijkheden. Bij China is dit over-time en vrijheid van vakbond. Bangladesh gaat vooral over lage lonen en de veiligheid van de gebouwen. En Turkije heeft ook te maken met geen vrijheid van vakbond. Elk land heeft zijn eigen moeilijkheden. Wij hebben vier prioriteiten landen en dat zijn India, China, Bangladesh en Turkije, omdat daar heel veel gebeurt. Dit zijn hoge risico landen. Hier is de lokale wetgeving niet voldoende in de arbeidsinspectie om goede arbeidsomstandigheden te kunnen garanderen. Deze selectie is wel gemaakt op basis van onze members die bij ons aangesloten zijn. In die vier landen zitten de meeste fabrieken van onze deelnemers. Over tien jaar zou Pakistan hier ook in kunnen vallen, omdat er dan misschien nieuwe members zijn die juist heel veel in Pakistan produceren. Dit zijn wel vier van de grootste landen. Maar Pakistan is ook sterk groeiend. Dat geldt nu ook voor Vietnam en Ethiopië.