

FRENCH NATIONAL CONTACT POINT
FOR IMPLEMENTATION OF THE OECD GUIDELINES
FOR MULTINATIONAL ENTERPRISES

**NCP REPORT ON IMPLEMENTATION
OF THE OECD GUIDELINES
IN THE TEXTILE
AND CLOTHING SECTOR**

**following a referral from Nicole Bricq,
Minister of Foreign Trade**

2 DECEMBER 2013



THE MINISTER

Ref.: CE/2013/36517C

Paris 17 MAY 2013

Dear Chairman,

The collapse of the Rana Plaza textile factory was the most deadly industrial accident in the history of Bangladesh. It happened, nevertheless, after too many fires in the country's textile factories in which workers have died in recent years.

The Bangladeshi trade unions and employers are working on an agreement aimed at strengthening safety measures in textile factories, based on initiatives launched at the end of 2012 and the tripartite agreement concluded by government, employers and workers in January 2013. Major clients are committing themselves to signing the agreement to strengthen safety in textile factories. For their part, the Bangladeshi authorities have responded by announcing factory inspections and the closure of certain factories, undertaking to promote trade union freedom, and appointing a commission to examine the question of wage increases. Those are important measures which will have to be put into effect. They do not, however, provide answers to all the questions raised by the disaster.

Responsible business conduct by multinational enterprises and the scope of their responsibility for their "business relationships" in the supply chain must be examined in the light of the recommendations of the OECD Guidelines for Multinational Enterprises.

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That is the context of my referral of this matter to the French National Contact Point. I am asking the NCP to determine the scope of the concept of “business relationship” for the multinational enterprises in question, and to identify the reasonable diligence measures which the Guidelines recommend in this respect (prevention, detection and remediation of actual or potential negative effects), with regard to security, working conditions and trade union rights.

For that purpose, I wish the NCP to engage rapidly in wide-ranging consultations with NGOs, French enterprises, trade unions and the WTO.

At the same time, France will inform the OECD Investment Committee of this action and propose that it be extended to the OECD national contact points concerned.



Nicole BRICQ

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INFORMATION BROCHURE PRESENTING THE NCP

PRELIMINARY REMARKS

✓ Referral by the Minister for Foreign Trade and purpose of the report

On 17 May 2013, the Ministry of Foreign Trade asked the NCP to examine application of the Guidelines with regard to the supply chain in the textile sector and, more specifically, **to determine the scope of the concept of “business relationship” for the multinational enterprises in question, and to identify the reasonable diligence measures which the Guidelines recommend in this respect (prevention, detection and remediation of actual or potential negative effects)**, with particular regard to security, working conditions and trade union rights.

In the present report, the NCP sets out, in response to that referral, the reasonable diligence measures necessary in order to identify, prevent and remedy the negative effects involved in an enterprise’s activities, and specifies the scope of the concept of a “business relationship” maintained by a multinational enterprise or customer via the supply chain. To that end, it formulates recommendations that are as practical and concrete as possible to assist enterprises and their stakeholders in taking appropriate measures to strengthen application of the Guidelines and avoid the occurrence of disastrous accidents. Although not strictly within its terms of reference, the NCP also thought it desirable, in connection with this referral, to formulate observations for the attention of the public authorities, in France as well as Bangladesh. As a preliminary, the NCP notes that, under the terms of the OECD Guidelines, a “multinational enterprise” is an enterprise which conducts production and marketing activities in more than one country.

In accordance with its rules of procedure, the NCP adopted the present report by consensus. It will be delivered to the Ministry of Foreign Trade as a contribution to implementation of the Statement issued by the NCPs on 25 June 2013 (see Annex 4). It will also be forwarded to the OECD, the Investment Committee and the various NCPs. It will be posted in downloadable form on the website of the French NCP (<http://www.tresor.economie.gouv.fr/PCN>).

Lastly, the NCP will distribute the report to French players in the textile sector in France and in the main supply countries, via the economic affairs departments of embassies.

✓ The “Rana Plaza” accident on 24 April 2013

The collapse of the Rana Plaza building on 24 April 2013 caused the death of 1 133 people and left 2 500 injured. It revealed the fragility of the operating environment of the textile and clothing sector in view of conditions in Bangladesh, where the risks of accident and non-compliance with certain OECD Guidelines are high.

There have been many factory accidents in recent years, especially in the form of fire and building collapse. Some examples are the fire in Tazreen on 24 November 2012, which caused 117 deaths and 200 injuries, the collapse of the Spectrum factory on 11 April 2005, which caused 64 deaths and 80 injuries, and the fire at the Aswad Mills factory on 8 October 2013.

Thus the Rana Plaza disaster is not an epiphenomenon but the culmination of a long series of industrial accidents. In this case, according to witnesses heard by the NCP, cracks indicating an imminent risk were observed on the day before the accident. The building was then evacuated. The following day, under threat of fines and wage deductions, the workers were forced to return to their workstations. The building, which had been designed as residential accommodation, had been constructed and used in violation of minimum safety regulations. The original four-storey building, erected on marshy ground, had four more storeys added without a building permit. Lastly, an electricity generator was installed on the roof, and vibrations from that generator, combined with those from the machines used in the building, are considered to have caused the collapse.

The international emotion engendered by what was the most serious industrial accident since the Bhopal disaster in 1984 has given rise to numerous reactions and initiatives (described in this report), including the Agreement between international trade unions and multinationals on the safety of buildings, to which more than 100 enterprises are now signatories, the Alliance initiative, the EU-ILO Sustainability Compact, the establishment of a process for compensating the victims, and the Statement of 25 June 2013 by the OECD NCPs (see Annex 4.) In addition, the first Global Forum on Responsible Business Conduct, held at the OECD on 26-27 June 2013, devoted a large part of its work to the Rana Plaza disaster and reasonable diligence in the textile and clothing sector.

✓ **The methodology employed by the NCP**

In response to this referral, the NCP conducted a substantiated documentary analysis of Bangladesh¹, the specific characteristics of the textile and clothing sector, and problems affecting the supply chain. It also drew on the work of the ILO, measures taken by NGOs and an internal analysis of the documents delivered to it by enterprises whose testimony it heard (codes of good conduct, charters of ethics, codes of practice on the use of chemicals, general procurement terms and conditions, social audits). It conducted an intensive cycle of hearings of stakeholders and specialists: large general and specialised retailers, clothing sector brands, trade federations, French and international trade-union federations, NGOs, audit firms, experts and researchers specialising in Bangladesh, specialists in business law, academics, CSR specialists, consumer associations. The NCP also heard testimony from the ILO's high-level mission to Bangladesh, led by its Deputy Director-General, Mr Gilbert Houngbo. **All in all, it held around 30 hearings, involving more than 60 individuals** (see Annex 2). In Bangladesh itself, the French Embassy, in particular its Economic Affairs Department, was given the task of ensuring that events and the action taken by the various bodies involved were regularly monitored.

The French NCP is composed of three sections (administrations, enterprises and trade unions). In order to be able to hold a larger number of hearings, three tripartite groups were set up, consisting of a representative of each of the three sections, to deal respectively with the topics "enterprises", "civil society" and "audits and rules". However, most of the hearings were conducted in plenary session.

¹ See documentary sources used by the NCP, Annex 3.

INTRODUCTION: THE GLOBAL SUPPLY CHAIN IN THE TEXTILE AND CLOTHING SECTOR

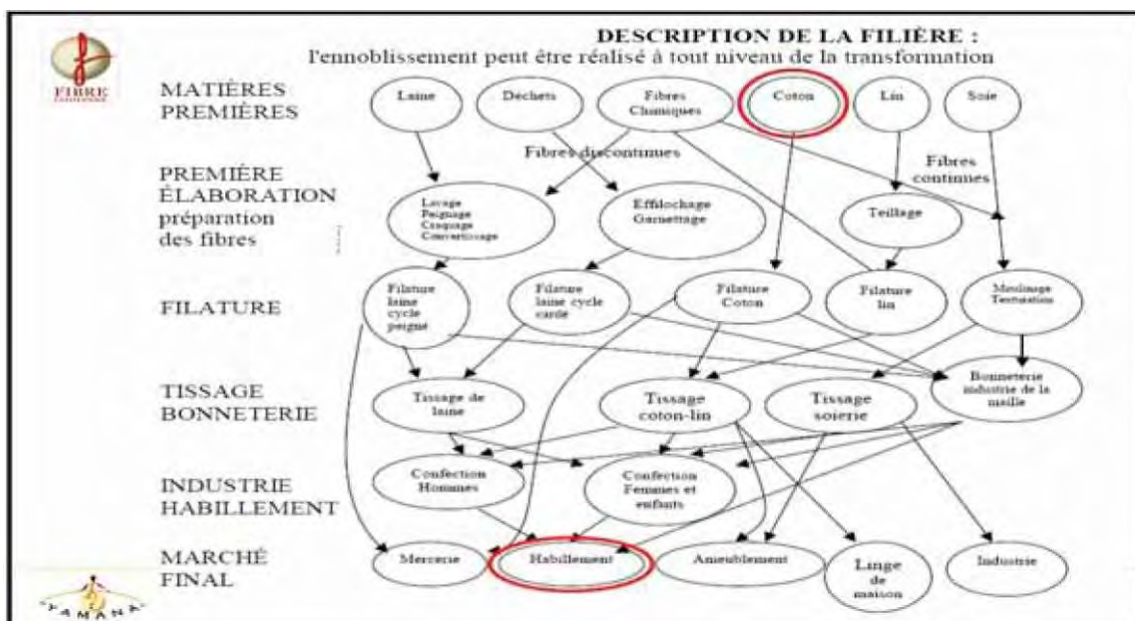
“Multinational enterprises [...] have evolved to encompass a broader range of business arrangements and organisational forms. Strategic alliances and closer relations with suppliers and contractors tend to blur the boundaries of the enterprise.” This comment in the preface to the OECD Guideline applies particularly to the complex and evolving global textile and clothing sector.

Owing to a number of factors (liberalisation of international trade, development of transport, general spread of the Internet, etc.), the organisation of industrial production has undergone profound change over the past 20 years. That is particularly true of the textile and clothing sector, which has become more volatile and fluctuating.

1. The textile and clothing sector is globalised, complex and dispersed. It is a sector in which business relationships have unclear and changing boundaries.

The customer is the visible and easily identifiable link in a complex supply chain. A clothing product is the outcome of numerous operations which take place at various stages in the production of the raw material (fibres), spinning, weaving/knitting, ennobling, clothing manufacture, packaging and transport. These operations are often carried out in production units spread over different regions of the world.

➤ Description of the textile and clothing sector by the association Yamana



➤ **Key to diagram on page 7**

DESCRIPTION DE LA FILIÈRE

l'ennoblissement peut être réalisé à tout niveau
de la transformation

MATIÈRES PREMIÈRES

PREMIÈRE ÉLABORATION

préparation des fibres

FILATURE

TISSAGE BONNETERIE

INDUSTRIE HABILLEMENT

MARCHÉ FINAL

Laine

Déchets

Fibres chimiques

Coton

Lin

Soie

Fibres discontinues

Fibres continues

Lavage

Peignage

Craquage

Convertissage

Effilochage

Garnettage

Teillage

Filature laine cycle peigné

Filature laine cycle cardé

Filature coton

Filature lin

Moulinage Texturation

Tissage de laine

Tissage coton-lin

Tissage soierie

Bonneterie industrie de la maille

Confection hommes

Confection femmes et enfants

Mercerie

Habillement

Ameublement

Linge de maison

Industrie

DESCRIPTION OF THE SECTOR

ennobling can be carried out at any
stage in the production process

RAW MATERIALS

INITIAL PROCESSING

preparation of fibres

SPINNING

HOSIERY WEAVING

CLOTHING INDUSTRY

END MARKET

Wool

Waste

Chemical fibres

Cotton

Linen

Silk

Staple fibres

Continuous fibres

Washing

Combing

Stretch breaking

Conversion

Unravelling

Garnetting

Scutching

Wool spinning: combing cycle

Wool spinning: carding cycle

Cotton spinning

Linen spinning

Throwing, texturing

Wool weaving

Cotton-linen weaving

Silk weaving

Hosiery, knitwear industry

Men's wear

Women's and children's wear

Haberdashery

Clothing

Furnishing

Household linen

Industry

The textile and clothing industry is highly labour-intensive. According to a global table of hourly labour costs in the textile industry drawn up by Werner International, the five countries with the lowest costs are currently Pakistan, India, Albania, Vietnam and Indonesia. In the same table for 2009, Bangladesh took first place for the lowest cost, with a wage of USD 0.31 per hour. China's coastal provinces had an average wage level more than three times higher than Vietnam and six times higher than Bangladesh.

➤ **Liberalisation of the textile and clothing trade**

Globalisation of this sector is characterised by very pronounced geographical dispersion of the various production stages. Geographical fragmentation was accentuated by dismantlement of the GATT import quotas system and that of the WTO, and by the Multi-Fibre Arrangement of 1 January 2005. This liberalisation, along with the sharp fall in transport costs, severely disrupted the competitive environment and brought about a massive transfer of production capacity to countries with low labour costs. Since 2005, the major customers have been able to optimise their practices without having to face quantitative restrictions.

◆ **The main stages of liberalisation in the textile and clothing sector**

For 40 years or so, Western (American and European) textile and clothing markets were protected by quota systems: the Long-Term Cotton Arrangement (1963), the Multi-Fibre Arrangement (1974–2005) and autonomous arrangements (China, Taiwan, Vietnam, etc.). The original purpose of the multilateral and bilateral arrangements was to limit imports of textile and clothing products originating in all third countries. The European Union, for example, sought to protect its industry not only against Asian producers but also against those of Eastern Europe, and even against producers in Spain and Portugal until the accession of those two countries to the European Community.

Imports from the Mediterranean region and Eastern Europe were gradually liberalised, giving producers in those countries (Morocco, Tunisia, Egypt, Poland, Romania, Turkey, etc.) a competitive advantage over Asian producers (China, Hong Kong, Vietnam, Malaysia, India, Pakistan, etc.), which remained subject to the quota restrictions of the Multi-Fibre Arrangement and autonomous arrangements – all the more so as liberalisation was accompanied by the conclusion of preferential agreements.

In 1994, the World Trade Organization (WTO), meeting in Marrakech, concluded the Agreement on Textiles and Clothing (ATC), which lifted, over a 10-year period, all quantitative restrictions on countries that were signatories to the Multi-Fibre Arrangement. Total dismantlement was carried out in several stages.

Customers adjust their business strategies and procurement policies to consumer expectations and changing fashions. They also make choices of supply sources between countries in close proximity and long-distance import, according to their needs. Brands possessing factories of their own are now in a very small minority, since production is usually outsourced and subcontracted to a large number of suppliers.

2. The sector has two main procurement modes

The issue which arises with respect to diligence in the textile and clothing sector is not that of responsibility between the parent company and its subsidiaries but that of the relationship between a customer and its suppliers in the procurement of finished products. The Rana Plaza disaster thus raises the problem of the delimitation and scope of a business relationship.

➤ **The NCP identified two procurement modes characteristic of the sector**

Purchase of finished products based on specifications or patronage: this procurement mode applies essentially to mass distribution products – the “classics” or “20/80s” – in a relatively low range of discount textiles. In this “commercial” procurement mode, the distributor places orders, has items manufactured, and may opportunistically – in response to insufficient quality, a rapid increase in the minimum wage, or logistic or social problems – change his orders from one season to the next, or from one collection to another. This first mode is characterised by high volatility and reversibility of the business relationship. The procurement of finished products is often a matter of long-distance import, with frequent recourse to intermediaries.

Custom manufacturing: this mode requires an industrial capability on the part of the customer and applies to products with a higher added value. This “industrial” procurement mode is practised, for example, within the Union of Textile Industries (UTI), by members of the French Federation of Lingerie and Swimwear, which sometimes set up their own factories. Custom manufacturing is often used for short-distance import and makes for higher quality on shorter production series, with the high responsiveness needed to keep up closely with fashion changes. In custom manufacturing, the enterprise designs the product, buys the fabric and raw materials and entrusts them to subcontractors for manufacture. Delocalised manufacturing takes place in distant supply zones (Asia, South-East Asia) for basic products (jeans, pullovers, T-shirts, trousers) and in the wider Mediterranean basin (Maghreb, Turkey) and Eastern Europe for “trend” products and restocking.

◆ **Custom manufacturing facilitates product tracking**

One enterprise heard by the NCP explained that it was easier to track procurements when custom manufacturing was used and its suppliers’ factories were integrated. In its opinion, custom manufacturing ensures better knowledge and better risk control.

◆ **Factors in the choice between “short-distance” and “long-distance” import**

The business strategy of the above-mentioned enterprise is to offer clothing products that follow the latest fashion as closely as possible. This option implies recourse to short-distance import. The enterprise is relocating its supply sources to the Mediterranean basin and Eastern Europe. It explained that the time factor is increasingly important. For that reason, new balances are taking shape between manufacturing costs and the costs of transport and logistics, reviving the advantages of relocating to Europe in order to increase proximity to consumers.

The business approach of the enterprise in question is thus centred as much on purchase price as on delivery times. Some enterprises give priority to the import of short-distance products with a higher manufacturing cost and smaller margins but lower logistics costs. They prefer higher sales probabilities to long series which yield higher margins but entail major discount risks in disposing of stocks.

3. A specific manner of operation due to the pace of fashion, the need for responsiveness and the decisive weight of subcontracting

The need for high responsiveness in the textile and clothing sector makes recourse to subcontracting very important. Supply chain and procurement management functions thus play a decisive role. The strong seasonal nature of the sector and the need for regular renewal of product ranges and models have consequences for the supply chain. The specifics relating to

the pace of fashion are considerable; brand appeal now depends on swifter product renewal in a virtually continuous process of design and manufacture, driven by the demands of “fast fashion” and “time to market”. The accelerated pace of renewal requires constant effort in terms of monitoring, sourcing and design, plus very tight planning of the placing of products on the market. Brands have recentred their activities on tasks with high added value in R&D, publicity and marketing, whereas production has been outsourced.

The textile and clothing sector is thus characterised by massive recourse to subcontracting, with a definite risk of recourse to informal labour and hidden subcontracting. As a result, the role of buyers, intermediaries and buying houses in the various production regions is increasing.

◆ **NGOs and civil society associations are active in the textile and clothing sector²**

The NCP heard testimony from numerous civil society associations, in particular the NGOs most active on issues of responsible procurement and respect for workers’ rights in the textile and clothing sector: Collectif Éthique sur l’Étiquette (French branch of the Clean Clothes Campaign), the not-for-profit association Sherpa, Peuples Solidaires (Peoples in Solidarity), Amnesty International, CCFD-Terre Solidaire (Catholic Committee against Hunger and for Development – Global Solidarity), Forum Citoyen pour la RSE (Citizens’ Forum for CSR), ObsAR – Observatoire des Achats Responsables (Responsible Purchasing Observatory), the association Yamana and the consumers’ association Consofrance.

Before the Rana Plaza accident, one NGO had conducted various campaigns to raise awareness of the working and manufacturing conditions in the textile and clothing sector. One such campaign denounced the practice of sandblasting jeans as harmful to workers’ health, and secured its gradual prohibition by customers. In addition, consumer protection associations are striving to raise consumers’ awareness by educational means so that they take account of the social and environmental conditions under which their clothes are manufactured (see Annex 7³). Together they are promoting sustainable, responsible consumerism.

The NGOs that were heard by the NCP explained their conception of the responsibility of multinational enterprises in the light of the recent accidents in Bangladesh. Some of them told the NCP that commercial law was divorced from economic reality, which was increasingly characterised by the legal and geographical segmentation of production processes. That being so, they argued that responsibility should lie with the entity making the profit. Given that profit accrued first and foremost to the multinational enterprises, those enterprises should be liable for compensation to accident victims whatever their position in the value chain, since the entity directly responsible for the harm was participating in the manufacture of textile and clothing products ordered by the customers. In the view of those NGOs, recourse to subcontracting was a deliberate choice, and multinational enterprises must take responsibility for its consequences.

NGOs played an important role in media coverage of the Rana Plaza accident. The scale of the disaster focused public attention on Bangladesh and revealed the existence of indecent working conditions. The NGOs paved the way for journalists whose on-the-spot investigations documented the situation of workers in Bangladesh and made it possible to take stock of the textile and clothing sector. Through awareness-raising campaigns, the NGOs are pressuring enterprises to join in the agreement of 13 May 2013 between the international trade unions and multinational enterprises, and to compensate the victims of the Rana Plaza accident. One NGO has recently launched a campaign on decent wages with the slogan “vivre de son travail, c’est vital” (a living wage is vital).

² See “Decomposition du prix d’un tee-shirt” (Breakdown of the price of a T-shirt); Information sheet: Bangladesh; Checklist for the individual consumer, Collectif Éthique sur l’Étiquette & Peuples Solidaires, Annex 7.

³ http://www.ethique-sur-etiquette.org/IMG/pdf/Petit_memo_du_consommateur_citoyen.pdf.

I. THE CHALLENGES AND PROBLEMS OF REASONABLE DILIGENCE ON THE PART OF MULTINATIONAL ENTERPRISES WITH RESPECT TO THEIR BUSINESS RELATIONSHIPS

The revision of the Guidelines in 2011 aimed to promote “a new and comprehensive approach to due diligence and responsible supply chain management”.⁴ **The referral by the Minister of Trade addresses the concepts of “business relationship” and “reasonable diligence”.** These concepts, applied to the textile and clothing value chain, relate in particular to the following chapters of the Guidelines: Chapter III on Disclosure, Chapter IV on Human Rights, Chapter V on Employment and Industrial Relations, Chapter VI on the Environment, Chapter VIII on Consumer Interests and Chapter VII on Combating Bribery.

The NCP highlighted the key concepts of the revised Guidelines as applied to French enterprises in the sector. The report accordingly addresses the importance of risk identification in the textile and clothing supply chain (I-I), the identification of the scope of business relationships in the sector (I-II) and of reasonable diligence measures (I-III), and the role of the consumer (I-IV).

I-I. REASONABLE DILIGENCE: RISK IDENTIFICATION AND MAPPING

Pursuant to paragraph 10 of the General Policies (Chapter II of the Guidelines), enterprises should “carry out risk-based due diligence, for example by incorporating it into their enterprise risk management systems, to identify, prevent and mitigate actual and potential adverse impacts as described in paragraphs 11 and 12, and account for how these impacts are addressed. The nature and extent of due diligence depend on the circumstances of a particular situation.”

Risk identification is primordial for the establishment of a proper system. It must take account of country-related risks, sectoral risks and aggravating factors.

1. Risks related to the country and to factors in the initial/starting situation

Analysis of country-related risks enables the enterprise to identify potential departures from OECD recommendations and to adapt its compliance arrangements accordingly, especially with regard to the prevention of bribery. The analysis, of the classical type, should cover the following points: **political environment**, business climate (pervasiveness of bribery, functioning of the judicial system), **ability of public institutions to uphold the rule of law** (control of compliance with norms, human and financial resources of the labour inspectorate, granting of building permits). According to an audit firm whose testimony was heard by the NCP, the risks identified

⁴ See Foreword to the Guidelines.

in Bangladesh are many and various: construction problems, problems relating to the occupation of premises, unauthorised departure from the original use of buildings, obstruction of emergency exits, partitioning off and closure of safety and evacuation facilities. Many of the testifying parties strongly criticised the virtual absence of labour inspection in Bangladesh. Given that the industry in question is highly labour intensive, it is important to analyse the **social context** (living conditions and cost of living, poverty level, literacy, ethnic, religious or political violence, intensity and nature of social movements). **The enterprise must also analyse the regulatory environment, so as to identify risks of non-compliance with OECD Guidelines, international human rights standards and basic ILO norms in the country in question.**

The national situation with regard to ILO norms can be easily ascertained by consulting the reports of the Committee of Experts on the Application of Conventions and Recommendations. That information is freely accessible in the Normlex database on the ILO website⁵.

Depending on geography, the spatial organisational structure can generate specific risks. For example, densification in Dacca is giving rise to verticalisation of buildings owing to lack of space. Road congestion and traffic jams can delay the arrival of fire-fighting and medical emergency services (see Aswad Mills, 8 October 2013). Environmental risks (pollution, waste, destruction of natural habitats) and climatic risks (monsoons, typhoons, floods) must also be taken into account.

✓ **Bangladesh's exposure to climatic risks**

Bangladesh is highly exposed to the effects of global warming. The country is subject to rising sea levels and tidal waves. With an average altitude of only 5 metres, its territory is shifting and suffering extensive erosion, especially in the west. The high degree of climate vulnerability is generating population movements. According to the third report of the Intergovernmental Panel on Climate Change (IPCC), Bangladesh could lose 10% of its surface area if the sea level rose by 45 centimetres. That risk is giving rise to a veritable "climate exodus" of women from rural areas to the cities. In 40 years, the urban population has grown from 7 million to around 45 million: the Dacca agglomeration is approaching 15 million inhabitants, and Chittagong 5 million. The influx of people from rural areas, which shows no sign of abating, has led to the development of shanty towns.

◆ **An audit and certification firm offers "country social profile" data sheets for sale**

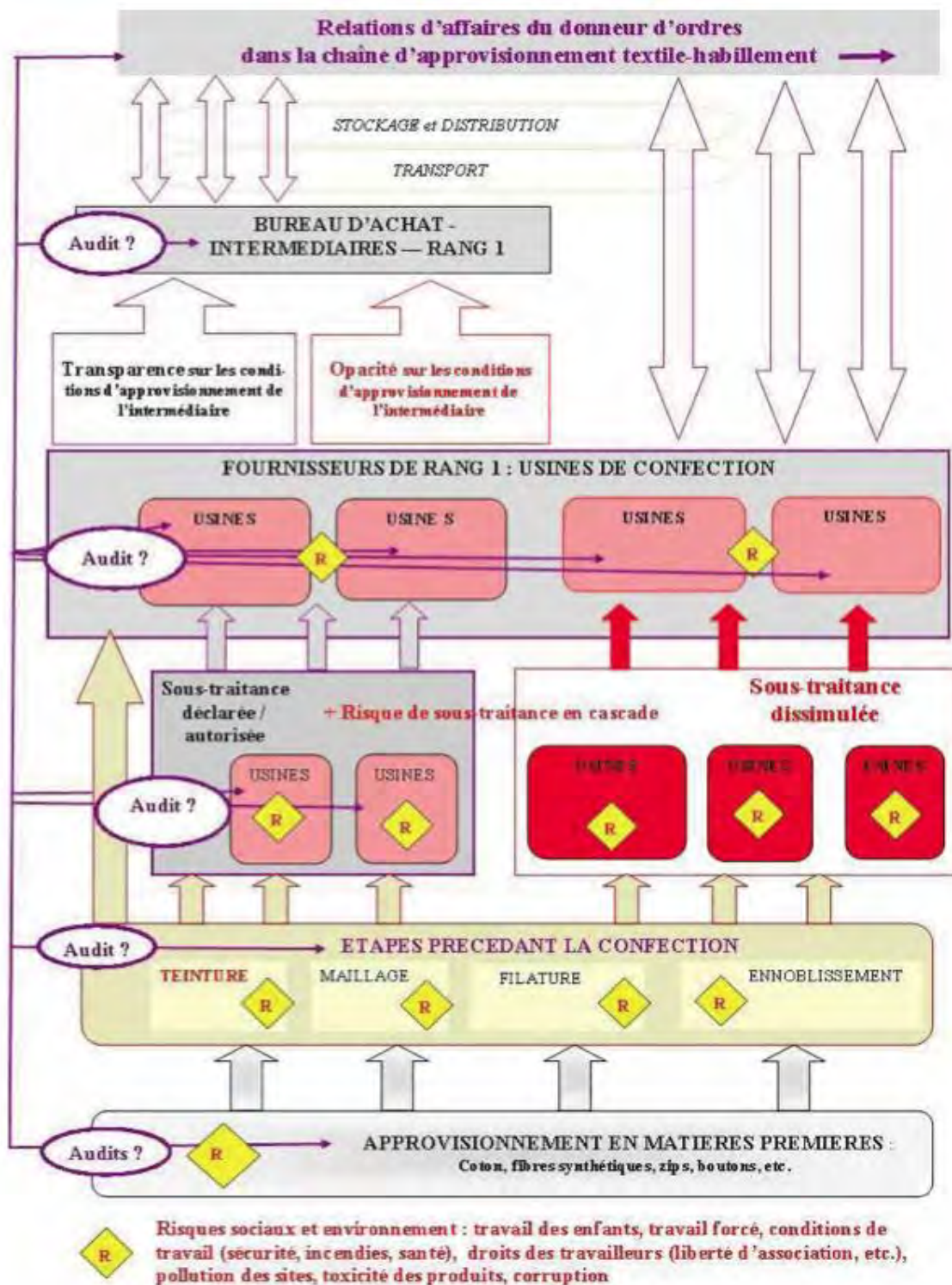
An audit firm that was heard by the NCP offers for sale data sheets containing "country social profiles" compiled by its CSR/Social Audit Department. One such sheet is devoted to Bangladesh.

The sheets are a practical and efficient tool for evaluating social risks in suppliers' countries. They set out, in a practical form, the social legislation applicable in the country, the international conventions it has signed and the main economic and social data, thus enabling Western purchasers to anticipate the risks of non-compliance with their codes of conduct and social requirements.

This tool enables an enterprise to compare levels of social risk from one country to another and to add an ethical and social criterion in its selection of suppliers.

⁵ <http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:1:0>.

The NCP drew up a diagram of the risks inherent in a business relationship in the textile sector supply chain (see Annex 8):



◆ Translation key to diagram of page 15

Relations d'affaires du donneur d'ordres dans la chaîne d'approvisionnement textile-habillement	The customer's business relationships in the textile and clothing sector supply chain
STOCKAGE et DISTRIBUTION	STORAGE and DISTRIBUTION
TRANSPORT	TRANSPORT
BUREAU D'ACHAT – INTERMÉDIAIRES –RANG 1	PURCHASING HOUSE – INTERMEDIARIES – TIER 1
Transparence sur les conditions d'approvisionnement de l'intermédiaire	Transparency of intermediary's supply conditions
Opacité sur les conditions d'approvisionnement de l'intermédiaire	Opacity of intermediary's supply conditions
FOURNISSEURS DE RANG 1: USINES DE CONFECTION	TIER-1 SUPPLIERS: MANUFACTURING FACTORIES
USINES	FACTORIES
Sous-traitance déclarée/autorisée	Declared/authorised subcontracting
+ Risque de sous-traitance en cascade	+ Risk of cascade subcontracting
Sous-traitance dissimulée	Hidden subcontracting
ETAPES PRECEDANT LA CONFECTION	PRE-MANUFACTURING STAGES
TEINTURE	DYEING
MAILLAGE	KNITTING
FILATURE	SPINNING
ENNOBLISSEMENT	ENNOBLING
APPROVISIONNEMENT EN MATIERES PREMIERES: Coton, fibres synthétiques, zips, boutons, etc.	SUPPLY OF RAW MATERIALS: Cotton, synthetic fibres, zips, buttons, etc.
Risques sociaux et environnement: travail des enfants, travail forcé, conditions de travail (sécurité, incendies, santé), droits des travailleurs (liberté d'association, etc.), pollution des sites, toxicité des produits, corruption	Social and environmental risks: child labour, forced labour, working conditions (safety, fire, health), workers' rights (freedom of association, etc.) site pollution, toxic products, bribery

2. The sectoral risks specific to the textile and clothing sector

The textile and clothing mass consumption sector, for which the selling price is key, is generally of low added value and highly labour intensive. These characteristics entail various intrinsic risks **which may arise at all subcontracting levels**: child labour in cotton fields and workshops, forced labour, hidden labour, non-compliance with the principle of decent wages, prohibition or restriction of trade union freedom and freedom of association, over-exploitation of workers, non-payment of overtime, endangering workers' health (use of banned chemicals in dyeing textiles). These social risks are easily identified by consulting public reports of the ILO or NGOs. The industry requires large water resources. The intensive use of raw materials and natural resources can lead to their exhaustion and result in waste discharge into the water and the air, contaminating the soil and adversely affecting ecosystems.

Cascade contracting and hidden subcontracting generate increased risks, especially with regard to working conditions in the sector. In Bangladesh, risks are rendered even more pervasive by the fact that enterprises are prohibited from exporting for the first two years of their existence, after which they can obtain an export licence. As a result, undeclared production accounts for 10% to 15% of the country's output according to some estimates.

Such production is carried out in factories which are never inspected. Free from any controls, they can be used by suppliers as a regulating valve to adjust to fluctuations in demand.

Enterprises often conduct interconnected, mutually supporting **quality audits and social audits** to make sure that **the supplier has the necessary production capacities**. Before placing an order, the sourcer must make sure that the factory has the capacity to produce the agreed quantities by the agreed deadline.

◆ How to avoid hidden subcontracting

To guard against the risk of hidden subcontracting, one of the enterprises that were heard by the NCP endeavours to place orders that do not exceed 30% of its supplier's total capacity, which also serves to avoid economic dependence harmful to both parties.

3. Certain practices in the sector are liable to increase risks

It transpired during the hearings, both of NGOs and of enterprises, that certain current procurement practices, characterised by certain contract clauses, are potentially risk aggravation factors.

The Rana Plaza accident raises the issue of the identification of responsibilities and highlights the practice of hidden subcontracting by suppliers in violation of the terms of their contracts with the customer. According to a legal expert whose work deals with the concept of permanent contract, "the consistency of the phenomenon is not unrelated to certain contractual practices between customers and subcontractors". In his opinion, observation of those practices leads to the conclusion that the balance between the "standard" terms of contract (purpose, duration, price, conformity, delivery, penalties, etc.) and the societal clauses (assumption of moral commitments, verification modalities, alerts, etc.) is less than optimal. He considers that the effects of the increasing inclusion of the latter are today still largely neutralised by the former. He stresses that the gap between the voluntary commitments expressed by customers and the (less than optimal) use of the contractual instrument (recommended, in particular, by the OECD Guidelines) could fall into the category of an unfair

trade practice, applicable both by consumers and by co-contractors. By defining the scope of abusive practices between enterprises, certain initiatives and the rare judgments handed down in France could provide useful points of reference, even if the supply chain in question concerns Bangladesh.

The report by the Global Social Compliance Programme (GSCP) highlights the fact that certain procurement practices, based on the demands of the market and consumer expectations, impose high responsiveness on suppliers. Demand fluctuation (peak season, fast fashion) is reflected in practice by recourse to cascade subcontracting and even to hidden subcontracting. The impact of procurement practices on working, safety and pay conditions is proven. The practice of “forum shopping”, which consists in changing suppliers frequently to force prices down and shorten delivery times, accentuates the risks (especially the risk of hidden subcontracting in factories that are sometimes not subject to inspection) and undermines the trust that is indispensable in business relationships. One of the NGOs that were heard by the NCP considered that certain enterprises “must stop submitting their suppliers to contradictory injunctions” by demanding, at the same time, ever-lower prices and compliance with moral commitments on working conditions. Compliance with moral commitments can be compromised by its combination with other clauses that undermine environmental, social and governance objectives by contradicting **the overall economy of the contract**. In the opinion of the NGO, such clauses can be deleted on grounds of inconsistency or significant imbalance.

◆ **Smoothing procurement and placing orders on an annual basis can reduce pressure on suppliers during seasonal peaks**

An enterprise that was heard by the NCP endeavours to smooth the procurement of products sold throughout the year in order to manage seasonal peaks. It stressed that seasonal demand is a real issue that is taken on board in its procurement policies.

This enterprise times its purchases and spreads its orders over the whole year to help suppliers manage slack periods and seasonal peaks and cover their operating costs. That system also enables it to understand suppliers’ capacities and workloads better and adapt its pricing policy accordingly. In the case of a “classic” product sold all year round, for example its entry-level jeans, the enterprise reserves a manufacturing chain that meets its standards, so as to spread manufacturing over the year and regularly produce 25 000 pieces per month.

I-II. THE BOUNDARY OF THE BUSINESS RELATIONSHIP IN THE TEXTILE AND CLOTHING SUPPLY CHAIN

The general policies behind the Guidelines develop the concept of “adverse impacts” and the link with an enterprise’s business operations and relationships. They cover “adverse impacts that are either caused or contributed to by the enterprise, or are directly linked to their operations, products or services by a business relationship”. The term “business relationship” means “relationships with business partners, entities in the supply chain and any non-State or State entities directly linked to its business operations, products or services”. However, the Guidelines recognise that there are practical limitations on the ability of enterprises to effect change in the behaviour of their suppliers. These are related to “product characteristics, the number of suppliers, the structure and complexity of the supply chain, the market position of the enterprise vis-à-vis its suppliers or other entities in the supply chain”⁶.

The enterprise must therefore ensure that it complies with the Guidelines and that all the suppliers in its supply chain are encouraged to do so, including when accidents occur. **The recent accidents in Bangladesh, Tazreen, Rana Plaza and Aswad Mills raise questions about the relationship between customers and their suppliers in a context of formal or hidden sub-contracting.** The response to those questions reveals the scope of the business relationship, in other words the responsibility of customer and supplier for the prevention and remediation of harm.

Taking the OECD business relationship as a benchmark, the NCP conducted several hearings to determine the boundaries of due diligence and the business relationship in the industry’s supply chain.

During the hearings, the NCP noted significant areas of disagreement between certain NGOs and enterprises on the boundary of the business relationship and the responsibilities of multinational enterprises in the textile and clothing industry. NGOs advocate a broad interpretation of the “business relationship” concept that encompasses the entire manufacturing process; the frequent claim of certain enterprises, however, was that the relationship does not extend beyond the tier-1 supplier and that, furthermore, they cannot be held responsible for adverse impacts caused by tier-2 or even tier-3 subcontractors because they have no influence over them at all or, indeed, are unaware of who they are. On that point, a number of the enterprises that gave evidence stress that too broad an interpretation of the “business relationship” concept is inappropriate: it would divest responsibility from other stakeholders in the chain while imposing a disproportionate duty of oversight and responsibility for any resulting measures upon the end distributor. They dismiss the idea of an assumption of general responsibility when an accident occurs. However, they are of the view that they are not exonerated from humanitarian responsibility in some form as part of their working partnership.

The business relationship, a key concept behind the OECD Guidelines, is based on the premise that, irrespective of any capital ties, a multinational enterprise has the leverage to influence its suppliers. Customers vary in terms of their purchasing power, volume of orders, market share, specialisation, business supply strategy (short-distance/long-distance import) and type of products purchased. The supply chain is therefore extremely complex, and these criteria affect

⁶ See paragraphs 10-13 of Chapter II and Commentary on General Policies of the Guidelines.

the customer's capacity to influence.

The extent of that influence will naturally depend on the intrinsic weight of each party, in addition to the various factors listed above. Therefore, the scope of the "business relationship" as a concept must be considered in the light of that influence and the existence of a "direct link". Within the meaning of the OECD Guidelines, the mere fact that a contractual relationship exists is not sufficient to determine the limits of scope. By contrast, the broader concepts of "**industrial clusters**" or "**value chains**" are a better reflection of the economic reality upon which the business relationship is based. The issue of the customers' leverage to effect a change in their suppliers' behaviour is particularly acute for tier-1 suppliers, but also for suppliers upstream of tier 1, *i.e.* levels 2, 3 or 4 at different stages of the garment-making process. A public-private think tank specialising in CSR notes that, within a very large enterprise, there are often many suppliers, and their economic weight varies; however, the fundamental idea is that an enterprise with many operations has more responsibilities. According to the think tank, the existence of various roles generates risks.

1. Relationship between the customer and the representative of its tier-1 supplier

In conformity with the Guidelines, the first-tier supplier is regarded, from the outset, as being in a business relationship with its customer. All the attendant consequences must be drawn in terms of diligence in factories where production occurs: risk analysis, conduct of audits, implementation of remedial action plans, CSR measures. The enterprise must have regard to the fact that its supplier may have more than one factory. One of the enterprises that gave evidence also stressed the need to know the supplier well.

A multinational enterprise's business relationship therefore consists principally of its contractual relationship with its supplier, its "intermediary" or its "importing agent" who is the supplier's representative under the contract.

Some enterprises, especially although not exclusively the smaller ones, go through intermediaries or importers, giving them the role of purchaser of finished textile and clothing products. Several people who gave evidence to the NCP referred to one particular intermediary for South-East Asia. **A professional federation and a specialist institute also alerted the NCP to this practice, one that is inherently high-risk, since it obscures knowledge of the actual supply chain.** The enterprise should ensure that the intermediary's conditions of supply are in conformity and should not use the intermediary as a screen. Business confidentiality allows the intermediary to protect his sources of supply, but "the duty of oversight incumbent upon the customer" that arises from the Guidelines remains. One CSR expert who was involved in establishing the GSCP, explained that use of intermediaries can have the effect of divesting customers of responsibility because the intermediaries can amount to a screen and obscure the supply chain. The enterprise must take that fact of economic life into account and adjust its oversight policies accordingly.

◆ Extending ethical obligations into the subcontracting chain

One of the enterprises that gave evidence makes it a contractual requirement for its suppliers to state and impose the Group's social and environmental requirements upon its own suppliers. The social conditions of manufacturing that the customer expects and requires are transferred to and imposed upon the suppliers' suppliers (tier 2) because the Charter of Ethics is included in the contract. Moreover, the enterprise in

question sets store by longevity in its trading relationships in order to strengthen its influence over its suppliers and get to know them better: action plans require time, communication and trust. The same company noted that, once a threshold of 30% of turnover has been exceeded, significant influence can probably be exercised on the supplier.

One specialist legal expert advocates a rebalancing of contractual relationships between the customer and sub-contractors. Referring to recent studies⁷, he also called for the establishment of more lasting contractual relationships (see below on the scope of the business relationship).

2. The customer's business relationship extends to subcontracts beyond the tier-1 supplier

Although it would appear impossible for the customer to exercise effective control over the whole supply chain, neither can it remain impassive. As noted above, determining the effective scope of the business relationship is dependent upon several criteria.

First, consideration must be given to the fact that certain operations in the chain endow the product with permanent characteristics that will therefore have specific consequences for subsequent stages of production. That is especially the case for dyeing and processes requiring the use of chemicals which can potentially pose risks to the health of workers downstream (including in the logistics of handling), and even for consumers. In that regard, the DGCCRF notes the existence in Community law of a general safety requirement pursuant to which a professional who places a product on the market continues to be responsible for the safety of that product and must ensure that it is safe. It is therefore incumbent upon the distributor to ensure that clothing is free of prohibited chemicals and of chemicals that are dangerous to health.

Second, although this aspect is not within the scope of the Guidelines, the customer must ensure that the delivered product complies with the quality specifications set out in the order. Even though this does not entail being familiar with the specific conditions of production, it means that the customer is required, for commercial reasons, to have regard to the stages of production upstream of the tier-1 organisation.

Finally and most significantly, the responsibility that lies with the customer must be measured in relation to the commercial structure between the tier-1 supplier and the other suppliers, as there are frequently a number of cascade suppliers: the leverage exercised by the customer falls as the distance from the tier-1 supplier grows. On that point, the OECD considers that responsibility for the business relationship cannot rest entirely with the multinational enterprise: it must be borne jointly. Through its practices, the customer can contribute to extending observance of the Guidelines throughout the supply chain, even in a non-adhering country⁸. Thus some customers require their tier-1 supplier(s) to list their own suppliers and to give precise information about where the products are actually made.

Subcontracting is one of the features of the industry that must be integrated into management of the supply chain; it is also a factor that has the potential to aggravate sectoral risks.

⁷ See, in particular, the Shift Report (August 2013) and the "Responsible supplier relationships" mark which is part of the extension and implementation of the "Ten commitments for responsible purchasing" set out in the *Charte des relations inter-entreprises* [Charter of Inter-company Relations].

⁸ See paragraph A.13 of Chapter II (General Policies) of the Guidelines.

The inclusion of subcontracting in the supply chain is a consequence of the Guidelines, which recommend that enterprises should, “in addition to addressing adverse impacts in relation to matters covered by the Guidelines, encourage, where practicable, business partners, including suppliers and sub-contractors, to apply principles of responsible business conduct compatible with the Guidelines” (see paragraph A.13, Chapter II). The Guidelines also state that “relationships in the supply chain take a variety of forms including, for example, franchising, licensing or subcontracting.” In relation to the clothing and textile industry, this means the activities involved in manufacture, namely the harvesting of raw materials, dyeing, spinning, weaving/knitting, finishing, clothing manufacture and transport. Due diligence and the degree of control and verification expected of the enterprise are proportionate to the customer’s proximity to the subcontractor and its capacity to influence the subcontractor’s decisions.

Frequent recourse to cascade subcontracting and even to hidden subcontracting, alongside informal labour, make it more difficult for customers to have precise knowledge of their supply chain. Undeclared subcontracting, a situation likely to arise at various stages of manufacture, further complicates the assessment of responsibility in the event of harm or non-conformities.

Some enterprises put management systems in place to limit recourse to subcontracting. In some cases, the customer prohibits subcontracting or structures it through a system of prior authorisation.

◆ **How to structure recourse to subcontracting and limit the risk of hidden subcontracting**

One of the enterprises that gave evidence sets great store by its influence over its tier-1 supplier, who must ensure that its supplier(s) – *i.e.* the enterprise’s tier-2 supplier – observe(s) the enterprise’s “Suppliers’ Social Charter to protect Human Rights”, which the tier-1 supplier signs. In addition, the enterprise makes provision for formal authorisation for recourse to subcontracting.

Those aspects of subcontracting are part of the framework of the enterprise’s supply contract:

17.1 The Supplier may not subcontract its obligations under the General Conditions of Supply without the written prior agreement of _____, except as provided for in Article 17.3 of the General Conditions of Supply.

17.2 The Supplier shall give at least thirty (30) working days’ written notice to _____ of any subcontracting envisaged, stating the identity of the subcontractor and the obligation(s) concerned.

17.3 In the absence of a reply from _____ by the expiry of the deadline for notification provided for in Article 17.2 of the General Conditions of Supply, _____ shall be deemed to have agreed to the subcontracting in question.

17.4 In any event:

– The Supplier undertakes to select any subcontractors and to define the obligations incumbent upon them in such a way as to ensure strict compliance with its own obligations;

– Any production site shall be authorised by the companies of the enterprise concerned or their service provider, and the supplier shall conduct quality audits and social audits of its subcontractors and, in particular, shall verify the quality of the raw materials used by its subcontractors;

– The Supplier shall have sole liability in relation to the enterprise’s companies in respect of harm caused by its subcontractors’ activities and shall act as the latter’s guarantor for the proper implementation of the General Conditions of Supply;

– The Supplier shall also have sole liability in relation to the enterprise’s companies in respect of compliance by its subcontractors with the terms of the enterprise’s Social and Ethical Charter for its suppliers.

Source: Extract on subcontracting taken from the commodity contract signed by the supplier and the enterprise.

◆ **One of the other enterprises that gave evidence prohibits its suppliers under its code of conduct from having recourse to subcontracting without prior formal agreement**

If, at a given time, it is impossible for the supplier to deliver the order by the deadline, the customer shall endeavour to wait until delivery is possible. Otherwise the customer shall have recourse to a subcontractor who shall be subject to a standard validation and referencing process. Thus, “the Group’s trading partners are not in any circumstance authorised to subcontract any part of the manufacturing process without the prior written agreement of the Group, including homeworking. Subcontractors are required to comply with the Code of Conduct in its entirety and to provide their names and addresses in writing”.

Source: Extract from the general obligations incumbent upon the trading partner.

◆ **Encourage the establishment of lasting relationships by reducing the number of suppliers**

One of the enterprises that gave evidence would like to restrict the number of its suppliers to make it easier to build lasting relationships. Doing so will allow it to go further up the supply chain and conduct audits on the tier-n-1 suppliers such as weavers or converters.

◆ **Give special weight to stable and regular partners over the long term**

One of the enterprises that gave evidence explained that its business relationships are focused on a number of preferred suppliers, *i.e.* the suppliers with which they have had contractual relationships for over five years.

3. Supply chain mapping illustrates the boundaries of the business relationship

Supply chain mapping makes it possible to identify clearly the suppliers involved at the various stages of production and facilitates the identification of risks associated with their activities. The NCP is of the view that that practice therefore facilitates improved supply chain management by identifying risks that are specific to each activity (*e.g.* dyeing).

At least one of the enterprises that gave evidence maps its supply chain beyond its tier-1 suppliers by focusing on the fabric dyeing and printing process. The enterprise in question uses this combined approach to improve the traceability of its products.

◆ **Supply chain mapping and the risks that contribute to product “traceability”**

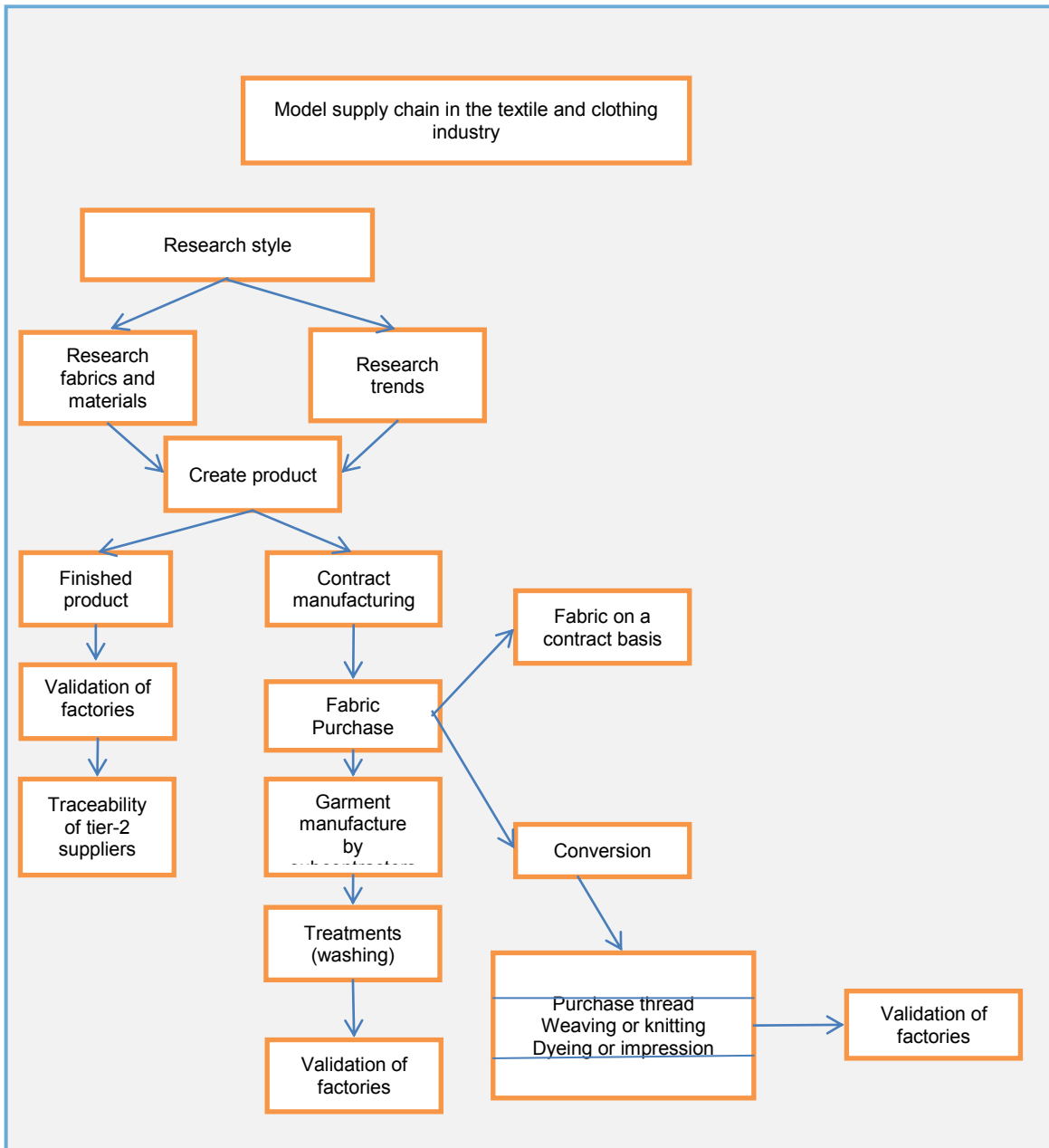
The enterprise endeavours to establish the traceability of its products by following the supply chain upstream of the garment manufacturer and tracking the work of the second-tier suppliers. In the case of contract manufacturing, the enterprise conducts environmental audits of fabric suppliers. Indeed, in order to purchase finished products under the REACH legislation, enterprises are required to concern themselves with fabric traceability.

Moreover, several years ago, this enterprise launched an audit procedure for its garment manufacturers’ tier-2 suppliers. One garment-making supplier has, on average, around 10 suppliers of fabric and materials. That means that the procedure will take much more time than monitoring garment manufacturers would, given the high number of suppliers to audit, because the suppliers need to be trained to manage compliance themselves. The audits focus on water treatment, storage and handling of chemicals.

In order to purchase finished products under the REACH regulations, the enterprise conducts audits of its

garment-makers' tier-2 suppliers and concentrates its efforts on the fabric dyeing and printing process because it views that stage as the most polluting and the most dangerous for workers.

◆ Model of the supply chain for the enterprise that gave evidence



4. The scope of the business relationship and the division of responsibility

Although a business relationship extends “from the raw material to the end product”, the due diligence that the customer must put in place, specifically the means involved in the diligence process, varies in intensity depending on the proximity and number of levels/intermediaries between the customer and the stakeholder in the value chain who is causing an adverse impact or is a contributor thereto through its activities.

The multinational enterprise’s responsibility consists in putting in place diligence measures that allow account to be taken of the risks of adverse impacts throughout the chain which arise out of its activities and are directly linked to its chain of business relationships. These include the work conditions in force for garment-making and upstream of garment-making (even though the multinational enterprise has no contractual links to the stakeholders performing the work); the enterprise must concern itself with the conditions in which the stages prior to making-up are conducted (such as dyeing) and seek to find out, for example, the provenance of the cotton it uses.

The revision of the Guidelines underlined the diligence measures at the heart of an enterprise’s responsible conduct. Diligence varies depending on the actual leverage that the enterprise has to exert influence in a business environment comprising various public and private stakeholders in which the division of roles determines the division of liability in the event of accidents. That process should be an integral part of its decision-making and risk-management system and should allow the enterprise to identify, prevent and mitigate actual and potential adverse impacts that are either caused or contributed to by the enterprise, or are directly linked to their operations, products or services by a business relationship. Enterprises should account for how they address this issue. When applied to the textile and clothing industry, the policy amounts to identifying the tools and strategies put in place to manage risks. Multinational enterprises must “seek to prevent or mitigate an adverse impact where they have not contributed to that impact, when the impact is nevertheless directly linked to their operations, products or services by a business relationship.”

Moreover, the Guidelines provide that potential impacts are to be addressed through prevention or mitigation, while actual impacts are to be addressed through remediation. When applied to the Rana Plaza tragedy and other accidents, the policy boils down to questioning the relevance of measures taken to prevent such tragedies upstream and to remedy them downstream.

➤ The division of responsibility in the business environment

Outsourcing production through subcontracting does not exonerate a multinational enterprise of its responsibility. The due diligence incumbent upon an enterprise is an obligation of means and not of results. Due diligence of an enterprise must not be interpreted as shifting responsibility from the entity causing an adverse human rights impact onto an enterprise with which it has a business relationship.

Pursuant to the Guidelines, the boundaries of a customer’s responsibility are defined by its business relationship. Leverage is considered to exist where the enterprise has the ability to effect change in the potentially harmful practices of its partner. It follows from the Guidelines that responsibility in the business environment is shared on the basis of substantial contributions by the stakeholders to adverse impacts (*cf.* the “direct link” concept), meaning an activity that causes, facilitates or incentivises another entity to cause an adverse impact and does not include minor or trivial contributions.

The Guidelines state that the term “activities” covers both actions and omissions. The customer can therefore contribute to an adverse impact actively by causing, facilitating or incentivising another entity to cause an adverse impact, as well as passively, through negligence, in the absence of measures incentivising, for example, his supplier to respect workers’ basic rights. According to the NGOs that gave evidence, unsustainable delivery requirements on deadlines or quantities and prices that are too low, constitute “substantial contributions” to any adverse impacts.

According to a legal expert, the shift to a subcontractor of the customer’s commitments has shortcomings because of the **lack of precision in those commitments**. Their somewhat terse wording often concludes with a reference to requirements that are too general, poorly defined or not defined at all, which prejudice the effectiveness of the contractual mechanisms intended to consolidate social, environmental and governance-related requirements. **For that reason, he recommends clarification of the reference frameworks for CSR used in the contracts.**

In the event of adverse impacts, the enterprise will have to establish that it has taken the appropriate due diligence measures having regard to its knowledge of the risks and its exposure to them.

I-III. INVENTORY OF DUE DILIGENCE MEASURES PUT IN PLACE BY FRENCH ENTERPRISES

The NCP has identified due diligence measures put in place by French enterprises. The Guidelines provide that: “the nature and extent of due diligence, such as the specific steps to be taken, appropriate to a particular situation, will be affected by factors such as the size of the enterprise, [the] context of its operations, the specific recommendations in the Guidelines and the severity of its adverse impacts.” Given the various companies’ different situations and financial resources, it is apparent that the most diligent French enterprises in terms of compliance are generally medium-sized and have a tradition of industrial expertise in the textile and clothing sector, though a major distributor is also highly diligent. It follows from the OECD recommendations that large buyers should be particularly careful and reactive upstream of purchase, and also when adverse impacts occur, by adopting the requisite due diligence measures in terms of compensation while recognising that responsibility must be shared between customer and supplier(s). This requirement is particularly important in the case of a succession of incidents and a tragedy on the scale of the Rana Plaza disaster, the most serious accident ever in this distribution chain.

Within the meaning of the Guidelines, a customer should implement due diligence measures which are consistent with the challenges and risks arising in the supply chain from production to the processing of raw materials. The decision-taking and risk-management system should therefore be based on an overview of the enterprise’s supply chain, which must be charted in detail to ensure the relative traceability of the final garment. The risk of adverse impacts must be identified as a preliminary step (see section I above).

The essential tools advocated by enterprises are audits and remedial action plans implemented on a case-by-case basis. The NCP found that a process had been set in motion. The reaction of most French enterprises to the Rana Plaza disaster was to take steps reflecting the due diligence measures recommended by the OECD. Some of these measures, put in place by enterprises heard by the NCP, are more sophisticated than others and cover the risks inherent in the sector to a greater or lesser extent. Such best practice deserves to be known and applied by other operators. Generally speaking, these practices develop and some tools have been modified since late 2012 or are being modified in the wake of the fire at the Tazreen factory, but particularly since the Rana Plaza disaster.

1. Due diligence measures prior to Rana Plaza

Several enterprises that were heard gave their views on the issues surrounding corporate social responsibility policy.

In this connection, an NGO has invited enterprises to promote cross-cutting management and incorporation of CSR in enterprises so that it is not confined to the CSR/sustainable development unit but involves the enterprise’s upper echelons (board of directors) and the design, marketing, communication and purchasing departments.

◆ Implementing a cross-cutting approach to CSR with the customer

One of the enterprises that were heard by the NCP treats CSR openly by promoting synergies between the various departments. Within the enterprise, which handles several ready-to-wear brands, responsibility for CSR does not lie with a single person or department within the group but is borne jointly by the brand

purchasing departments, the group's international development unit responsible for warehouse management and the human resources unit.

◆ **Establishing a supply chain management policy**

One enterprise that was heard by the NCP set out its supply chain management policy, which is based on four key notions: selection of suppliers, monitoring, co-operation with suppliers (partnership) and continuous improvement. This enterprise charts its supply chain rigorously and promotes a "step-by-step" continuous improvement process when following audits up. Its CSR is based on developing collaborative rather than punitive relationships. The enterprise strives to stabilise and maintain its supplies and avoid unnecessary supplier rotation. This enterprise operates a business model based on improving productivity and respecting workers' rights.

However, a series of fires and the Rana Plaza collapse have underlined the inadequacy of due diligence measures in terms of risk assessment. These tragic accidents have shown that the audits used were largely limited to partial detection of non-compliance with social responsibility and did not include aspects relating to the solidity and safety of buildings. **During the course of the hearings, the NCP identified the due diligence measures implemented by French enterprises,** the extent of which varies between enterprises and depends on the way different situations are handled.

The NCP drew up a **classification** on the basis of the Guidelines: identification, prevention and remediation of adverse impacts and accountability for them. The principal measure is still the social audit.

1.1. The tools used to identify the risks of adverse impacts are mainly audits

The occurrence of serious accidents and the Rana Plaza collapse have shown that the parameters used by customers to conduct audits were incomplete and only partly geared towards the risks arising and revealed in Bangladesh. Customers have, for many years, focused on social audits to the detriment of infrastructure and building rigidity audits. The Accord of 13 May 2013 on building safety seeks to turn this situation around.

◆ **Performance of social audits by an audit and certification company**

The key components of social audits are:

- human rights (distinguishing between child and forced labour, freedom of association, the fight against discrimination and harassment);
- human resources and conditions of employment (working hours, wages, reliability of employment, communication of conditions relating to probation periods, etc.);
- health and safety: fire precautions, health visits, use of personal protection equipment, risk analysis, accident reporting, implementation of action plans.

Parameter tolerance thresholds are identified and warning notices sent out in the most serious cases of non-compliance. If a customer so wishes, follow-up audits three or even six months after the initial audit are suggested, and a re-audit is performed to verify the improvements put in place.

The three stages of verification and the remedial action plan (RAP):

First stage: introductory meeting with factory management (possible meeting with workers' representatives and people wishing to attend the introductory meeting on a voluntary basis). The scope of the audit is explained at this meeting, together with the reasons for it and any particular requirements.

Second stage: visit to facilities.

- checking of emergency exits, workstations and the hazard they represent;
- identification of relevant profiles for interviews (religious and ethnic minorities, representative sampling of the majority of workers as a whole and minorities);
- interviewing, on a group or individual basis, as specified by the client.

Third stage: review of documents to establish compliance or non-compliance. Scrutiny of employment contracts, pay slips, the recording of hours worked, health checks, etc. The audit company identifies inconsistencies found in the document review stage. Non-compliance and inconsistencies are two key methods of flagging up multiple instances of incompatibility?

Once these three stages have been completed, a closing meeting is scheduled prior to RAP drafting in order to list instances of non-compliance or any discrepancies between local regulations and the code adopted by the client. Conflicts between the two sets of rules are frequent, in which case the clause most favourable to workers applies.

1.1.1. Audits and their benchmarks are not very homogeneous and are seldom shared

▪ The benchmark for social audits

Social audits are generally based on the fundamental rules of the ILO relating to forced and child labour, equal pay, freedom of association, the right to organise and the right to collective bargaining (see box below).

Although the scope of social audits varies, there is a common thread in terms of benchmark texts: the Universal Declaration of Human Rights and ILO Conventions. Tolerance limits relating to precise criteria are defined in codes of conduct and may specify particular requirements, possibly exceeding the benchmarks⁹. Account is then taken of the applicable local regulations, which vary according to the country and even to the province or local administrative area, on minimum wage or fire safety regulations, for example.

The Social Clause Initiative (ICS)¹⁰ proposes that its members follow a common auditing format which has been revised in response to the Rana Plaza disaster. Within the ICS, competing brands pool and share feedback, define and co-ordinate RAPs and, more particularly, share the findings of their audits. **Member enterprises agree that social conditions should not be a matter for competition between them.** This initiative falls within the scope of the Guidelines, which provide that “where suppliers have multiple customers and are potentially exposed to conflicting requirements imposed by different buyers, enterprises are encouraged, with due regard to anti-competitive concerns, to participate in industry-wide collaborative efforts with other enterprises with which they share common suppliers to co-ordinate supply chain policies and risk management strategies, including through information-sharing.”¹¹

One CSR expert heard by the NCP, who was involved in developing a major French distributor’s CSR policy, promoted multipartite initiatives such as the GCSP in order to draw competing enterprises up to a higher level with the distributor so as to establish fair competition and allow the sharing, comparability, convergence and standardisation of previously multiple and diverse practices.

⁹ See Code of Conduct of one of the enterprises heard by the NCP, Annex 10.

¹⁰ See list of members of the Social Clause Initiative, Annex 18.

¹¹ See Chapter II, Commentary on General Policies of the Guidelines.

◆ The fundamental standards of the International Labour Organization

The International Labour Organization, the only multilateral body bringing together representatives of governments, employers and workers at world level, has a three-fold function:

- ✓ **A standard-setting function**, the International Labour Conference (ILC) being responsible, since 1919, for setting international labour standards. In June every year, it adopts or updates what amounts to an international labour code consisting of 189 Conventions and almost 200 Recommendations applicable in ratifying States.
- ✓ **A function of monitoring the application of these standards** through several tripartite bodies. Although this monitoring of the application of standards is not coupled with a system of sanctions, it is nonetheless binding in all States subject to the rule of law.
- ✓ **A social expertise function**, experts from the International Labour Office producing important reports on economic and social issues.

The ILO Governing Body has identified **eight Conventions as “fundamental”**, covering subjects that are considered to be fundamental principles and rights at work: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation. These Conventions are:

- ✓ Convention No. **87 on freedom of association and protection of the right to organise**, 1948
- ✓ Convention No. **98 on the right to organise and collective bargaining**, 1949
- ✓ Convention No. **29 on forced labour**, 1930
- ✓ Convention No. **105 on the abolition of forced labour**, 1957
- ✓ Convention No. **138 on the minimum age**, 1973
- ✓ Convention No. **182 on the worst forms of child labour**, 1999
- ✓ Convention No. **100 on equal remuneration**, 1951
- ✓ Convention No. **111 on discrimination (employment and occupation)**, 1958

The ILO Governing Body has also designated another four Conventions as “priority” instruments, thereby encouraging member states to ratify them because of their importance for the functioning of the system of international labour standards. **The four priority Conventions are:**

- ✓ Convention No. **81 on labour inspection**, 1947
- ✓ Convention No. **129 on labour inspection in agriculture**, 1969
- ✓ Convention No. **144 on tripartite consultation (labour standards)**, 1976
- ✓ Convention No. **122 on employment policy**, 1964

On 10 June 2008, the International Labour Organization unanimously adopted a Declaration on social justice for a fair globalization. This is the third major proclamation of the principles and policies adopted by the International Labour Conference since the ILO was set up in 1919. It is rooted in the 1944 Declaration of Philadelphia and the 1998 ILO Declaration on Fundamental Principles and Rights at Work. The Declaration institutionalises the concept of decent work developed by the ILO. Prior to that, the ILO Declaration on Fundamental Principles and Rights at Work already enshrined the commitment of governments and employers’ and workers’ organisations to promote fundamental human values and also invited multinationals to uphold them.

- **The benchmark for quality auditing**

Product quality audits have been common for some time and seek to ensure compliance with product characteristics. The specifications are particular to each enterprise. The benchmarks applied are either client-specific or “common” if they are part of initiatives such as the ICS. The benchmark standards also provide a list of prohibited substances in order to comply with existing regulations. According to the Guidelines, multinational enterprises should “ensure that the goods and services they provide meet all agreed or legally required standards for consumer health and safety, including those pertaining to health warnings and safety information.”¹²

- **Biocide rules and REACH**

The Biocidal Products Regulation applies only to products manufactured within the European Union and regulates the use of biocides in products. The REACH Regulation provides for product registration and assessment. This Regulation, which contains specific obligations and restrictions, is constructed dynamically and involves a continuous process of registration of chemical substances. Only certain substances are regulated: azocolourants, DMF (dimethyl fumarate) and non-flammables. **It also contains notification measures** which lay down an obligation to report information regarding the substances contained in the articles, if they exceed a certain concentration. **The Regulation makes it mandatory only to report the presence of such substances.**

During its hearing, the French General Directorate for Competition Policy, Consumer Affairs and Fraud Control (DGCCRF) pointed out that enterprises were free to draw up good practice benchmarks exceeding those in the prevailing regulations and, where necessary, to withdraw goods containing substances which give cause for considerable concern as to their toxic or hazardous properties. The leverage effect of this type of initiative is significant. It can allow good practice to be disseminated within an occupation and foster training initiatives to improve substance monitoring. These good practices may take the form of “self-monitoring exercises” undertaken by enterprises upstream and downstream of product marketing. It could be worthwhile, in this respect, to improve procedures for examining products when they arrive in the country. Moreover, inspections during manufacture could also be introduced as a preventive measure. Auditing specifications and guidelines could be amended accordingly.

- ◆ **Proactive steps towards ensuring the harmlessness of products**

One enterprise that was heard by the NCP explained that it went beyond legal and regulatory requirements regarding product toxicity by adopting a “best bid” approach. The enterprise checks the safety of articles by testing for dangerous chemical substances after first classifying any hazardous substances, thus exceeding the REACH provisions.

The specifications, which list prohibited substances, are based on a “SIN List”¹³ published by NGOs and expert chemists who sound an alert if there are any suspected hazardous substances. Finally, systematic testing is performed prior to shipping, and self-regulation is exercised in France. This enterprise also prohibited the sandblasting of jeans and the use of chromium (VI).

¹² See paragraph 1 of Chapter VIII (Consumer Interests) of the Guidelines.

¹³ <http://www.chemsec.org/what-we-do/sin-list>.

◆ Proposing tools to enterprises for monitoring product toxicity

The association YAMANA, a pioneer in this field, is heavily involved in the environmental and toxicity aspects of products. It has worked with the Ministry of Defence on the procurement of clothing, drawing up a grading system for sustainable development criteria (see Annex 13), and it helped to draft Factsheet 6 in the 3 November 2008 Circular on the example to be set by the State in relation to sustainable development in the activities of its departments and public authorities. This association co-authored the WWF Eco-design Guide for textile and clothing products¹⁴.

■ Environmental audits of production sites

Enterprises seldom raise environmental matters. Environmental audits, however, allow production site practices and management systems to be examined and the associated risks and impacts (pollution, waste management, resource use, climate change) to be assessed in order to take steps to reduce them and manage them better. The private international standards of the ISO, public standards and the standards applied by occupational sectors are the main benchmarks available when carrying out environmental audits of production sites.

Within the ISO system, standards ISO 14001 and ISO 14004 set out, within their audit section, a method for analysing the essential aspects of an enterprise's environmental management system in order to determine and prevent risks and accidents associated with the activity and to improve environmental performance so as to reduce impacts. The main objective of ISO 14001 is to help enterprises to establish and subsequently control the environmental effects of their activities, products and/or services, and to ensure continuous improvements in performance. Primarily, the standard proposes a structured framework and action plan to ensure continuous improvement, the speed and extent of which will be determined by the organisation in the light of its economic situation and, more generally, the requirements of all interested parties (staff, neighbouring premises, local authorities, customers, suppliers, financing bodies, insurers, environmental associations, public opinion, etc.). ISO 14010, ISO 14011 and ISO 14012 set out the principles and procedures relating to environmental audits, in addition to criteria for evaluating environmental auditors. OHSAS 18001 (Occupational Health and Safety Assessment Series Standard) lays down a health and safety risk management system.

The European Union's EMAS Regulation (Eco-Management and Audit Scheme), a voluntary scheme, enables any organisation to assess the environmental impact of its activities using six indicators: energy efficiency, waste, material efficiency, biodiversity, water and emissions).

The purpose of the ECOCERT Ecological and Recycled Textiles standard is to "promote manufacturing practices and processes in the textile-clothing sector which are environmentally friendly and respectful of human life". ECOCERT lays down minimum environmental and social requirements covering product design, production, processing, distribution, use and disposal. The aim of the French CSR Textile and Clothing standard, drafted by an association and backed by the French Ministry of Economy and Finance¹⁵, is to assess, single out and promote enterprises in the textile and clothing sector which are committed to sustainable development and corporate responsibility. It allows all operators and trades in the sector to be assessed in relation to CSR measures and progress to be identified from the social, environmental and

¹⁴ <http://www.wwf.fr/s-informer/actualites/lancement-du-guide-eco-conception-des-produits-textiles-habillement>.

¹⁵ A notice regarding socio-responsible public procurement is accessible (in French) online at: http://www.economie.gouv.fr/files/directions_services/daj/marches_publics/oeap/gem/apsr/apsr.pdf.

collective viewpoints. The international Global Organic Textile Standard (GOTS), for organic textiles and fibres, allows assessment and certification by a third party of the entire supply chain, while incorporating social and ecological aspects. Some enterprises indicate, for example, that they require a purification plant where a supplier carries out the dyeing process.

1.1.2. Procedure for listing a new supplier

The auditing and certification enterprises and companies that were heard by the NCP presented their methods for conducting audits, which may be announced, semi-announced or unannounced.

Audits are generally undertaken by auditors external to the enterprise, though the NCP noted that one enterprise conducted a substantial proportion of audits internally.

Suppliers are generally notified of audits in advance and are therefore aware of the auditors' arrival date. In the case of semi-announced audits, customers notify their suppliers of the period within which they will be carried out, with a more or less specific "window". Unannounced audits are fewer in number.

Some of the people who were heard by the NCP were critical of announced audits (and, to some extent, of semi-announced audits), which they said were too convenient. The supplier could prepare the auditors' visit by ensuring temporary compliance with working conditions (in respect of child labour, for example), thus undermining the quality of the audit.

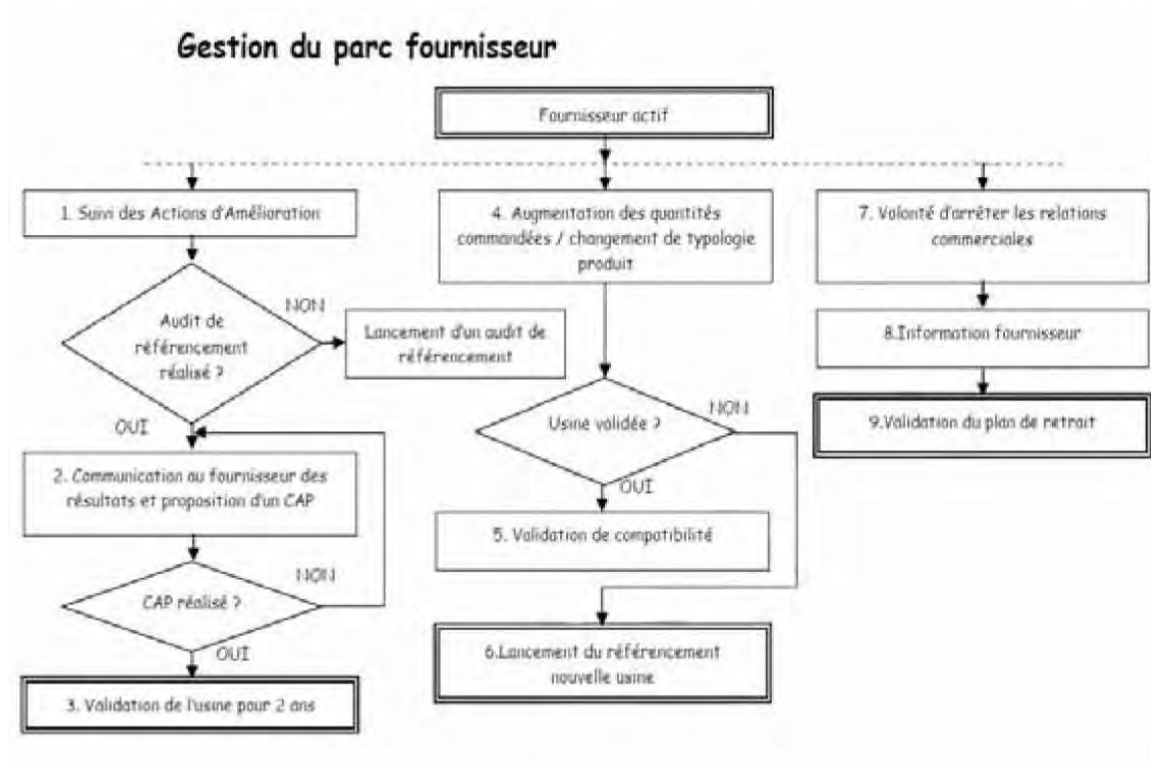
Several audit enterprises and companies stressed that announced audits are important, however, because they ensure that the factory owner is present and that all the necessary documents are made available to the auditors. The presence of the factory owner and/or management team may facilitate checks and remove certain obstacles.

It appears to be important to combine announced and unannounced audits in order to identify risks correctly and analyse compliance on a substantive basis. This information then allows the enterprise to have a constructive exchange of views with the various stakeholders affected by situations of non-compliance (see below on audit follow-ups).

Rather than giving opinions or recommendations, audit and verification companies carry out a factual and objective analysis to which the enterprise does or does not react. Once the report has been delivered, it is solely up to the enterprise to follow it up and take measures to ensure compliance. When the report has been presented to the client, however, the audit company may monitor the work to restore compliance.

One enterprise that gave evidence provided the NCP with its supplier base management scheme, which describes its use of audits and the plan of improvement measures and their follow-up (see box below and Annex 12).

- ◆ The procedure for listing a new supplier and managing suppliers is based on audits and their follow-up.



- ◆ Translation key of diagram page 34

Gestion du parc fournisseur	Supplier base management
Fournisseur actif	Active supplier
1. Suivi des Actions d'Amélioration	1. Improvement Action follow-up
4. Augmentation des quantités commandées / changement de typologie produit	4. Increase in quantities ordered/change in product type
7. Volonté d'arrêter les relations commerciales	7. Willingness to curtail business relations
Audit de référencement réalisé ?	Listing audit carried out?
Lancement d'un audit de référencement	Launching of listing audit
8. Information fournisseur	8. Supplier information
Usine validée?	Factory validated?
9. Validation du plan de retrait	9. Validation of withdrawal scheme
2. Communication au fournisseur des résultats et proposition d'un CAP	2. Communication of results to the supplier and proposal for a RAP
5. Validation de comptabilité	5. Validation of accounting
CAP réalisé?	RAP carried out?
6. Lancement du référencement nouvelle usine	6. Launching of new factory listing
3. Validation de l'usine pour deux ans	3. Validation of factory for two years

- **The procedure for listing a new supplier is common to most customers**

Enterprises enter into a contractual relationship with a new supplier following a procedure that may begin with an internal audit conducted by their quality assurance managers. This involves verifying the capacity of the supplier's factory to supply a product complying with the customer's standards and specifications, and to deliver the quantities ordered within the time limits agreed without resorting to subcontracting. An external audit is then often carried out by an independent private company which is responsible for ensuring proper working and safety conditions, formalised in codes of practice and charters of ethics which are increasingly laid down by contract. These company audits seek to provide assurance that the commitments made by the enterprise correspond to the manufacturing conditions in workshops. Certain tolerance thresholds are defined, above which the supply relationship cannot operate. Non-blocking points are covered by remedial action plans which are monitored by audits.

Most enterprises identify **"blocking points"** that prevent any contractual relationship. These are critical issues to which a zero tolerance policy is applied, e.g. child and forced labour, abusive disciplinary practices, insufficient or obsolete fire-fighting installations, lack of or blocked emergency exits, etc.

- **Reactions to these procedures differ from enterprise to enterprise**

The enterprises that were heard by the NCP gave graduated responses to the findings and risks highlighted during audits. The Guidelines state: "Appropriate responses with regard to the business relationship may include continuation of the relationship with a supplier throughout the course of risk mitigation efforts; temporary suspension of the relationship while pursuing ongoing risk mitigation; or, as a last resort, disengagement with the supplier either after failed attempts at mitigation, or where the enterprise deems mitigation not feasible, or because of the severity of the adverse impact. The enterprise should also take into account potential social and economic adverse impacts related to the decision to disengage."

In reality, the three possibilities set out in the Guidelines converge. Certain enterprises will enter into a business relationship despite non-compliances according to a degree of "criticality" which has yet to be clearly explained to the NCP. Other enterprises will wait until the points of non-compliance are corrected before entering into a business relationship. It should nevertheless be pointed out that customers source from countries where labour rights as defined by the ILO Charter are not observed in full, if at all. The NCP established that, in most cases, enterprises enter into a business relationship despite ongoing social non-compliances connected to the country's social situation and regulatory framework, particularly in terms of pay, hours worked and freedom of association, yet again. The process of continuous improvement claimed by enterprises and the correcting of these social non-compliances is a long-term task. The situation is even more complex when several suppliers source from the same factories, exacerbating the burden of financing measures arising out of remedial action plans, which is now mainly borne by suppliers.

RAPs are established for the non-compliances detected, and sometimes specific actions that resemble a "CSR project", such as firefighting training. RAP follow-up audits are relevant in this respect. Some enterprises, aware of outdated labour laws, favour a partnership approach to encourage suppliers to change. For the NCP, the supplier must accept genuine employee representation even where local law makes no provision for this. The recent inclusion in audits of a building safety/solidity aspect and the strengthening of firefighting should improve physical

safety conditions for workers. To be effective, this change must be put into effect by all customers, and the costs of the work required must be shared between the factory owner (who bears primary responsibility for safety), the tenant and the customer.

◆ **The problem of financing audits and compliant activities**

According to a legal expert, the burden of meeting the cost of audits and compliance weighs very heavily upon the approved subcontractor. Without taking this dimension into account in the price structure or through incentive mechanisms (contract duration, bonuses, etc.), the margin for improvements is limited. An unbalanced relationship sometimes exists whereby the supplier alone bears the brunt of the cost of the improvements required. He points out, conversely, that customers stress that the supplier is responsible.

◆ **The challenge of funding building compliance in Bangladesh**

An audit company alerted the NCP to the major difficulty of funding compliance. The cost of rehabilitating industrial infrastructure in Bangladesh, *i.e.* 5 000 sites, is estimated at USD 3 billion, with the diagnosis costing USD 150 million. This audit company believes it is unrealistic to hope to bring all Bangladeshi industry into line with European standards. The market for subcontract work is furthermore highly mobile, in a context of international cost competition. According to this company, the Bangladeshi authorities face a complex dilemma between continuing to be a leading textile platform and protecting their citizens. It believes that Bangladeshi public authorities should strike a balance to remain competitive.

1.2. The principal tools for preventing adverse impacts

For several decades, the principal CSR tool introduced by enterprises to ensure that their suppliers observe ethical commitments has been the social audit and the remedial action plans resulting from them. This essential but insufficient tool tends to be supplemented by other mechanisms.

1.2.1. Most social and ethical commitments are established by contract by incorporating charters of ethics and codes of conduct into general conditions of purchase

The NCP analysed codes of conduct and several general conditions of purchase which bind the customer to their suppliers. It notes that most enterprises include social and ethical commitments in the latter. For reference purposes, a code of conduct¹⁶ and a document on toxicological requirements¹⁷ forwarded by an enterprise that was heard by the NCP are annexed to this report.

According to a legal expert, the incorporation into contracts of the terms of the customer's code of conduct undeniably raises awareness throughout the supply chain of the importance of the environmental, social and governance (ESG) dimensions. He confirms that, in an increasing number of cases, charters of ethics are included in the general purchasing clauses: the supplier undertakes to observe the code of conduct.

¹⁶ See Code of Conduct of one of the enterprises heard by the NCP, Annex 10.

¹⁷ See toxicological requirements of one of the enterprises heard by the NCP, Annex 11.

1.2.2. Regular assessment of suppliers' factories raises the question of the quality and frequency of follow-up audits

Since a social audit represents a snapshot of the situation of a production site at a given time, it cannot be considered to be definitive. It cannot give carte blanche, even for a satisfactory site, and must be renewed frequently. Safety is maintained on condition that a permanent implementation system is established, factories are constantly adapted and electrical installations are regularly modified. **A satisfactory situation may deteriorate very rapidly, so checks must be made on a reasonably regular basis.**

After the listing audit has been carried out and the production site has been included in the supplier base, a remedial action plan is introduced to correct frequent non-compliances. A new audit is conducted within a varying time period to check that compliance work has been carried out. Follow-up audits may be conducted at intervals of one, two, three or even six months, according to the gravity of the non-compliance and the time required to eliminate it. Making accessible an emergency exit obstructed by stored materials, installing fire signage or replacing obsolete extinguishers is less time-consuming than installing an emergency exit or fire escape. Certain enterprises that were heard by the NCP carry out a follow-up audit within three months of the listing audit. RAPs do not cover suppliers of the lead supplier.

Subsequent to this process, the audit cycle would be two to three years. Bearing in mind the rather poor general state of buildings in Bangladesh and the situation of workers' rights, such a long gap may not be relevant. The continuous improvement approach cited by certain enterprises is meaningful only if it is long-term but involves regular checks to ensure progress.

◆ Preventing risks by ensuring a presence on the ground and limiting the use of intermediaries and purchasing agencies

One enterprise that was heard by the NCP established a relatively large permanent team in Bangladesh. Where a country accounts for a substantial proportion of an enterprise's supplies, it felt it was advisable to have a team responsible for procurement on the ground that could also check the supplier's production more easily. This enterprise counsels against the overly systematic use of purchasing agencies and sundry intermediaries, which act as a shield, make the supply chain opaque and may take responsibility away from customers.

1.2.3. Remedial action plans are part of a continuous improvement process whereby customers use their influence to encourage suppliers to move forward in terms of social, environmental and safety standards

RAPs drawn up on the basis of social audits have certain limits, as demonstrated by successive accidents. The Rana Plaza building had been audited by BSCI, and Tazreen by ICS.

◆ The "Fibre Citoyenne" Programme developed by the association Yamana promotes a collaborative approach to continuous improvement and progress

The association Yamana helps enterprises to get to know their subcontracting chain so that they can identify all the parties involved and the respective risks, and resolve the socio-economic problems they face. The association favours the incorporation of CSR into purchasing policies by promoting a global approach to the value chain, from raw materials, spinning, weaving, ennobling and production to distribution. It offers a diagnosis and proposes solutions to ensure progress from compliance to monitoring and from compliance to relevance. The objective is to move from a business relationship to a partnership

relationship of co-responsibility.

Under this programme, the enterprise signs a mutual commitment contract under which it undertakes to develop a continuous improvement process based on a plan of shared objectives. Progress is examined and validated, where applicable, by a tripartite advisory committee. This committee brings together the ministries of foreign affairs, sustainable development and industry, textile sector professional organisations and civil society via human rights and environmental protection associations and textile and clothing sector experts. The company presents a plan of objectives to the committee on an annual basis.

◆ **Being present facilitates the implementation of multipartite initiatives and RAPs**

Two of the enterprises that were heard by the NCP have teams on the ground to be better able to follow the progress of improvement actions, build relations with different stakeholders and develop CSR actions.

One of the enterprises that gave evidence explained that having a team on the ground allowed it to implement multipartite initiatives more easily.

1.3. Remediating adverse impacts

The multinational enterprise is one of the stakeholders that can be induced to take part in compensating victims and providing redress as soon as a direct link is established, in accordance with the Guidelines. The multinational enterprise then acts with the employer, the factory owner and local public authorities.

French NGOs argue that victims have the right to be compensated and to pass on their complaints. The principal mission of NGOs is to ensure media coverage of accidents so that victims are not forgotten and can receive compensation. Their action has been particularly sustained since the Rana Plaza disaster. They deplore the fact that such tragedies seem to be necessary to raise emotion and open a “window” of awareness. Their method, besides bringing pressure to bear on enterprises, is to raise consumer awareness and educate people on subjects which sometimes appear to be too technical and alien to immediate concerns, particularly consumer purchasing power.

Trade unions in the sector that were heard by the NCP came out strongly in favour of rapid compensation for victims.

1.3.1. The position of an international trade union, IndustriALL

IndustriALL is heavily involved in implementing the 13 May 2013 Accord on Fire and Building Safety in Bangladesh and has also run various campaigns to obtain full and fair compensation for the victims of the Rana Plaza and Tazreen disasters (see Annex 15¹⁸).

IndustriALL, a group of NGOs and several customers signed an **agreement on compensation** which other multinational enterprises, authorities and Bangladeshi employers are invited to subscribe to. The contributions demanded of enterprises must finance a single fund to be managed by a co-ordination committee bringing the different stakeholders together. The trade union has indicated that several foreign enterprises have already paid in several months' wages to families of Rana Plaza victims.

The trade union has also set up a **compensation model** for accident victims. ILO experts have played an active part in formulating this model on the basis of the 1964 ILO Convention 121 on

¹⁸ See IndustriALL Global Union report to CFTC on action in Bangladesh, Contribution of IndustriALL Global Union to the NCP, 5 November 2013, Annex 15.

Employment Injury Benefits and occupational diseases and on good practice by States. The model is based on the previous pay level of victims, life expectancy and degree of invalidity.

1.3.2. Customer practice in response to accidents prior to the Rana Plaza disaster

Customers affected by accidents in textile factories tend to highlight the responsibility of the supplier. They carry out internal enquiries to identify possible shortcomings or breaches. Enterprises are usually reluctant to participate in compensating victims and argue that their suppliers have deceived them or that they do not know why their products were found at the site of the accident.

The compensation process is therefore a fundamental element of due diligence. In this respect, the various reactions recorded in the wake of the Rana Plaza disaster do not appear to be adequate.

2. The Rana Plaza tragedy led a number of French enterprises to take much stronger due diligence measures and to launch positive initiatives

During the hearings, the NCP found that due diligence measures had been initiated or strengthened, especially with regard to audits. These cases constitute “good practice”.

2.1. Launching safety and soundness audits and reviewing the system of reference for audits

2.1.1. Conducting safety and soundness audits in Bangladesh

The NCP heard three audit companies, one of which submitted new audits on the soundness of the buildings. These companies confirmed that the textile and clothing industry in Bangladesh had not been conducting soundness audits prior to the collapse of Rana Plaza. Several French enterprises, on the other hand, have carried out or are in the process of conducting audits on the soundness of the sites of garments and made-up goods in Bangladesh.

◆ **A French audit and verification company is proposing to conduct building soundness audits and reinforce the safety component of its audits**

Following the collapse of Rana Plaza, an audit company that was heard by the NCP explained that it had broadened the services it provided and now also offered a building soundness component to supplement its building safety audits.

The audit examines two areas: electricity and fire (detection, evacuation). Following the collapse of Rana Plaza, a further aspect was included: building soundness. The technical audit is conducted by a team of five, comprising three expert electricians and two buildings experts. It includes upstream verification of the authorisations issued by the public authorities, of the plans and whether the number of storeys conforms to the initially proposed substructures.

The next step of the inspection relates to the visible soundness of the buildings, the presence of cracks and signs of dampness or water infiltration. This audit company does not recalculate the structures and does not take any samples of concrete. It checks the purpose of the buildings (intended use), especially their weight-bearing capacity (whether the substructures can support, for instance, machinery and vibrations).

2.1.2. Systematic audit of suppliers in Bangladesh

Two enterprises that were heard by the NCP conducted a systematic and complete audit of their suppliers' factories in Bangladesh and took decisions on whether to continue, adjust or terminate their business relationship. It was indicated that, in one case, workshops had been closed.

2.1.3. Improving audit benchmarks

The NCP was also informed that some enterprises were currently revising their social audits and supplementing them with safety (buildings, fire) and health (toxicity) audits. With regard to the toxicity of products, manufactured products must comply with European and French quality and safety standards and are tested in independent test laboratories. The social and the safety audits are separate.

◆ One enterprise has strengthened the “safety” benchmark of its audits

The Rana Plaza tragedy triggered the decision by one of the enterprises heard by the NCP to take a more in-depth CSR approach. This enterprise began by having its five supply factories in Bangladesh inspected by an audit company in July 2013.

Next, the customer strengthened its audits by including a component on the structure and soundness of the buildings, taking account of international standards for earthquake-prone regions. It is based on an analysis of the foundations of the buildings and soil quality, using scanner tests. This technical component goes beyond simply indicating cracks, the seriousness of which it is difficult for a non-expert to determine. A phased programme of audits has been set up.

Lastly, the enterprise is envisaging including an environmental component in its audits.

◆ A sectoral initiative revises its social audit benchmark

A sectoral initiative co-ordinates the measures taken by French retailers by pooling the results of the social audits around a common benchmark and by means of a system for exchanging the results.

This initiative is being taken jointly by some 20 retailers and proposes a common and constantly evolving system of social audits, which has also been revised since the Rana Plaza tragedy. Monitoring of social audits is accompanied by an alert notification system (since the launch of the initiative). The grids of the social audit questionnaires have been updated and expanded to cover the aspects of “health” and “safety”. The documents produced on the structural consistency of the buildings are examined, via the verification of authorisations, building permits and their compliance with regulatory standards. The auditors must also identify any discrepancies between the construction as planned and authorised by the administrative documents and the existing building. This enables them to detect any inconsistencies, such as the addition of an extra storey. The initiative indicates that the guide to the conduct of social audits has also been updated in order to make these changes clear.

2.2. Adherence of French enterprises to the Accord on Fire and Building Safety of 13 May 2013

Between May and July 2013, several French customers subscribed to the Accord of 13 May 2013 concluded between international trade unions and multinational enterprises under the auspices of the ILO (see below). **They are Auchan, Camaieu, Carrefour, Casino and Leclerc.** IndustriALL takes the view that its signature by large French groups helps strengthen the

agreement.

That Accord helps strengthen contacts and exchanges of view between stakeholders in the sector. A major distributor questioned at the hearing is taking measures to promote the agreement among other enterprises in the sector and endeavouring to drive it forward. It is also in contact with several French NGOs and Bangladeshi partners. The distributor is also seeking to use its leverage in the negotiations on the amount of the contributions payable by the enterprises that are parties to the agreement with a view to setting an access tariff that is not dissuasive for small-scale distributors.

◆ **Respect for rights must not be a factor of competition**

As some enterprises point out, ***the social aspect must not be a factor of competition between enterprises***. Some business models, presented by an enterprise and by an association during the hearings, and by a case set out in the GSCP report, show that respecting the rules does not increase costs, provided enterprises invest in personnel training, reduce the costs arising from excessive staff rotation and achieve higher productivity¹⁹. These gains help fund pay rises and ensure decent wages. Purchasing practices are important in this regard. When selecting their suppliers, some enterprises include criteria other than price, such as the social and environmental production conditions.

2.3. Towards gradually putting in place remediation and compensation measures for recent accidents in Bangladesh since the Rana Plaza tragedy

The NCP notes that some French enterprises are undertaking to put in place diligence measures that involve their business relationship, including in a case of concealed subcontracting, in order to remediate the collapse of Rana Plaza. One enterprise that gave evidence has already undertaken to participate in compensating the families of victims of the Rana Plaza disaster. **Nevertheless, the NCP regrets that, so far, there is no agreement in force on compensation for the victims of the Rana Plaza collapse and the Tazreen fire.**

◆ **A French customer has undertaken to participate in compensating the Rana Plaza victims**

A French enterprise, while recognising the primary responsibility of its supplier who illegally subcontracted an operation to Rana Plaza, has undertaken to show solidarity by contributing to compensating the Rana Plaza victims. It took part in the preparatory meeting held in Geneva on 11 September 2013, which was attended by nine brands and retailers and multinational enterprises.

The method of compensating the victims of the Aswad Mills fire of 8 October 2013, which caused 6 deaths and left around 50 injured, shows that local practices have changed.

◆ **Compensating the victims of the Aswad Mills fire**

A French customer, one of whose suppliers used the Aswad Mills factory, informed the NCP that the owner of the site, a partner of the customer, has undertaken to compensate the victims over and above the minimum required threshold, alongside the Bangladeshi local authorities. This compensation is also administered under the Accord of 13 May 2013, which applies to that factory.

Meanwhile, the question of compensating workers following the temporary or final closure of

¹⁹ According to the Shift report, “better working conditions and better worker-management relationships will lead to increased workforce productivity, which can then finance a living wage in a sustainable way.”

sites following safety and soundness audits is still pending. [The ILO has alerted the NCP to this](#). One enterprise has informed the NCP of the difficulties encountered in this regard.

◆ **Payment of wages during technical unemployment in a Bangladeshi factory**

One factory, which mainly supplies a French customer, recently had to be evacuated, following inspection of the structure of the building after the collapse of Rana Plaza. Because the factory was not operating, its owner explained that he was facing economic difficulties and could not pay workers their wages. In July 2013, the French customer had apparently prepaid the August orders to fund the wages of workers who became technically unemployed because of the work being carried out on the site. At the end of September 2013, the same problem arose, without the customer having received confirmation that this prepayment had been made.

The NCP notes that customers face difficulties with regard to the use of the payments made to their suppliers, and in particular the wage component.

➤ **Extension of an insurance scheme to Bangladesh**

Following the labour reform adopted in July 2013, textile factories in Bangladesh with more than 100 workers (compared with 200 workers before the reform) are obliged to subscribe to a collective insurance scheme under Section 99 of the 2006 Labour Act. That means that, in the event of death or permanent invalidity, workers should receive between BDT 100 000 (approximately EUR 960) and BDT 125 000 (approximately EUR 1 200). In December 2012, an expert from *The Financial Express* estimated the annual cost to the employer at between EUR 120 and EUR 960 per factory, depending on the number of workers.

At the end of 2012, despite the legislation in force, more than 1 200 textile factories out of 3 500 open factories had still not subscribed to a collective insurance scheme at the time when the threshold was set at 200 workers. That applied in particular to the Rana Plaza factories.

In theory, the main employers' organisation of garment manufacturers, the BGMEA (Bangladesh Garment Manufacturers and Exporters Association) offers group insurance to the owners of textile factories that are members. In the event of an accident, individual financial compensation of BDT 100 000 (approximately EUR 960) would be paid to the workers concerned. **In practice, however, that insurance would cover only a small number of workers per textile factory that belonged to the BGMEA (a textile factory employing at least 1 000 workers).**

2.4. Other due diligence measures implemented since the Rana Plaza accident

2.4.1. Preparing an action plan to combat non-transparent subcontracting

On 12 July 2013, a French enterprise that was summoned in relation to the Rana Plaza tragedy, which invoked a case of concealed subcontracting, published a plan to combat non-transparent and undeclared subcontracting. That plan is accompanied by the launch of an action plan to strengthen its existing provisions on its own-brand products. The plan is sub-divided into eight headings: strengthen the formalisation of commitments, make controls more effective, strengthen the penalties applicable to any supplier resorting to non-declared subcontracting, intensify and generalise the safety and ethics training of all buyers, make the system more fluid by developing an Internet portal, develop a partnership policy with strategic suppliers and provide regular information on the progress of this new policy. An Internet portal is about to be

created, on which all suppliers must declare the production site of a given product not later than 48 hours prior to the start of manufacture.

2.4.2. Drawing up an online guide to social audits

On 24 October 2012, a French audit company that was heard by the NCP put online a seminar entitled “A social audit, how does it work?” run by the director of the company and an auditor operating in India and Bangladesh²⁰.

2.4.3. Internal measures to enhance the training of suppliers on social, environmental and health issues

◆ Raise the awareness of suppliers and then train them in regard to social issues

Following the Rana Plaza tragedy, one enterprise took the initiative, as a responsible international actor, to raise the global awareness of all its suppliers via a questionnaire. This questionnaire will give an idea of suppliers’ level of knowledge about social compliance and the relevance of the measures taken.

The findings of the questionnaire will lead to a training course provided by an independent body, in the various production countries, to be attended by suppliers whose scores are deemed too low. The training will be made up of two components: (1) information on existing rules and target substances and (2) “keys to success” to enable enterprises to control their supplies (substitution of certain colorants and aids to dyeing, changes of practice with regard to methods of cleaning stains, naming of suppliers of conforming substances, organising upstream tests to make the chain more secure, and so forth). For enterprises, this project will reflect their willingness to work in a win-win partnership with their suppliers.

2.4.4. Develop the environmental audit of suppliers and subcontractors

Some enterprises that were heard by the NCP are considering developing environmental audits, to trigger reflection about the way in which enterprises could improve their knowledge about the impacts and environmental risks engendered by their suppliers’ activities and ensure that products comply with international rules on environmental protection. They aim at integrating standards and benchmarks recognised at international and European level when suppliers are benchmarked and selected.

2.4.5. Promote reflection on upstream garment making and “decent” wages

Paragraph 4. b) of Chapter V (Employment and Industrial Relations) of the Guidelines recommends that, “when multinational enterprises operate in developing countries, where comparable employers may not exist, [they should] provide the best possible wages, benefits and conditions of work, within the framework of government policies. These should be related to the economic position of the enterprise, but should be at least adequate to satisfy the basic needs of the workers and their families.”

The non-governmental organisations and trade unions take a position close to the OECD concept by promoting the question of a decent wage. Some NGOs believe that raising wages would have very little impact on the sales prices of the garments²¹.

In the demonstrations in Bangladesh in September, October and November 2013, punctuated by several days of general strike, workers were calling above all for higher wages. The Wage

²⁰ http://acte-international.com/index.php?page=webinars_commerce_international&news=1041#titre_1041.

²¹ According to one NGO that gave evidence, the labour cost of a garment would represent between only 1% and 3% of the sale price in the case of a pair of jeans and 0.6% in the case of a T-shirt. See Annex 7.

Board's proposal for a minimum monthly wage of BDT 5 300, or USD 68, was accepted by the BGMEA on 14 November 2013 and will enter into force on 1 December 2013. There are also plans for a 5% annual rise to accompany the rise in the cost of living. In the tense pre-election climate, however, demands for wage rises continue. Several industrial regions have seen factory closures, either because of violent incidents or to prevent potential accidents. That is a reminder of how sensitive the issue of wage levels is, as highlighted also by IndustriALL (See Annex 15).

◆ **Comments by the Global Social Compliance Programme (GSCP)**

The Shift report published in August 2013 under the aegis of the Global Social Compliance Programme (GSCP) recommends aligning purchasing practices with ethical and social commitments on the part of the customers, given that enterprises sometimes subject their suppliers to contradictory requirements²². Based on empirical studies carried out by multinational enterprises, it highlights the economic benefits of improving labour conditions and especially paying a decent wage.

It recommends that enterprises should ask their suppliers to improve social conditions, especially wages, by offering commercial incentives such as increasing the volume of orders, higher prices or longer contracts.

One enterprise that was heard by the NCP gives preference both to social compliance and improving productivity in its relations with its suppliers. It is drawing here on international studies on calculating a decent wage.

◆ **Giving precedence to social compliance as a business model and vector of productivity**

One enterprise presented its social compliance approach to the NCP. It believes that respect for workers' rights is economically viable, over and above any moral or ethical obligation. This enterprise supports a business model based on improving productivity by enhancing labour conditions and respect for workers' rights, which it would develop in certain supply sites in China. The enterprise believes that workers who are paid a decent wage and enjoy a secure working environment, with no health or safety risks, and who do not face arbitrary sanctions or penalties, are more motivated, less likely to be absent and more productive. In that regard, the enterprise has drawn on the work of the Asian Floor Wage in calculating a decent wage.

2.4.6. Initiatives to promote "responsible purchasing" by contractors

One NGO that was heard by the NCP proposes adjusting the way purchasers calculate their premiums, which it says is currently based only on costs, so as to integrate the social and environmental quality of products. It refers to an enterprise, which, in another sector, has initiated a system of variable pay indexed according to three criteria, social, environmental and economic, each of which is weighted equally.

◆ **A reward/penalty scheme to integrate social aspects in the rating of purchasers**

One enterprise that was heard by the NCP has developed a system of incentive premiums for its buyers as a means of including criteria other than price in its purchasing policy, for instance the ethical quality of products. When rating their pool of suppliers, buyers are encouraged via a system of rewards and

²² According to the Shift report, "At the same time that brands and retailers preach social compliance, their own purchasing practices too often undercut their stated commitment to better social performance in their supply chains and contribute directly to the impacts they are intent on preventing. Companies may change designs, production volumes, and production schedules, without adjusting prices or timeframes, and without a clear understanding of the implications of these practices for their suppliers."

penalties applied to their purchasing costs, to place their orders with suppliers who offer the best quality price/ethics ratios. The premiums are, therefore, indexed according to social and environmental criteria.

The NCP was able to carry out its work under good conditions and appreciated the active participation of the enterprises and the involvement of the individuals and institutions that were heard. It believes that these initiatives are moving in the right direction, especially where they involve an enterprise reshaping its strategy at global level and not only in Bangladesh.

The NCP notes the highest level of motivation and the transversal action in some enterprises (in the direction of sustainable development, CSR, purchasing, quality), which reflects a new awareness. Yet these measures remain isolated, little known and are not being implemented across the board. There is clearly a need to rationalise the diligence measures to make them more intelligible and comparable (benchmark) as well as more effective. The NCP makes several recommendations, proposals and various observations in this respect in the second and third parts of this report.

3. The international initiatives launched in mid-2013 are vital to supporting enterprises and meeting the challenges specific to Bangladesh

Any action taken by enterprises alone will not adequately meet the challenges of improving working conditions in the textile and clothing industry in Bangladesh. One of the audit companies that were heard by the NCP points out, indeed, that the business world must not be alone in taking on this task, as it would then risk achieving nothing. Several enterprises have expressed the same concern.

Customers, the Bangladeshi authorities and the international community, in particular the ILO and the European Union, have taken major initiatives. Triggered by the Tazreen accident and greatly expanded following the Rana Plaza tragedy, they are aimed mainly at inspecting the Bangladeshi textile factories and improving working conditions. **The NCP emphasises the importance of ensuring that the various initiatives are clearly structured and consistent and of incorporating the enterprises' diligence measures in this context.**

3.1. Initiatives involving customers: Accord and Alliance

The Rana Plaza events triggered two main reactions among customers: firstly, the Accord of 13 May 2013 on building safety and combating fires signed by the unions IndustriALL Global Union and UNI Global Union and more than 100 enterprises. Alongside this, North-American multinationals took a private initiative on 10 July 2013, which they called the "Alliance for Bangladesh Worker Safety".

3.1.1. The Accord on Fire and Building Safety of 13 May 2013

On 13 May 2013, multinational enterprises and the two international unions, IndustriALL Global Union and UNI Global Union, concluded the Accord on Fire and Building Safety in Bangladesh under the auspices of the ILO. It is the result of the negotiations that began in November 2012 after the fire at the Tazreen factory, which had led to a first agreement between only a few multinational enterprises.

The Accord, which will run for only five years, is aimed at strengthening safety and fire inspections in the textile industry and improving workers' health and occupational safety. To date, 103 brands, the great majority of them European, have signed the Accord, which provides for the inspection of 1 566 factories²³, a list of which was published on 17 October 2013²⁴. The Accord sets out a binding mechanism for settling disputes. It has five objectives:

- ✓ Credible inspection systems
- ✓ Prevention, and compliance by factories with safety standards
- ✓ Safety training programmes
- ✓ Deployment of a system of bottom-up communication
- ✓ Guaranteed transparency on the audited sites (access to data)

On-site inspections will begin in December 2013. The signatory customers undertake to contribute financially to implementing the agreement: inspection process, training of inspectors and compliance with standards by factories. The cost of the inspections will be shared among the signatories in proportion to the value of their orders; the maximum contribution is fixed at USD 500 000 a year per multinational enterprise.

For IndustriALL, this agreement is a historic precedent in several respects: it directly affects over 2 million textile workers who make garments destined for the whole world; it is supported by a broad coalition; it includes binding commitments; it recognises the central role of national and international trade unions.

The enterprises and NGOs that were heard by the NCP all welcomed this agreement. Some medium-sized enterprises, however, drew the NCP's attention to its shortcomings: it does not include local managers of enterprises and is limited to Bangladesh. They also emphasise its lack of precision, especially in relation to its cost; that is a decisive issue, because a non-dissuasive entry tariff must be set for small enterprises.

3.1.2. The Alliance for Bangladesh Worker Safety of 10 July 2013

The majority of North American enterprises have not signed the Accord of 13 May 2013. They dispute the clause on dispute settlement and fear that the Bangladesh Accord might lead to costly legal procedures in terms of finance and image. These enterprises prefer out-of-court compensation procedures.

The Safer Factories Initiative was announced on 10 July 2013. **It was launched by a group of 22 North American brands and will cover 800 factories.** The Alliance is non-binding and far less stringent than the Accord of 13 May 2013 as regards freedom of association. The financial contribution of customers will be lower.

On 27 June 2013, the US Administration also announced **the suspension, for an indefinite period, of the trade preferences that the United States grants Bangladesh under the GSP**, on the grounds of non-respect of the social and union rights of Bangladeshi workers. Launched in 2007 following a petition by American unions (AFL-CIO – American Federation of Labor and Congress of Industrial Organizations), this suspension procedure accelerated following the

²³ <http://www.bangladeshaccord.org/wp-content/uploads/2013/10/Accord-final-report-20131007.pdf>.

²⁴ List of enterprises that signed the Accord by 17 October 2013: <http://www.industrialall-union.org/bangladesh-safety-accord-welcomes-100-brand-milestone>.

collapse, last April, of the Rana Plaza textile factory. During the meetings and negotiations on the EU-ILO-Bangladesh Sustainability Compact of 8 July in Geneva, the United States did not support the road map.

3.2. The National Tripartite Plan of Action on Fire Safety and Structural Integrity

It is worth mentioning and taking account of the mobilisation of national actors, alongside the enterprises and stakeholders. In this regard, the NCP emphasises the importance of the commitment by the Bangladeshi authorities to implement a building and fire safety action plan.

The National Tripartite Plan of Action (NTPA) on Fire Safety and Structural Integrity in the Ready-Made Garment Sector was launched following the Tazreen factory fire in November 2012. **The NTPA was adopted on 25 July 2013 by the Bangladeshi Government, manufacturers in the sector (BGMEA and BKMEA) and the local unions.** It acts as a platform to co-ordinate the various projects and the initiatives to improve working and safety conditions in the textile industry.

The NTPA includes a legislative component (formulating a policy on health and safety at work) and an administrative component designed to improve building inspection (recruitment of inspectors, factory inspection procedures, and so on). It is supplemented by specific public policies on training. The ILO plays a major part in implementing the NTPA objectives.

The Ready-Made Garment Programme was approved on 22 October 2013 and will run for three and a half years. The NTPA will inspect the 1 500 factories that will not be inspected either under the Accord or under the Alliance. It also covers strengthening the work inspection systems, developing adequate capacity to respond to health safety issues and the rehabilitation and training of Rana Plaza survivors. This programme acts as a framework for putting in place the ILO Better Work Programme. Several partners have announced that they will make financial contributions: the Netherlands (USD 7 m), Canada and the United Kingdom (Department for International Development, DFID). Denmark (Danish International Development Agency, DANIDA) and Germany (German Association for International Co-operation, GIZ) have also announced that they will train Bangladeshi trainers in Europe.

3.3. Initiatives taken by the international community to assist Bangladesh

Within the international community, the European Union and the International Labour Organization have led the way in taking initiatives following the Rana Plaza accident, with the aim of supporting the action taken by the Bangladeshi authorities to improve working conditions.

3.3.1. The “Compact for Continuous Improvements in Labour Rights and Factory Safety in the Ready-Made Garment and Knitwear Industry in Bangladesh” or “Sustainability Compact” between the EU, the ILO and Bangladesh signed on 8 July 2013

In Geneva on 8 July 2013, EU Trade Commissioner Karel De Gucht launched a Sustainability Pact, in the presence of Bangladeshi Foreign Minister Dr Dipu Moni, International Labour Organization Director-General Guy Ryder and representatives of Bangladeshi manufacturers, major European importers and trade unions. **This Compact²⁵ seeks to improve labour, health**

²⁵ “ Compact for Continuous Improvements in Labour Rights and Factory Safety in the Ready-Made Garment and Knitwear Industry in Bangladesh”.

and safety conditions for workers, as well as to encourage responsible behaviour by businesses in the ready-made garment industry in Bangladesh. In particular, it sets out a **road map** for implementing the action plan, monitored by the European Commission and the ILO, which includes the following:

- ✓ Reforming Bangladeshi labour laws (in particular regarding freedom of association and the right to collective bargaining)
- ✓ Recruiting 200 additional inspectors by the end of 2013 who will pay regular visits to the factories and assess them in terms of occupational safety and health and compliance with labour laws
- ✓ Improving building and fire safety, especially structural safety of buildings and fire safety in ready-made garment factories, by June 2014
- ✓ Measures by the Bangladeshi Government with a view to Bangladesh becoming eligible for the Better Work Programme piloted by the ILO

3.3.2. ILO action to improve working conditions in Bangladesh

The International Labour Organization (ILO) has taken action of several kinds to improve working conditions in the textile and clothing industry in Bangladesh. It played an important part in negotiating and formulating the Accord of 13 May 2013 and will also be involved in driving it forward. The ILO is also involved in the NTPA and in Bangladesh's Ready-Made Garment Programme. **ILO action includes a number of components that contribute to the implementation of the EU-ILO-Bangladesh Sustainability Compact and the Accord of 13 May 2013** (see Annex 14²⁶):

- ✓ Assessment of the structure of factories and their safety
- ✓ Reinforcing labour and safety inspection (the ILO has already trained 96 inspectors divided into 30 teams)
- ✓ Raising awareness about health and safety at work (training for workers, supervisors and other staff)
- ✓ Measures to rehabilitate and train workers who became disabled or lost their job following the Rana Plaza accident
- ✓ The Better Work Programme launched in Bangladesh on 23 October 2013

◆ The ILO Better Work Programme

Better Work is a partnership programme between the International Labour Organization (ILO) and the International Finance Corporation (IFC) of the World Bank to improve both compliance with labour laws and competitiveness in global supply chains. The object of Better Work is to assess factory compliance with the fundamental international labour standards and national labour laws (pay, contracts and human resources, health and safety at work, working hours). The Better Work advisers are recruited locally and trained to conduct assessments and support factories with advisory services.

The factories that participate in the programme are assessed once a year. The assessment reports are forwarded to the factory directors for their response, before Better Work sells them to interested customers.

²⁶ See ILO press releases: "ILO report presents a path to sustainable growth in Bangladesh" of 18 November 2013, "Towards a safer garment industry in Bangladesh" of 22 October 2013 and "Conclusions of the ILO's high-level mission to Bangladesh" of 4 May 2013, Annex 14.

3.3.3. The Better Work Programme for Bangladesh, 23 October 2013

At the end of 2011, the ILO began preparatory activities in Bangladesh with a view to reforming labour law. It was launched in October 2013 thanks to the amendments made to the Labour Code in July 2013 and the changes recently made to the criteria for union registration. The “Better Work Bangladesh” Programme is designed as one of the components of the ILO project to improve working conditions in the garment and ready-made sector.

It will cover 500 factories and run for three years. Factory assessments will begin during the second quarter of 2014. Initially, it will relate only to the Dhaka region. Enterprises taking part in the programme undertake to comply with a number of binding criteria, in particular the use of a standard approach to assessing supplier compliance, **audits in the areas covered by the programme** and reviews of internal supply practices. “Better Work Bangladesh” is funded by Switzerland and the United States.

The Better Work Programme has many advantages. It is an approach that includes all the actors, aims to build up national capacity, monitors improvements in working conditions over time, deals with issues it is difficult for audits to cover (such as freedom of association) and enables enterprises to reduce the number of audits and become more competitive.

At the same time, how it ties in with other initiatives to pool audits and benchmarks is open to question. **Care must therefore be taken to ensure consistency between the various initiatives.** The efforts made by large distributors and the garment industry that have been involved for many years in multi-stakeholder CSR and audit-pooling programmes (GSCP, ICS) also deserve to be acknowledged.

I-IV. THE ROLE OF CONSUMERS

Chapter VIII of the Guidelines, on Consumer Interests, encourages enterprises to “support efforts to promote consumer education in areas which relate to their business activities, with the aim of, *inter alia*, improving the ability of consumers to: (i) make informed decisions involving complex goods, services and markets, (ii) better understand the economic, environmental and social impact of their decisions and (iii) support sustainable consumption.”

The NCP considers that consumers have a part to play in helping to improve working conditions in the textile and clothing industry. In order to do that, they need better information. However, it is essential to guard against any “fairwashing” or “greenwashing” which might be akin to misleading advertising or unfair commercial practices. The reputational risk for the enterprise is considerable, especially in the textile industry where consumers are buying a brand and not simply a product. The reputation of the enterprise, built up through quality goods and customer service and based on advertising, is a valuable tangible asset.

Consumer organisations point to the growing demand from consumers for reliable and detailed information on the origin of their products. According to research by CREDOC²⁷, although the ecological and social characteristics of goods and the conditions in which they are manufactured are not included in the mandatory list of pre-contractual information, consumers have latent expectations in that regard.

Several of the civil society representatives that gave evidence stressed the importance of a description of the supply chain, with traceability defined as “the capacity to be fully aware of all suppliers and subcontractors involved in the manufacture of a product, according to the position of the enterprise in the supply and manufacturing chain, and to have an overall view of the whole network. Traceability improves quality monitoring, increases productivity through greater co-ordination of participants and provides additional legal certainty on compliance obligations”. This mapping of production stages might also provide information on social and environmental aspects of products which are of interest to consumers.

◆ “Social traceability, an ethical choice”

A French trade union has made a detailed study of the subject, in a report entitled *Traçabilité sociale: un choix éthique*. The Jégo report, produced in May 2010, proposed that products should be traceable, “to put an end to anonymous globalisation”.

◆ Existing initiatives to improve consumer information

A trial with environmental labelling of common consumer products was carried out by 160 enterprises in France from July 2011 to July 2012. The labelling has three main aims: to meet the expectations of consumers by providing them with information that is as accurate, complete and objective as possible; to help protect the environment, encouraging environmentally responsible consumption by enterprises and consumers; and to protect consumers and enterprises against misleading claims or “greenwashing” through harmonisation and supervision of practices. The resulting lessons, which were presented to

²⁷ Croutte, P., F. Delpal and G. Hatchuel (2006), “Représentations et pratiques de la consommation engagée, évolution 2002-2006”, *Cahiers de Recherche*, No. 231, Centre de Recherche pour l'Étude et l'Observation des Conditions de Vie (CREDOC); Segurette, M. (2004), “L'essor de la consommation citoyenne traduit-il un retour des préoccupations d'ordre holiste dans la consommation?” *Cahiers de Recherche*, No. 204.

Parliament, could be put into practice in the textile sector.

The European Parliament Resolution of 17 January 2013²⁸ calls on all brands to support the efforts started in November 2012 to draw up an Agreement on Fire and Building Safety in Bangladesh (precursor of the Accord of 13 May 2013); **enterprises are encouraged to work together on a voluntary labelling standard certifying that a product was manufactured in accordance with core ILO labour standards.**

In April 2013, the European Commission adopted a Communication to the European Parliament and the Council entitled: “Building the single market for green products – facilitating better information on the environmental performance of products and organisations”, together with a Recommendation to the Member States and economic actors on the use of the common European method, PEF (Product Environmental Footprint). The Commission also started a European trial to develop sectoral European standards for the Product Environmental Footprint and rules for verification and consumer information. **The French textile and clothing industry is actively involved in the trial, through several enterprises in the sector.**

➤ **Consumer tools are rare in the retail trade**

The Noteo and Goodguide websites are part of this campaign for sustainable and responsible consumption.

- ✓ **Noteo** in France, which marks products with a barcode scan according to four criteria – health, environment, social and budget – perhaps prefigures future ethical and socially responsible consumption instruments.
- ✓ **Goodguide** provides information on common consumer products, incorporating three dimensions of the product. The information comes from sources such as government databases, scientific research and product testing and is compiled so that three marks can be shown for each product, one for its potential health effects (from toxic components), the other two for its environmental and social impacts.

²⁸ European Parliament Resolution on recent casualties in textile factory fires, notably in Bangladesh, 17 January 2013.

II. RECOMMENDATIONS TO MULTINATIONAL ENTERPRISES BY THE FRENCH NCP

Implementation of the Guidelines in the emerging countries and LDCs is essential, both in absolute terms, in the light of the values represented by the Guidelines, and in ensuring that the conditions of competition between enterprises from countries subscribing to the Guidelines and others are as equal as possible. However, the NCP is aware that there is a significant gap between the Guidelines and the actual business environment in many countries where French multinational enterprises operate. Against the background of tragic accidents on a scale that has attracted wide media coverage, with the reputational risks associated with such accidents, some enterprises might be tempted to withdraw from Bangladesh and transfer their production to other countries which are less exposed to media coverage and where the intrinsic risks appear less serious.

If that were to happen on a significant scale, it would be highly damaging for the country and its people, especially for women, who represent most of the workforce in the textile and clothing industry. Action by multinational enterprises in implementing the Guidelines can be a very positive factor, in what can only be a gradual process. However, as indicated above, it is for the authorities of Bangladesh to make an essential contribution to that implementation, to limit the risk of withdrawal in a world where production factors can be easily relocated.

As indicated in Part I, the situation and organisation of the textile and clothing sector are complex. The enterprises supplied from Bangladesh are very diverse in type and size. **To take account of those factors, the NCP proposals are divided into two main categories. To ensure compliance with the Guidelines, the NCP is proposing a pillar of measures to be considered necessary and sufficient and a series of proposals based on good practice which can serve as an example. The NCP is also presenting observations to the authorities in Part III of this report.**

II-I. PILLAR OF MEASURES FOR MULTINATIONAL ENTERPRISES

According to the General Policies of the Guidelines²⁹, enterprises should “contribute to economic, environmental and social progress with a view to achieving sustainable development” and “carry out risk-based due diligence”, the nature and extent of which “depend on the circumstances of a particular situation”. They should also “avoid causing or contributing to adverse impacts on matters covered by the Guidelines, through their own activities” and “seek to prevent or mitigate an adverse impact where they have not contributed to that impact, when the impact is nevertheless directly linked to their operations, products or services by a business relationship” and “encourage, where practicable, business partners, including suppliers and subcontractors, to apply principles of responsible business conduct compatible with the Guidelines”. They should “address such impacts when they occur”.

To help enterprises to implement the Guidelines, the NCP is putting forward 10 recommendations as follows:

✓ **Recommendation 1: Formalise ethical commitments and compliance with OECD and ILO international standards**

The NCP points out that the OECD Guidelines should be the standard for compliance by multinational enterprises and serve as a basis for their contractual relations. According to the Guidelines, “enterprises can also influence suppliers through contractual arrangements such as management contracts, pre-qualification requirements for potential suppliers, voting trusts, and licence or franchise agreements.”

In the textile and clothing industry, ethical commitments by multinational enterprises should, in particular, make it possible to monitor compliance with ILO standards and conventions, the first stage being to incorporate them in their codes of conduct.

The NCP notes that many enterprises have voluntary codes of conduct, indicating their adherence to certain ethical values in areas such as the environment, human rights, labour standards, consumer protection and taxation. However, it notes that the quality of the codes varies and not all of them refer to the same fundamental rights. In that respect, the NCP points out that, according to the Guidelines, “in all cases and irrespective of the country or specific context of enterprises’ operations, reference should be made at a minimum [...] to the principles concerning fundamental rights set out in the 1998 International Labour Organization Declaration on Fundamental Principles and Rights at Work.”

Furthermore, since the ethical commitments of the customer are transferred to the supplier(s), the transfer must be precise. Accordingly, the contracts must contain a clear reference to the ethical standards of the enterprise. In that connection, it should be mentioned that compliance with the Guidelines includes social and environmental criteria and not simply respect for the intrinsic characteristics of the product.

²⁹ See paragraphs A.1 and A.10 of Chapter II of the Guidelines and Commentary on General Policies.

✓ **Recommendation 2: Map the supply chain and identify risks**

In order to establish a CSR strategy appropriate to the complexity of the textile and clothing industry, the NCP recommends that enterprises map their supply chain and identify the risks.

Enterprises should map their supply chain in order to identify the various actors and be aware of the sites involved in the garment manufacturing process. The NCP has found that some enterprises were unable to identify factories specifically and did not have an overview of the supply chain as a whole. A model for mapping the supply chain is at Annex 9.

Reducing the number of suppliers facilitates identification and control of the supply chain (tier n-1, such as weavers and finishers).

Enterprises and auditing and certification companies have problems in locating production sites. Precise location data for factories could help them in their work, provided that suppliers co-operate and furnish the necessary information.

The NCP therefore recommends that enterprises conduct a risk analysis: risks relating to the country and local environment, sectoral risks such as toxicity, social rights (see Part I-I), before signing any contracts, at the start of the business relationship and at regular intervals.

Since the supply chain in the textile and clothing industry is highly fragmented, particular attention needs to be paid to the risk of hidden subcontracting, in Bangladesh and other manufacturing countries. This is a major problem which enterprises can, to some extent, resolve by mapping their supply chain and making an effort to identify the source of the products used and the conditions in which they were manufactured.

Risks can be identified and managed by creating risk matrices, which will then enable supply practices to be adapted. The matrices should include country-related risks, sectoral risks specific to the textile and clothing industry and potentially aggravating factors (e.g. subcontracting). The results of the audits can be fed into the matrices.

The results of the audits should be used for the prevention and management of risks, taking as dynamic an approach as possible. Audits should therefore be updated and revised regularly in order to re-identify the risks.

The NCP recommends pooling information on the identification of risks in order to exert greater influence on suppliers and manage any instances of damage more effectively.

➤ **Knowledge and control of the supply chain**

The large number and volatility of suppliers complicate the identification of risks, increase their scale and add to the measures of diligence required to contain them. In the opinion of the NCP, a stable relationship with suppliers facilitates risk management within the supply chain. Thus, depending on the size of the enterprise and its purchasing structure, it might be appropriate to concentrate diligence on a small number of suppliers, the main ones in terms of volume and risk. That is simpler with a limited number of suppliers and clear and stable contractual relationships.

✓ **Recommendation 3: Implement risk management systems to prevent adverse impacts from arising**

In the Guidelines, enterprises are called upon to “carry out risk-based due diligence, for example by incorporating it into their enterprise risk management systems, to identify, prevent and mitigate actual and potential adverse impacts.” It is also stated that, “where enterprises have large numbers of suppliers, they are encouraged to identify general areas where the risk of adverse impacts is most significant and, based on this risk assessment, prioritise suppliers for due diligence.”

It should be pointed out that, according to the OECD Guidelines, customers are expected to use their influence when the severity and probability of the adverse impacts are known.

Enterprises should put in place a risk management system which relates the risks identified (see Recommendation 2) to the measures of diligence for each category of risks in order to prevent damage. The system should also specify the action to be taken in the event of failures or the occurrence of damage. Other factors relevant to determining an appropriate response to the identified risks include the severity and probability of the adverse impacts and how crucial the supplier is to the enterprise.

Operationally, having teams on or near the site can be a major advantage, since knowledge of the site, regular visits to the factories in addition to formal audits and an understanding of the actual working environment are essential. However, not all enterprises have the capacity to place teams on site. In that case, purchasing offices in the manufacturing country should be assigned a specific CSR role.

✓ **Recommendation 4: Control subcontracting in order to minimise risks**

The NCP emphasises the importance of contractualisation. It recommends that subcontracting by the supplier should contractually require the prior consent of the customer, subject to the condition that it exercises reasonable diligence in the subcontracting.

The NCP is also putting forward practical proposals for customer enterprises: adapting the volume of orders to the total production capacity of suppliers; order smoothing and annualisation to extend timescales; planning procurement on the basis of business plans which provide security and transparency for suppliers. Finally, the enterprise should, as far as possible, endeavour to reserve a production chain according to the size of the order.

✓ **Recommendation 5: Promote a sustainable and balanced business relationship between customer and supplier**

The NCP noted in the hearings that the durability of the business relationship is a decisive factor. The Accord of 13 May 2013 on Fire and Building Safety in Bangladesh provides for a five-year commitment by the main signatory companies.

A durable business relationship ensures a better knowledge of partners and, in particular, more awareness of the supplier’s capacity. It provides information and experience as a basis for efficient management of trade flows and adaptation of orders to the actual capacity of the supplier. In that respect, the planning of orders is important in ensuring predictability for the supplier. It is for the customer to draw up sustainable and realistic plans that

are not too rigid or too changeable, so that the supplier does not have to subcontract its own order, with the risk that it will not meet deadlines or secure repeat orders. With stable and durable relationships based on pre-established forecasts, last-minute changes can be minimised or at least managed. That would ensure better management of the changes in fashion with which customers have to keep pace.

In addition, the durability of the business relationship makes for closer communication and collaboration between customer and supplier and facilitates the development of a continuous improvement policy. With stability, suppliers can invest in infrastructure. Without at least minimum durability of the business relationship, the supplier sees very little advantage in adapting to the requirements of its customer. Maintaining a durable partnership with suppliers might entail reducing the number of suppliers. The establishment of a stable group of suppliers therefore appears vitally important. An enterprise that changes suppliers too often has limited influence. Conversely, a long-term business relationship offers incentives for the implementation of a progress plan.

The NCP notes that, generally speaking, purchasing conditions and contractual provisions do not allow for the possibility of sharing responsibilities, and the burden of risk therefore falls on the supplier. The NCP recommends that enterprises monitor the balance of the contractual relationship and ensure that their supplier has the capacity to meet the standards. The NCP considers that contracts and purchasing conditions could, in some cases, be improved.

In addition, in some cases, the customer might have a responsibility to provide the supplier with the resources to take the necessary steps to comply with the Guidelines, particularly through support or even co-financing of remedial action plans, whilst ensuring that the supplier is aware of its responsibility for its own obligations (e.g. compliance with the safety regulations and local employment law), in accordance with the principle of shared responsibility.

✓ **Recommendation 6: Tighten the social, environmental and safety aspects of audits**

At present, audits are the main tools for risk identification. It is important to reinforce the social, environmental, safety, building soundness and toxicity aspects of the audits, in order to make them effective filters of risks and support the measures to improve compliance.

Although audits are not in themselves sufficient to identify risks³⁰, they are still indispensable, but they must be made more reliable and effective. The NCP has identified several possibilities for improving auditing methods (see box below).

The NCP also recommends that enterprises step up their use of audits in order to make them efficient tools for control of the supply chain, identification of risks and CSR management through continuous improvement measures.

First, the audit system should cover the central aspects of the Guidelines: social (fundamental ILO standards), environmental, soundness of buildings, building safety and toxicity of manufacturing processes and products. In Bangladesh, despite the high urban densification due to shortage of space, customers may refuse to use suppliers with factories in multi-storey buildings and, as far as possible, give preference to single-storey sites. It is the responsibility of

³⁰ As evidenced by the BSCI certification obtained by the Rana Plaza.

the enterprise to decide on the system. It must comply with the Guidelines and be as transparent as possible. If any major problems are identified, the customer should, in particular, avoid contracting for child labour, forced labour or inadequate safety conditions.

Secondly, the audit system must include an effective monitoring mechanism in order to identify risks and assess what improvements are needed. Enterprises must draw the appropriate inferences from the results of the audits, tighten up their monitoring and put remedial action plans (RAPs) in place as soon as required.

Finally, the audit must encourage a dynamic approach to progress by suppliers. The NCP recommends that enterprises place the emphasis on progress and continuous improvement based on a partnership system. To achieve that, it is necessary to step up RAPs and monitoring and increase the frequency of audits (the interval of two to three years between audits seems too long). If a supplier is unwilling to make sufficiently fast progress, the customer should consider whether it is expedient to establish or continue the business relationship.

More independent and higher quality audits

The NCP is calling for reinforcement and more widespread use of fire safety audits, audits of building soundness and toxicity and the inclusion of an environmental component.

To make auditors more independent and improve the quality of the audit methodology, the NCP stresses the following points:

- ✓ Auditors need to be more independent and of a higher standard. They should be approved professionals with recognised qualifications, and the CVs and experience of participants should be certified. Auditors should be of good character and technically qualified (engineers). That requires better training for auditors in combating corruption, social law (in particular fundamental rights recognised by the ILO), safety (evacuation, flood, fire, soundness of buildings), health and environmental conditions (water, air and noise pollution) and toxicity. Auditors should also have at least a basic knowledge of the language and of local customs.
- ✓ Regular monitoring of auditors; cross auditing.
- ✓ Preference for external audits rather than direct internal auditing by the customer.
- ✓ Developing parastatal/transnational schemes for the accreditation of auditing companies to combat the proliferation of agencies producing false reports and offering inadequate guarantees of rigour and professionalism. In France, audit firms are subject to a system of approval by ministries and accreditation by the Comité français d'accréditation (Cofrac).
- ✓ Voluntary environmental audits of sites, which should be as systematic as possible.
- ✓ Voluntary audits, which should be as systematic as possible, to monitor the toxicity of products and production processes by checking conformity with the REACH rules on the chemicals used by suppliers. These help to ensure the environmental traceability of products.
- ✓ Ensuring that audits are properly conducted. When interviewed, staff should be protected from the influence of employers and supervisors and be able to express their views freely. This can be achieved by using several auditing methods simultaneously:

questioning employees away from the site, staff representatives, employees not selected by the management, neighbourhood enquiries, questioning staff representatives. Auditing teams may include one European and one Bangladeshi for the hearings.

- ✓ Ensuring that audits are long enough for a thorough investigation of working conditions, safety and building soundness.
- ✓ Combining scheduled and unannounced audits. It seems essential for some audits to be unannounced in order to avoid official visits to “model” factories and “arranged” visits. In addition, customers must have all the production sites of a particular supplier audited.
- ✓ Reviewing the frequency of RAP monitoring audits; reviewing the medium-term monitoring of referencing audits.
- ✓ Publishing information to make the audit policy of the enterprise more transparent, for instance by publishing the audit standards. That is part of the “reporting” on the due diligence measures recommended in the Guidelines.

➤ **Sharing audits between enterprises**

The social clause initiative is perfectly in keeping with this mutualisation and co-ordination approach. The NCP stresses the importance of sharing the results of audits and co-ordinating standards and methods, in particular incorporating ILO and OECD principles, promoting clarity and precision, and encouraging good practice. Pooling the results of audits and the RAPs derived from them would promote the reputational effect and generate positive dynamics and synergies, giving an impetus to other enterprises and actors in the sector. This pooling of audits is consistent with the OECD recommendations, which provide that “enterprises are encouraged, with due regard to anti-competitive concerns, to participate in industry-wide collaborative efforts with other enterprises with which they share common suppliers to co-ordinate supply chain policies and risk management strategies, including through information-sharing.”³¹

✓ **Recommendation 7: Consult local stakeholders and encourage dialogue**

The customer should ensure that its supplier and, if appropriate, the factory owner create appropriate conditions for consultation with stakeholders and dialogue. In particular, consultation is a means of identifying risks, raising awareness amongst workers³², settling disputes and determining any due diligence measures that the supplier might put in place in consultation with the customer.

To encourage and enhance the dialogue, safety training should be arranged for workers and stakeholders and for management teams and those responsible for evacuation in the factories of subcontractors.

The Accord of 13 May 2013 in fact provides for regular dialogue between signatory companies, NGOs, trade unions and local employers. The GSCP also recommends, in its August 2013

³¹ Commentary on General Policies of the Guidelines.

³² According to auditors and enterprises, most of the problems occurring in factories in Bangladesh are caused by incorrect use of the buildings (e.g. overloaded wiring, storage of inflammable materials, obstacles to evacuation). The problems could quickly be solved, with a real impact on safety and without significant costs or investment, if a dialogue is established.

report, that different forms of partnership be established between multinational enterprises and civil society organisations.

✓ **Recommendation 8: Ensure respect for the workers' rights enshrined by the ILO**

In accordance with the OECD Guidelines, multinational enterprises must promote workers' rights and ensure that these are respected by their suppliers: freedom of association and the effective recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labour, effective abolition of child labour and elimination of discrimination in respect of employment and occupation (cf. the eight fundamental Conventions of the ILO). The Guidelines provide that, "in all cases and irrespective of the country or specific context of enterprises' operations, reference should be made at a minimum to the internationally recognised human rights expressed in the International Bill of Human Rights, consisting of the Universal Declaration of Human Rights and the main instruments through which it has been codified: the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, and to the principles concerning fundamental rights set out in the 1998 International Labour Organization Declaration on Fundamental Principles and Rights at Work."³³

It is essential for the customer to be able to influence its supplier in order to promote exercise of the right of association. The NCP therefore recommends that enterprises incorporate compliance with the eight fundamental ILO Conventions³⁴ in their contracts with subcontractors. The NCP points out that the use of child labour or forced labour is a breach of the business relationship. In particular, the NCP emphasises compliance with Convention 87 on freedom of association and protection of the right to organise and Convention 98 on the right to organise and collective bargaining. Thus the supplier will have to ensure respect for freedom of association and expression within its enterprise. That facilitates action and organisation by workers and the appointment of their representatives.

Freedom of expression for workers plays an important role in safety, particularly according to Article 19 of ILO Convention 155, which states: "[There shall be arrangements at the level of the undertaking under which] ... a worker reports forthwith to his immediate supervisor any situation which he has reasonable justification to believe presents an imminent and serious danger to his life or health; until the employer has taken remedial action, if necessary, the employer cannot require workers to return to a work situation where there is continuing imminent and serious danger to life or health."

The Guidelines also recommend putting in place "safeguards to protect *bona fide* 'whistle-blowing' activities [...], including protection of employees who, in the absence of timely remedial action or in the face of reasonable risk of negative employment action, report practices that contravene the law to the competent public authorities."³⁵

Organisation by workers is to be encouraged, since that enables them to exercise vigilance at the site which can supplement international initiatives, especially in situations where there are real constraints on freedom to organise. In that connection, initiatives to set up committees and support embryonic organisations which might allow workers to participate in the organisation of

³³ See Commentary on Human Rights in Chapter IV of the Guidelines.

³⁴ See box showing fundamental ILO standards, Section I-III(1)(1.1.1).

³⁵ See Commentary on General Policies in Chapter II of the Guidelines.

working conditions and collective bargaining are to be encouraged. That might take the form of involving workers and local trade unions in audits, the monitoring of remedial action plans and upgrading to meet standards (“on-site vigilance”). Reference might also be made to keeping “complaints books” and mechanisms for complaints and the settlement of disputes³⁶. Ensuring that the codes of conduct are displayed, translated, understood and known at the workplace is also recommended.

✓ **Recommendation 9: Ensure that suppliers pay an adequate wage to satisfy the basic needs of workers and their families**

The Guidelines recommend that, “when multinational enterprises operate in developing countries, where comparable employers may not exist, [enterprises should] provide the best possible wages, benefits and conditions of work, within the framework of government policies. These should be related to the economic position of the enterprise, but should be at least adequate to satisfy the basic needs of the workers and their families.”³⁷ **In the case of the textile and clothing sector, however, the multinational enterprises are not themselves employers; this therefore concerns the behaviour of their suppliers.**

In that connection, it should be noted, firstly, that the level of wages paid by a supplier is normally covered by business secrecy and, secondly, that there is no automatic link between purchase price and wages. In fact, according to one NGO, wages account for only a very small percentage of the final price of a “mass-produced” garment, between 0.6% and 3%.

This is, nonetheless, a crucial issue. It may be addressed at several levels:

- ✓ When there is a minimum wage, as there is in Bangladesh, the multinational enterprise should be able to obtain an assurance from its supplier that that is being paid.
- ✓ If the multinational enterprise is unable to obtain a breakdown of the supplier’s sale price showing the wage level, it must at least ensure that it is buying at a price that allows workers to be properly remunerated. Customers should ask the supplier to show that the price it is offering covers the production costs, including payment of a living wage. There will always be a risk of the supplier not apportioning the revenue received from the customer correctly, but if the price paid is too low the supplier will probably not be able to pay its workers properly. Since that has been pointed out by some enterprises, the NCP emphasises that social conditions should not be a factor in competition.
- ✓ The more lasting the relationship between the supplier and the enterprise (see Recommendation 5: Promoting a durable and balanced business relationship between customer and supplier), the more an enterprise is able to influence the level of wages paid by the supplier and ensure that the supplier applies the above principles.
- ✓ Enterprises have to deal with the expectations of consumers wanting cheap prices. The mass consumption of textile and clothing products costing a few euros is a reality. Consumers must realise that safeguarding fundamental rights has a price and necessarily raises production costs.

³⁶ For example, on the model suggested by the Fair Labour Association.

³⁷ See paragraph 4(b) in Chapter V (Employment and Industrial Relations) of the Guidelines.

✓ ***Recommendation 10: Participation with all stakeholders in compensation and reparation for damage when a direct link is established***

In the event of a negative impact and when a direct link can be established in the light of the Guidelines, the enterprise should be involved in the reparation and compensation for victims. That requires consultation between all potential participants in the reparation and compensation measures: the multinational enterprise, its supplier (particularly if the supplier has breached its contractual obligations), the owner of the production site, even the company or companies that carried out an audit or audits, and finally, of course, the local authorities.

II-II. PROPOSALS FOR MULTINATIONAL ENTERPRISES

To help enterprises implement the Guidelines, and in addition to the raft of measures recommended above, the NCP makes a number of proposals that enterprises might apply in their business relations in the textile and clothing sector supply chain. They present options which enterprises might choose, for example instances of good practice, or “best bets”.

✓ **Proposal 1: Engage in joint improvement and monitoring activities with suppliers**

In accordance with the Guidelines, if no adverse impact is identified, the enterprise may continue its relationship with its supplier throughout the course of risk mitigation efforts, or it **may temporarily suspend** that relationship whilst ongoing risk mitigation is pursued. As a last resort, the enterprise may **disengage with** the supplier either after failed attempts at mitigation or where the enterprise deems mitigation not feasible, or because of the severity of the adverse impact.

Of the due diligence measures needed in the textile and clothing sector, audit follow-up is essential on two counts: it helps to mitigate risks to worker safety and it helps to improve working conditions. Use of a collaborative approach makes it possible to record and track significant advances that specifically help to improve the situation of workers. In this way, the enterprise increases its opportunities to encourage its business contacts to implement the Guidelines.

Audit follow-up must be strengthened (see Recommendation 6: Tighten the social, environmental and safety aspects of audits). **Implementation of remedial action plans (RAPs) must be part of an approach designed to achieve continuing improvement and progress.** Risk awareness remains an imperative throughout the contractual relationship. Remedial action plans must be monitored on the basis of precise timetables and specifications.

The continuing improvement approach must be effective

The establishment of partner relationships based on continuing improvement and progress must not be used as a delaying tactic and an excuse for retaining business ties with a supplier who is manifestly in breach of fundamental rights. Failure to rectify non-compliance must be punished, if necessary by terminating the business relationship. And the financing of remedial action plans must be made part of the wider issue of the economic balance of the contract and the sharing of risks and costs between the parties.

✓ **Proposal 2: Join in multi-stakeholder initiatives such as accession to an international framework agreement for the textile and clothing sector**

The Guidelines state that “enterprises are also encouraged to participate in private or multi-stakeholder initiatives and social dialogue on responsible supply chain management, such as those undertaken as part of the proactive agenda” of the OECD Guidelines³⁸. Public- and private-sector stakeholders are encouraged to work together to give a boost to the reforms.

The NCP wants to see multinational enterprises signing international framework

³⁸ See Chapter III (Disclosure) of the Guidelines.

agreements. These agreements would be negotiated and signed by the management of a multinational and by at least one international trade union federation. They would seek to guarantee compliance with certain labour standards across all places of work, wherever sited. By drawing up a declaration of intent for the textile and clothing industry, to cover the retail and distribution sector in France and/or worldwide, enterprises would commit to a number of advances in ethical and socially responsible supply. These sectoral declarations could form part of a social dialogue, with rules for implementing and monitoring them.

Although they play no part in negotiating agreements of this kind, representatives of civil society could lend support to the implementation of framework agreements signed by the trade unions, as is the case with the Accord of 13 May 2013 concluded under the auspices of the ILO by IndustriALL and UNI Global Union and by multinational enterprises, and backed by NGOs in the Clean Clothes Campaign network.

✓ **Proposal 3: Publish reliable and comparable information on due diligence measures, including information on social and environmental risk management systems**

The Guidelines require enterprises to “account for how these [actual and potential adverse] impacts are addressed” (see paragraph A.10 of Chapter II on General Policies). **The NCP thus advises enterprises to improve their communication of information and so improve their “accounting” for the due diligence measures they perform in this sector.** The publication of quality information on the enterprise’s ethical commitments and the mechanisms for ensuring that they are upheld means that the social and environmental performance of enterprises can be compared. Details of their audit policy could also be published in order to highlight the main features of their system for managing social and environmental risks.

In addition, under their existing statutory obligations, enterprises could inform French works committees of their CSR activities in other countries. The investigative stages and audit findings might be made public, subject to the requirements of confidentiality and business secrecy.

✓ **Proposal 4: Train and assess buyers in the implications of ethical and sustainable supply**

Generally speaking, buyers are assessed only on the price and intrinsic quality of the products they procure. There is no incentive for them to use suppliers with good ethical credentials. It would seem appropriate to broaden the criteria for training buyers and assessing their performance, adding further criteria of social justice, environmental values and governance, especially in the large-scale retail and distribution sector. One association interviewed suggests that the training given to buyers (“sourcers”) should include instruction in social and environmental conformity.

The NCP also believes that a system of incentives and social and environmental bonuses paid to buyers as part of their salary package would boost ethical purchasing. The system of rewards and penalties introduced by one enterprise interviewed, whereby the buyer was paid a variable amount of salary, earning more if he chose the most socially responsible subcontractor, could usefully be studied and indeed applied by other enterprises.

✓ **Proposal 5: Raise consumer awareness of the conditions in which textile products**

are manufactured

Consumers can play a part in helping to improve working conditions in the textile and clothing sector. **Raising consumer awareness involves providing better information about where textile products come from and how they are manufactured.**

The NCP encourages enterprises to participate in the European Union's experimental development of sector-specific rules on the environmental footprint of products and methods for testing compliance and verification and communicating information to the consumer. **It calls on enterprises to join in the textile and clothing industry labelling projects currently under preparation (see Observation 2: Facilitate and guarantee labelling to improve information to consumers) and to develop "intelligent" labelling and ecologically/socially responsible labels.**

Furthermore, in order to counter new reputational risks aggravated by the practices of "fairwashing" and "greenwashing", enterprises should present the information they publish in a reliable and standardised form so that it is more readily comparable.

III. OBSERVATIONS OF THE NCP FOR CONSIDERATION BY PUBLIC AUTHORITIES

Since “The common aim of the governments adhering to the Guidelines is to encourage the positive contributions that multinational enterprises can make to economic, environmental and social progress and to minimise the difficulties to which their various operations may give rise”, and notwithstanding the fact that the remit of the NCP is to make recommendations to multinational enterprises, it believes that a number of remarks may usefully be addressed to public authorities. Multinationals have to apply the Guidelines and work to persuade their business partners to apply them too, but they operate in an environment that pre-dates them, over which they can exert a degree of influence but in which the State is the principal player. It is thus worth pointing out that multinational enterprises do not have sole responsibility here; on the contrary, responsibility is shared with the State and with the enterprises’ business partners.

It is primarily the duty of the State to ensure that the business environment, the social and environmental laws and their enforcement, together with infrastructure, do not slow down or hamper the proper implementation of the Guidelines by multinational enterprises.

Conversely, individual or collective action by multinationals can support, encourage and facilitate that implementation. This was the point of the multilateral mechanisms described in the first part of this report, and likewise of the measures taken by various States to ensure that the parties to international agreements apply them effectively and correctly.

In the course of the hearings, a number of initiatives were suggested which fall within the scope of national competence and would provide valuable support to enterprises in their CSR activities. The NCP wishes to bring some of these to the attention of public authorities.

✓ ***Observation 1: Support the current process of drafting an international standard on sustainable procurement***

An international standard for sustainable procurement will help to foster widespread implementation of the Guidelines, especially in the textile and clothing sector.

Three standards are currently under preparation by the International Organization for Standardization (ISO): the first on sustainable procurement (PC277), the second on compliance management systems (PC271) and the third on anti-corruption management programmes. The NCP notes the AFNOR initiative to promote an international (ISO) standard for sustainable procurement.

An international standard of this kind would do a great deal to improve conditions in the textile and clothing industry. The NCP thus invites the French public authorities to support this initiative and hopes that the Responsible Purchasing Observatory (ObsAR) will ensure the necessary liaison between the OECD and ISO during these talks so that there is maximum coherence between the work of ISO and the Guidelines.

✓ **Observation 2: Facilitate and guarantee labelling to improve information to consumers**

According to the Guidelines, “business conduct is increasingly considered by consumers when making their purchasing decisions. Enterprises are therefore encouraged to make information available on initiatives they have taken to integrate social and environmental concerns into their business operations and to otherwise support sustainable consumption. [...] Enterprises are [...] encouraged to communicate value statements or statements of business conduct to the public, including information on the social, ethical and environmental policies of the enterprise and other codes of conduct to which the company subscribes. Enterprises are encouraged to make this information available in plain language and in a format that is appealing to consumers.”

It must be said that consumers remain relatively uninterested in the origin of textiles and garments or the social and environmental conditions in which they are manufactured. Consumer awareness of these, forcing the consumer to know them, is possible only if businesses and public authorities act together to that end.

For reasons that are readily understandable, the labelling of food products is very detailed, whereas for textiles only the fibres they contain must be named. The General Directorate for Competition Policy, Consumer Affairs and Fraud Control (DGCCRF) makes the point that the consumer’s main source of information is the product label. It may appear complicated at present to envisage compulsory labelling with environmental and social information, but the possibility should not be ruled out permanently.

Various labels exist, but they are unfamiliar and not homogeneous. An initiative by the State to harmonise them would reinforce consumer confidence.

As of 2010, there has been a “responsible enterprise label” working group in France tasked with designing the broad lines of a trial on the recognition of “responsible enterprise” labels. The “Responsible Supplier Relations” label³⁹ was created on 20 December 2012, extending and implementing the 10 responsible purchasing commitments set out in the Responsible Supplier Relations Charter. This label, so far used only in France, seeks to “identify French enterprises which have demonstrated responsible and balanced relationships with their suppliers”. It is currently used by 12 enterprises.

There are a number of other enterprise-led initiatives. Examples include the RSD2 regional label developed by the Basse-Normandie region, the *Lucie* label, the entertainment industry’s *Prestadd* label, the ALRS label for call centres, the Yamana “*Fibre Citoyenne*” label, but also the social traceability initiative by the French Confederation of Christian Workers (CFTC). The association Yamana is currently developing a “responsible enterprise” label for the textile and clothing industry which will be part of the French CSR platform.

The NCP proposes that CSR projects already being trialled in the textile industry should be recognised by the State.

³⁹ www.relations-fournisseur-responsables.fr/le-label-relations-fournisseur-responsables.

✓ **Observation 3: Join the international community in supporting reforms of workers' rights in Bangladesh**

As indicated above, it is for the State to take action in areas to which the Guidelines apply. The Bangladeshi authorities have begun to drive forward reforms, notably on workers' rights, buildings safety (granting of construction permits, strengthening of the labour inspectorate) and, more generally, reforms prompted by the social and environmental agreements to which Bangladesh is a party. It is important that the international community supports these measures.

During the hearings, the attention of the NCP was drawn to major weaknesses, which mean significant risks. These include: a high prevalence of insanitary or potentially dangerous factories, patchy application of the rules, especially in the matter of construction permits and workers' rights, a seriously understaffed labour inspectorate, the consequences of very high urban density on traffic, notably on access for emergency vehicles, corruption, etc.

The NCP makes the following observations:

- ✓ Bangladesh has given undertakings to the ILO – specifically that it will abide by the fundamental ILO Conventions – and to the European Union. Bangladesh must honour those commitments. The NCP welcomes the agreements signed in Geneva on 8 July 2013 by the ILO, EU and the Government of Bangladesh on a “Compact for Continuous Improvements in Labour Rights and Factory Safety in the Ready-Made Garment and Knitwear Industry in Bangladesh”.
- ✓ The business environment, functioning of the judicial system and the condition of the infrastructure are crucial factors in the development of the textile industry with an eye to effective land use and sustainable development. It is thus vital for Bangladesh to make the necessary investment to improve these matters, with the help of its development partners.
- ✓ The NCP also notes the launch, in October 2013, of the “Better Work Bangladesh” Programme, which aims to help improve conditions in the textile industry. The NCP stresses the urgency of the need for certain measures such as the continued recruitment and training of labour inspectors.

✓ **Observation 4: Review the Bangladeshi regulations which prohibit a new factory from exporting for two years until it has obtained a licence**

Under existing Bangladeshi law on the grant of export licences, a new enterprise may not export for a period of two years. Several contributors said that this measure encouraged hidden subcontracting. The NCP thus suggests that this legislation be reviewed.

✓ **Observation 5: Extend the ordinary employment laws of Bangladesh to the export processing zones**

Export processing zones were created to meet the national economic development objectives. However, in Bangladesh, the laws governing these zones contain many exemptions – whole areas of employment law, and trade union freedoms in particular, do not apply to them. So these zones must be brought within the purview of the ordinary employment laws.

✓ **Observation 6: Take out insurance cover or establish a compensation fund for the sector**

As is apparent from recent accidents in Bangladesh, compensation for the victims, in an environment where liability has to be established on a case-by-case basis, is slow in coming or is provided only partially, despite the fact that the needs of the victims or their families are immediate.

Two mechanisms might be put in place to address this problem, possibly cumulatively.

Firstly, customers and their suppliers could usefully take out insurance cover. This mechanism has two great advantages: it insures against damage which has hitherto been covered inadequately or not at all and it obliges industry stakeholders to define their liabilities more precisely. And insurers possess the necessary specialist ability to identify and evaluate risks and liabilities.

A mechanism of this kind does already exist in Bangladesh, but it appears not to be implemented in a way which covers all the workers concerned (see Extension of an insurance scheme to Bangladesh, section I-III(2)(2.3)).

Secondly, a compensation fund financed by contributions from all industry stakeholders could be set up, with the ability to pay out compensation immediately to victims or their families. This fund would call, in the second instance, on the persons or bodies responsible and, where necessary, on the insurance companies.

It is the job of the Bangladesh authorities to set up mechanisms of this kind and ensure that they operate effectively and properly.

✓ **Observation 7: Make CSR considerations a part of trade negotiations**

By definition, multinational enterprises evolve in an environment of international competition. CSR can, in some cases, add a competitive advantage, but, in other cases, where enterprises are less concerned with social justice and environmental values and are not bound by the same rules and obligations, it can create an unlevel playing field.

If enterprises are to be encouraged to adopt ambitious CSR practices, it is thus necessary to have fair competition conditions – a level playing field. The public authorities should take action accordingly, and the European Commission should exercise its influence wherever it has leverage (trade, development aid, etc.).

The French Foreign Trade Minister has put forward proposals for stronger social and environmental standards in free trade agreements negotiated by the Commission. She has also tasked the extra-financial rating agency Vigeo with improving the environmental and social impact assessments conducted in connection with these agreements⁴⁰. **The NCP supports these measures.**

The NCP further believes that any move to exclude Bangladesh from the Generalised System of Preferences as a way of putting pressure on the country's authorities would be inappropriate here and that, on the contrary, in the case of Bangladesh, the idea of a social "road map"

⁴⁰ See also Vigeo contribution to the NCP, *Une analyse sur la responsabilité sociale des donneurs d'ordre après le catastrophe du Rana Plaza* (An analysis of the social responsibility of customers following the Rana Plaza disaster), June 2013, Annex 17.

negotiated by the Bangladeshi authorities, the European Commission and the ILO to improve working conditions in the textile and clothing sector is the right way to go.

Lastly, the NCP makes the point that France regularly insists that social issues must be taken into account in free trade agreements.

✓ **Commentary on labour provisions in bilateral free trade agreements**

The number of trade agreements containing provisions on labour has increased greatly over the past 20 years: of the 140 bilateral free trade agreements recognised by the WTO in 2013, 57 include provisions on employment, compared with just four in 1995⁴¹. The EU, unlike the USA, prefers encouragement to coercion, except in the GSP+⁴² which has mechanisms for penalising and suspending countries which commit characteristic breaches of human rights. Encouragement usually takes the form of co-operation arrangements but may also, in some cases, entail the voluntary acceptance of supervision. Co-operation may take a number of forms: technical assistance with capacity-building, institutional dialogue, information exchange, etc. Some agreements also include provision for a point of contact where members of civil society and the social partners can raise questions concerning the implementation of labour-related provisions contained in the agreement.

⁴¹ See "Social dimensions of free trade agreements", International Institute for Labour Studies, ILO, Geneva, November 2013. Moreover, 60% of WTO members are currently covered by at least one agreement that includes provisions of this kind, that is to say virtually all countries in the Americas, half the countries in the Asia-Pacific zone and 60% of those in Africa.

⁴² <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:303:0001:0082:EN:PDF>.

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Annex 1

THE PRINCIPAL NCP PROPOSALS FOR IMPLEMENTATION OF THE OECD GUIDELINES IN THE TEXTILE AND CLOTHING SECTOR

As indicated in the first part of this report, the situation and organisation of the textile and clothing sector are complex. The nature and size of the enterprises obtaining supplies from Bangladesh vary widely. In order to take these factors into account, the NCP proposals are divided into two main categories. In order to ensure compliance with the Guidelines, the NCP proposes a raft of measures which are to be regarded as necessary and sufficient, and a number of proposals based on good practices which may serve as examples. The NCP also addresses some observations to the authorities, presented in the third part of this report.

RECOMMENDATIONS FOR MULTINATIONAL ENTERPRISES

To help enterprises to implement the Guidelines, the NCP makes the following 10 recommendations:

- ✓ Recommendation 1: Formalise ethical commitments and compliance with OECD and ILO international standards
- ✓ Recommendation 2: Map the supply chain and identify risks
- ✓ Recommendation 3: Implement risk management systems to prevent adverse impacts from arising
- ✓ Recommendation 4: Control subcontracting in order to minimise risks
- ✓ Recommendation 5: Promote sustainable and balanced business relationship between customer and supplier
- ✓ Recommendation 6: Tighten the social, environmental and safety aspects of audits
- ✓ Recommendation 7: Consult local stakeholders and encourage dialogue
- ✓ Recommendation 8: Ensure respect for the workers' rights established by the ILO
- ✓ Recommendation 9: Ensure that suppliers pay an adequate wage to satisfy the basic needs of workers and their families
- ✓ Recommendation 10: Participation with all stakeholders in compensation and reparation for damage when a direct link is established

PROPOSALS FOR MULTINATIONAL ENTERPRISES

In addition to the raft of measures recommended above, the NCP makes a number of proposals that enterprises might apply in their business relations in the textile and clothing sector supply chain.

- ✓ Proposal 1: Engage in joint improvement and monitoring activities with suppliers
- ✓ Proposal 2: Join in multi-stakeholder initiatives such as accession to an international framework agreement for the textile and clothing sector
- ✓ Proposal 3: Publish reliable and comparable information on due diligence measures, including information on social and environmental risk management systems
- ✓ Proposal 4: Train and assess buyers in the implications of ethical and sustainable supply
- ✓ Proposal 5: Raise consumer awareness of the conditions in which textile products are manufactured

OBSERVATIONS OF THE NCP FOR CONSIDERATION BY PUBLIC AUTHORITIES

In the course of the hearings, a number of initiatives were suggested which fall within the scope of national competence and would provide valuable support to enterprises in their CSR activities. The NCP wishes to bring some of these to the attention of public authorities.

- ✓ Observation 1: Support the current process of drafting an international standard on sustainable procurement
- ✓ Observation 2: Facilitate and guarantee labelling to improve information to consumers
- ✓ Observation 3: Join the international community in supporting reforms of workers' rights in Bangladesh
- ✓ Observation 4: Review the Bangladeshi regulations which prohibit a new factory from exporting for two years until it has obtained an export licence
- ✓ Observation 5: Extend the ordinary employment laws of Bangladesh to the export processing zones
- ✓ Observation 6: Take out insurance cover or establish a compensation fund for the sector
- ✓ Observation 7: Make CSR considerations a part of trade negotiations

Annex 2

LIST OF PERSONS HEARD BY THE FRENCH NATIONAL CONTACT POINT

Enterprises

✓ **Auchan**

Mr Jean-Denis Deweine, Director of International Supply and Purchasing

Ms Séverine Mareels, Quality Manager

✓ **Carrefour**

Mr Jérôme Bedier, Secretary General

Mr Bertrand Swiderski, Director of Sustainable Development

✓ **Promod**

Mr Régis Vroman, Purchasing Manager

Ms Florence Vacheron, Quality Manager

Mr Benjamin Zehnder, Consultant in the Communications Department

✓ **Happychic**

Ms Christèle Merter, Director for Quality and for the Management of Social and Environmental Responsibility among Suppliers

Mr Frédéric Taquet, Director of Human Resources, Member of the Executive Committee, responsible for Sustainable Development

✓ **Pimkie**

Mr Fabien Mulliez, Director of Human Resources, Head of External Communications

Mr Christian Kinnen, Quality and CSR Manager

Mr Loïc Leurent, Head of Sourcing Proche Import

✓ **Camaïeu**

Mr Vincent Vaugeois, Director of Purchasing for the Group

Mr André Cordonnier, Legal Director

Federations of enterprises

✓ **Union des Industries Textiles (UIT)**

Ms Emmanuelle Butaud-Stubbs, Delegate General

✓ **Fédération du Commerce et de la Distribution (FCD)**

Mr Jacques Creysse, Delegate General

✓ **Social Clause Initiative (ICS)**

Ms Carole Hommey, Head of the Social Clause Initiative

Auditing and certification companies

✓ **Bureau Veritas**

Mr Marc Boissonnet, Vice-President Communications and Marketing

Mr Gérard Biessy, Head of Building Activities, Building Security and Fire Safety

✓ **SGS**

Ms Camille Querleu, Head of Social Accounting in France

Mr Olivier Bellet, Head of "Sustainability"

✓ **ACTE International**

Ms Anne Le Rolland, President

International organisation

✓ **International Labour Organization (ILO)**

Mr Gilbert Hounbo, Deputy Director-General of the International Labour Office (ILO)

French trade unions in the textile sector

✓ **Confédération française de l'encadrement – Confédération générale des cadres (CFE-CGC)**

Mr François Vincent, Delegate General

✓ **Confédération française des travailleurs chrétiens (CFTC)**

Mr Francis Orosco, Chairman of the Federation

Mr Paul Fiaschi, Chairman of the Textile Sector

✓ **Force Ouvrière (FO)**

Mr Hervé Quillet, Secretary General

Ms Francine Vidal, Secretary of the Federation

✓ **Confédération générale du travail (CGT)**

Ms Kheira Boulou, Member of the Federation Office

French trade unions in the trade and distribution sectors

✓ **Confédération française de l'encadrement – Confédération générale des cadres (CFE-CGC)**

Mr Jacques Biancotto, Chairman of the Fédération nationale de l'encadrement du commerce et des

services

✓ **Confédération générale du travail (CGT)**

Ms Michèle Chaix, Secretary General

Ms Claudette Montoya, Central Trade Union Delegate

✓ **Force Ouvrière (CGT-FO)**

Ms Françoise Nicoletta, Federal Secretary, responsible for trade

Mr Christophe Le Comte, Federal Secretary in the business section

✓ **Confédération française démocratique du travail (CFDT)**

Mr Gilles Desbordes, Secretary General

Ms Aline Levron, National Secretary responsible for trade

Non-governmental organisations, representatives of civil society

✓ **Yamana**

Mr Frédéric Fournier, Head of Projects

✓ **Peuples Solidaires**

Ms Fanny Gallois, Campaign Manager

✓ **Collectif Éthique sur l'Étiquette**

Ms Nayla Ajaltouni, Co-ordinator

✓ **Sherpa**

Ms Sophia Lakhdar, Director

✓ **Amnesty International**

Ms Sabine Gagnier, Co-ordinator for economic players

Ms Marie Poirot, Member of the Commission "Acteur économique et pauvreté"

✓ **CCFD – Terre Solidaire**

Mr Antonio Manganella, Advocacy Officer

✓ **Forum Citoyen pour la RSE**

Mr Michel Capron, Chairman

✓ **Association de défense des consommateurs INDECOSA-CGT**

Mr Arnaud Faucon, National Secretary responsible for sustainable development issues

Researchers and experts

Mr Philippe Benoit, Research teacher at the Institut National des Langues et Civilisations Orientales (INALCO)

Ms Véronique Discours-Buhot, Independent Adviser to the Advisory Board of the Global Social Compliance Programme (GSCP)

Mr Yann Queinnec, Director General of Affectio Mutandi

Ms Nathalie Ruelle, Professor at the Institut Français de la Mode (IFM)

French administration

✓ **Direction Générale de la Concurrence, de la Consommation et de la Répression des Fraudes (DGCCRF)**

Mr Axel Thonier, Deputy Director for Industry, Health and Housing

Mr Aurélien Ozer, Office for Consumer Protection and Fair Dealing

Mr Loïc Buffard, Head of the Industrial Products Office

Mr Serge Picolo, Industrial Products Office

Other hearings

✓ **Association Française de Normalisation (AFNOR)**

Mr Olivier Peyrat, Director General

Mr Alain Costes, Director of AFNOR Standardisation

✓ **Vigeo (extra-financial rating agency)**

Mr Fouad Benseddik, Director of Methodology and Institutional Relations

Mr Antoine Begasse, Project Manager, responsible for the Agency's methodology and institutional relations

✓ **Observatoire des Achats Responsables (ObsAR)**

Mr Alain Chatenet, Delegate General

Mr Jacques Schramm, Vice-Chairman

Mr Gérard Brunaud, Executive Vice-Chairman

Annex 3

DOCUMENTARY SOURCES USED BY THE NCP

Public reports

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Annex 4

**STATEMENT BY THE NATIONAL CONTACT POINTS OF THE
OECD**

25 June 2013

Statement by the National Contact Points of the OECD

Paris, June 25th 2013

The National Contact Points are deeply saddened by the tragedy at Rana Plaza in Bangladesh. Our hearts go out to all of those affected. Like Secretary General of the OECD Gurría has expressed: “This event is a dramatic wakeup call for the international textile industry, governments, and other stakeholders to address the risks before they result in tragedies such as this.”

The National Contact Points welcome robust and credible initiatives, such as the Accord on Fire and Building Safety in Bangladesh, which try to improve the situation on the ground¹. Abandoning production in Bangladesh could make the situation of the workers worse. The OECD Guidelines for Multinational Enterprises point out that in these circumstances, the responsible course is to work with stakeholders to guarantee the safety of workers, improve their working conditions and ensure respect for human rights.

The OECD Guidelines for Multinational Enterprises are a comprehensive set of recommendations on responsible business conduct that 45 OECD and non-OECD adhering governments expect enterprises to observe in their global operations. The OECD Guidelines for Multinational Enterprises ask enterprises to respect human and labor rights and be responsible for identifying and addressing risks of adverse impacts associated with their own activities or in their supply chains and other business relationships. The OECD Guidelines for Multinational Enterprises are supported by National Contact Points in each adhering country. Most of the enterprises sourcing textiles and garments from Bangladesh originate from adhering countries to the OECD Guidelines for Multinational Enterprises.

National Contact Points welcome that responsible business conduct in the textiles and garments supply chains will be addressed, as a matter of priority, in the high level discussions at the Global Forum on Responsible Business Conduct on 26-27 June 2013 and at the meeting of Working Party on Responsible Business Conduct on 28 June 2013.

The National Contact Points welcome the call to collective action by several Ministers and Secretary General Gurría.

The National Contact Points will meet their responsibilities under the OECD Guidelines for Multinational Enterprises with respect to enterprises in the textiles and garments sector. Where appropriate, they will undertake stakeholder consultations at the national level and support and participate in work undertaken in the context of the multi-stakeholder Proactive Agenda by OECD. In coordination with other government agencies, they will, where appropriate, support implementation of robust and credible initiatives agreed to by stakeholders and enterprises, that are consistent with the OECD Guidelines for Multinationals and the relevant ILO standards, such as the Accord on Fire and Building Safety.

¹ Robust initiatives should at least be aligned with the OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration concerning Multinational Enterprises.

The National Contact Points strongly encourage the Investment Committee and the Working Party on Responsible Business Conduct to work urgently with companies, trade unions and other relevant civil society groups to develop a collective response within the framework of its Pro Active Agenda². Particular attention should be given to the principles of adding value and avoiding duplication with other initiatives. NCP's encourage enterprises, trade unions, and other civil society groups to cooperate with the Working Party in this field.

A collective response could take the form of a joint effort by the OECD, that could include the ILO and the UN Working Group on Human Rights and Business/ UN OHCHR, to host a Forum for all interested stakeholders to inform one another of the specific initiatives in which they are involved regarding due diligence in the textile and garments sector in Bangladesh with the objective of fostering coordination and collaboration among all stakeholders in meeting their respective responsibilities. It could include sharing views on the relevance of their experiences in relation to Bangladesh to the textiles sector more broadly. It could also include consideration of strategies and practices for application of risk based due diligence in supply chains in the sector. The NCP's also note the importance of donor community involvement and the contribution it can make in assisting Bangladesh and other textile and garments producing countries in meeting their responsibilities with respect to these sectors.

As noted in the statement of the Secretary General of OECD, the OECD Guidelines for Multinational Enterprises, using risk-based due diligence, multi-stakeholder engagement and targeted development assistance, have been instrumental in meeting challenges in other sectors such as trade in minerals and may be able to make an important contribution alongside initiatives already underway in the textiles industry.

² The response should be consistent with the Principles for the Proactive Agenda

Annex 5

ACCORD ON FIRE AND BUILDING SAFETY

13 May 2013

Accord on Fire and Building Safety in Bangladesh

The undersigned parties are committed to the goal of a safe and sustainable Bangladeshi Ready- Made Garment ("RMG") industry in which no worker needs to fear fires, building collapses, or other accidents that could be prevented with reasonable health and safety measures.

The signatories to this Agreement agree to establish a fire and building safety program in Bangladesh for a period of five years.

The programme will build on the National Action Plan on Fire Safety (NAP), which expressly welcomes the development and implementation by any stakeholder of any other activities that would constitute a meaningful contribution to improving fire safety in Bangladesh. The signatories commit to align this programme and its activities with the NAP and to ensure a close collaboration, including for example by establishing common programme, liaison and advisory structures.

The signatories also welcome a strong role for the International Labour Organization (ILO), through the Bangladesh office as well as through international programmes, to ensure that both the National Action Plan, and the programme foreseen by the signatories of this Agreement, get implemented.

The signatories shall develop and agree an Implementation Plan within 45 days of signing this Agreement. The nongovernmental organisations which are signatories to the Joint Memorandum of Understanding on Fire and Building Safety (dated March 15, 2012), having stated their intention to support the implementation of this programme, shall, at their own election, be signed witnesses to this Agreement.

This Agreement commits the signatories to finance and implement a programme that will take cognizance of the Practical Activities described in the NAP involving, at minimum, the following elements:

SCOPE: The agreement covers all suppliers producing products for the signatory companies. The signatories shall designate these suppliers as falling into the following categories, according to which they shall require these supplier to accept inspections and implement remediation measures in their factories according to the following breakdown:

1. Safety inspections, remediation and fire safety training at facilities representing, in the aggregate, not less than 30%, approximately, of each signatory company's annual production in Bangladesh by volume ("Tier 1 factories").
2. Inspection and remediation at any remaining major or long-term suppliers to each company ("Tier 2 factories"). Together, Tier 1 and Tier 2 factories shall represent not less than 65%, approximately, of each signatory company's production in Bangladesh by volume.
3. Limited initial inspections to identify high risks at facilities with occasional orders, onetime orders or those for which a company's orders represent less than 10% of the factory's production in Bangladesh by volume ("Tier 3 factories"). Nothing in this paragraph shall be deemed to alleviate the obligation of each signatory company to ensure that those factories it designates as Tier 3 represent, in the aggregate, no more than 35%, approximately, of its production in Bangladesh by volume. Facilities determined, as a result of initial inspection, to be high risk shall be subject to the same treatment as if they were Tier 2 factories.

GOVERNANCE:

4. The signatories shall appoint a Steering Committee (SC) with equal representation chosen by the trade union signatories and company signatories (maximum 3 seats each) and a representative from and chosen by the International Labour Organization (ILO) as a neutral chair. The SC shall have responsibility for the selection, contracting, compensation and review of the performance of a Safety Inspector and a Training Coordinator; oversight and approval of the programme budget; oversight of financial reporting and hiring of auditors; and such other management duties as may be required. The SC will strive to reach decision by consensus, but, in the absence of consensus, decisions will be made by majority vote. In order to develop the activity of the SC, a Governance regulation will be developed.
5. Dispute resolution. Any dispute between the parties to, and arising under, the terms of this Agreement shall first be presented to and decided by the SC, which shall decide the dispute by majority vote of the SC within a maximum of 21 days of a petition being filed by one of the parties. Upon request of either party, the decision of the SC may be appealed to a final and binding arbitration process. Any arbitration award shall be enforceable in a court of law of the domicile of the signatory against whom enforcement is sought and shall be subject to The Convention on the Recognition and Enforcement of Foreign Arbitral Awards (The New York Convention), where applicable. The process for binding arbitration, including, but not limited to, the allocation of costs relating to any arbitration and the process for selection of the Arbitrator, shall be governed by the UNCITRAL Model Law on International Commercial Arbitration 1985 (with amendments as adopted in 2006).
6. The signatories shall appoint an Advisory Board involving brands and retailers, suppliers, government institutions, trade unions, and NGOs. . The advisory board will ensure all stakeholders, local and international, can engage in constructive dialogue with each other and provide feedback and input to the SC, thereby enhancing quality, efficiency, credibility and synergy. The SC will consult the parties to the NAP to determine the feasibility of a shared advisory structure.
7. Administration and management of the programme will be developed by the SC in consultation with the 'High-Level Tripartite Committee' established to implement and oversee the National Action Plan on Fire Safety, as well as with the Ministry of Labour and Employment of Bangladesh (MoLE), the ILO and the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), to maximize synergy at operational level; and the SC may make use of the offices of GIZ for administrative coordination and support.

CREDIBLE INSPECTIONS:

8. A qualified Safety Inspector, with fire and building safety expertise and impeccable credentials, and who is independent of and not concurrently employed by companies, trade unions or factories, shall be appointed by the SC. Providing the Chief Inspector acts in a manner consistent with his or her mandate under the provisions of this Agreement, and unless there is clear evidence of malfeasance or incompetence on his or her part, the SC shall not restrict or otherwise interfere with the Chief Inspector's performance of the duties set forth in the Agreement as he or she sees fit, including the scheduling of inspections and the publishing of reports.
9. Thorough and credible safety inspections of Tier 1, 2 and 3 factories shall be carried out by skilled personnel selected by and acting under the direction of the Safety Inspector, based on

internationally recognized workplace safety standards and/or national standards (once the review foreseen under the NAP is completed in June 2013). The Safety Inspector shall make all reasonable efforts to ensure that an initial inspection of each factory covered by this Agreement shall be carried out within the first two years of the term of this Agreement. The Safety Inspector will be available to provide input into the NAP legislative review and to support capacity building work regarding inspections by the MoLE foreseen under the NAP.

10. Where a signatory company's inspection programme, in the opinion of the Safety Inspector, meets or exceeds the standards of thorough and credible inspections, as defined by the Safety Inspector, it will be considered an integral part of the programme activities set forth in this Agreement. Signatory companies wishing to have their inspection programme so considered shall provide the Safety Inspector full access to the findings of their inspections and he or she will integrate these into reporting and remediation activities. Notwithstanding this provision, all factories within the scope of this Agreement shall still be subject to all the provisions of this Agreement, including but not limited to a least one safety inspection carried out by personnel acting under the direction of the Safety Inspector.
11. Written Inspection Reports of all factories inspected under the programme shall be prepared by the Safety Inspector within two (2) weeks of the date of inspection and shared upon completion with factory management, the factory's health and safety committee, worker representatives (where one or more unions are present), signatory companies and the SC. Where, in the opinion of the Safety Inspector, there is not a functioning health and safety committee at the factory, the report will be shared with the unions which are the signatories to this Agreement. Within a timeline agreed by the SC, but no greater than six weeks, the Safety Inspector shall disclose the Inspection Report to the public, accompanied by the factory's remediation plan, if any. In the event that, in the opinion of the Safety Inspector, the inspection identifies a severe and imminent danger to worker safety, he or she shall immediately inform factory management, the factory's health and safety committee, worker representatives (where one or more unions are present), the Steering Committee and unions which are signatories to this Agreement, and direct a remediation plan.

REMEDIATION:

12. Where corrective actions are identified by the Safety Inspector as necessary to bring a factory into compliance with building, fire and electrical safety standards, the signatory company or companies that have designated that factory as a Tier 1, 2, or 3 supplier, shall require that factory to implement these corrective actions, according to a schedule that is mandatory and time-bound, with sufficient time allotted for all major renovations.
13. Signatory companies shall require their supplier factories that are inspected under the Program to maintain workers' employment relationship and regular income during any period that a factory (or portion of a factory) is closed for renovations necessary to complete such Corrective Actions for a period of no longer than six months. . Failure to do so may trigger a notice, warning and ultimately termination of the business relationship as described in paragraph 21.
14. Signatory companies shall make reasonable efforts to ensure that any workers whose employment is terminated as a result of any loss of orders at a factory are offered employment with safe suppliers, if necessary by actively working with other suppliers to provide hiring preferences to these workers.
15. Signatory companies shall require their supplier factories to respect the right of a worker to refuse work that he or she has reasonable justification to believe is unsafe, without suffering discrimination or loss of pay, including the right to refuse to enter or to remain inside a building that he or she has reasonable justification to believe is unsafe for occupation.

TRAINING:

16. The Training Coordinator appointed by the SC shall establish an extensive fire and building safety training program. The training program shall be delivered by a selected skilled personnel by the Training Coordinator at Tier 1 facilities for workers, managers and security staff to be delivered with involvement of trade unions and specialized local experts. These training programmes shall cover basic safety procedures and precautions, as well as enable workers to voice concerns and actively participate in activities to ensure their own safety. Signatory companies shall require their suppliers to provide access to their factories to training teams designated by the Training Coordinator that include safety training experts as well as qualified union representatives to provide safety training to workers and management on a regular basis.
17. Health and Safety Committees shall be required by the signatory companies in all Bangladesh factories that supply them, which shall function in accordance with Bangladeshi law, and be comprised of workers and managers from the applicable factory. Worker members shall comprise no less than 50% of the committee and shall be chosen by the factory's trade union, if present, and by democratic election among the workers where there is no trade union present.

COMPLAINTS PROCESS:

18. The Safety Inspector shall establish a worker complaint process and mechanism that ensures that workers from factories supplying signatory companies can raise in a timely fashion concerns about health and safety risks, safely and confidentially, with the Safety Inspector. This should be aligned with the Hotline to be established under the NAP.

TRANSPARENCY AND REPORTING:

19. The SC shall make publicly available and regularly update information on key aspects of the programme, including:
 - a. a single aggregated list of all suppliers in Bangladesh (including sub-contractors) used by the signatory companies, based on data which shall be provided to the SC and regularly updated by each of the signatory companies, and which shall indicate which factories on this list have been designated by that company as Tier 1 factories and which have been designated by that company as Tier 2 factories, however volume data and information linking specific companies to specific factories will be kept confidential,
 - b. Written Inspection Reports, which shall be developed by the Safety Inspector for all factories inspected under this programme, shall be disclosed to interested parties and the public as set forth in paragraph 11 of this Agreement. Public statements by the Safety Inspector identifying any factory that is not acting expeditiously to implement remedial recommendations.
 - c. Quarterly Aggregate Reports that summarize both aggregated industry compliance data as well as a detailed review of findings, remedial recommendations, and progress on remediation to date for all factories at which inspections have been completed.

20. The signatories to this Agreement shall work together with other organizations such as ILO and the High-Level Tripartite Committee and the Bangladeshi Government to encourage the establishment of a protocol seeking to ensure that suppliers which participate fully in the inspection and remediation activities of this Agreement shall not be penalised as a result of the transparency provisions of this Agreement. The objectives of the protocol are to (i) support and motivate the employer to take remediation efforts in the interest of the workforce and the sector and (ii) expedite prompt legal action where the supplier refuses to undertake the remedial action required to become compliant with national law.

SUPPLIER INCENTIVES:

21. Each signatory company shall require that its suppliers in Bangladesh participate fully in the inspection, remediation, health and safety and, where applicable, training activities, as described in the Agreement. If a supplier fails to do so, the signatory will promptly implement a notice and warning process leading to termination of the business relationship if these efforts do not succeed.

22. In order to induce Tier 1 and Tier 2 factories to comply with upgrade and remediation requirements of the program, participating brands and retailers will negotiate commercial terms with their suppliers which ensure that it is financially feasible for the factories to maintain safe workplaces and comply with upgrade and remediation requirements instituted by the Safety Inspector. Each signatory company may, at its option, use alternative means to ensure factories have the financial capacity to comply with remediation requirements, including but not limited to joint investments, providing loans, accessing donor or government support, through offering business incentives or through paying for renovations directly.

23. Signatory companies to this agreement are committed to maintaining long-term sourcing relationships with Bangladesh, as is demonstrated by their commitment to this five-year programme. Signatory companies shall continue business at order volumes comparable to or greater than those that existed in the year preceding the inception of this Agreement with Tier 1 and Tier 2 factories at least through the first two years of the term of this Agreement, provided that (a) such business is commercially viable for each company and (b) the factory continues to substantially meet the company's terms and comply with the company's requirements of its supplier factories under this agreement.

FINANCIAL SUPPORT:

24. In addition to their obligations pursuant to this Agreement, signatory companies shall also assume responsibility for funding the activities of the SC, Safety Inspector and Training Coordinator as set forth in this Agreement, with each company contributing its equitable share of the funding in accordance with a formula to be established in the Implementation Plan. The SC shall be empowered to seek contributions from governmental and other donors to contribute to costs. Each signatory company shall contribute funding for these activities in proportion to the annual volume of each company's garment production in Bangladesh relative to the respective annual volumes of garment production of the other signatory companies, subject to a maximum contribution of \$500,000 per year for each year of the term of this Agreement. A sliding scale of minimum contributions based on factors such as revenues and annual volume in Bangladesh will be defined in the Implementation Plan with

annual revisions, while ensuring sufficient funding for the adequate implementation of the Accord and the Plan.

25. The SC shall ensure that there are credible, robust, and transparent procedures for the accounting and oversight of all contributed funds.

Trade Union signatories

Signatory Company

Jyrki Raina
Secretary General
IndustriAll Global Union

Philip Jennings
Secretary General
UNI Global Union

15.5.2013
Genève, Suisse

15.5.2013
Genève, Suisse

Annex 6

THE ALLIANCE FOR BANGLADESH WORKER SAFETY

10 July 2013

THE ALLIANCE FOR BANGLADESH WORKER SAFETY

FOR IMMEDIATE RELEASE
WEDNESDAY, JULY 10, 2013

ALLIANCE OF LEADING RETAILERS IN NORTH AMERICA JOIN FORCES IN COMPREHENSIVE, FIVE-YEAR COMMITMENT TO IMPROVE FACTORY SAFETY CONDITIONS FOR WORKERS IN BANGLADESH

*The Bangladesh Worker Safety Initiative — Developed Through Independent Facilitation of
Senators Mitchell and Snowe — Sets Aggressive Timeline for Inspections, Training and
Worker Empowerment*

WASHINGTON, D.C. — JULY 10, 2013 — In a historic pact that covers the overwhelming majority of North American apparel imports from Bangladesh, an unprecedented alliance of North American retailers came together to announce today the unified purpose of dramatically improving factory safety conditions in Bangladesh. The Bangladesh Worker Safety Initiative was developed over the past five weeks under the guidance of former U.S. Senators George J. Mitchell and Olympia Snowe, acting as independent facilitators at the Bipartisan Policy Center.

The 17 retailers have formed the Alliance for Bangladesh Worker Safety to support the binding five-year initiative, which sets aggressive timelines and accountability for inspections, training and worker empowerment. The initiative calls for inspections of 100 percent of alliance member factories within the first year; common safety standards to be developed within the next three months; inspections results that are transparently shared; and that all alliance factories actively support the democratic election and successful operation of Worker Participation Committees (WPC) at each factory.

Under the initiative's inspection program, inspectors will prioritize factory safety risks for remediation efforts, and also are empowered to report immediately to the alliance, WPCs, building owners, and the Bangladeshi government any dangerous safety conditions, up to and including calling for factory closure and evacuation of workers.

The initiative also includes a key role for an independent chair of the Board of Directors that is responsible for oversight. Members of the alliance are providing the funding necessary over the five-year period — currently at \$42 million and growing — to support the specific programs of the initiative, with some companies offering an additional combined total of over \$100 million in loans and access to capital to assist factory owners they work with in Bangladesh for factory safety improvements.

The CEOs of the alliance members made a joint statement today, saying: "The safety record of Bangladeshi factories is unacceptable and requires our collective effort. We can prevent future tragedies by consolidating and amplifying our individual efforts to bring about real and sustained progress."

A primary goal of the alliance is the engagement of and partnership with the Bangladeshi and U.S. governments, as well as with the factory owners to ensure that there is accountability among all parties and thus the opportunity for sustained and lasting change in Bangladesh.

Senator Mitchell described the Bipartisan Policy Center's role in facilitating the creation of the alliance, saying, "We sought and received input from a wide range of interested parties, including, among others, the governments of Bangladesh and the United States, fire and safety experts, and worker representatives. The discussions were detailed and extensive. While there were many differences, in interests and on issues, the dominant common theme was the importance, indeed the necessity, of developing and implementing a meaningful plan of action to dramatically improve worker safety in the garment industry in Bangladesh."

"My involvement in this process has been for one purpose — to help produce solutions and results on behalf of the workers of the garment industry in Bangladesh," said Senator Snowe. "We all share a deep sense of collective responsibility to prevent the horrific loss of human life we've witnessed in Bangladesh from ever recurring. The Alliance has put forth a serious agreement, born out of a collaborative process with input from a variety of stakeholders, that constitutes a substantive and timely step forward in protecting Bangladeshi workers."

The initiative tackles the most pressing challenges identified within the country's rapidly expanded garment manufacturing industry, with specific and measurable actions, including:

- **Factory Inspections and Safety Commitment:** Within one year, 100 percent of all factories that conduct work with an alliance member will be inspected. Members have agreed to work only with factories that ensure a safe working environment, and as a result, all have committed to refusing to source from any factory the member determines is unsafe.
- **Establishing Common Safety Standards for Factories:** To work with "one voice," common safety standards will be developed and in place by October of this year. Members of the alliance will share inspection results, following the adoption of the Alliance Fire and Building Safety Standards. Inspection results will be shared anonymously through an independent organization, the Fair Factories Clearinghouse, so that factories with dangerous safety conditions are immediately identified; these findings are transparently communicated to factory owners, workers and the government; and problems quickly addressed.
- **Worker Training:** Ensures ongoing, mandatory training and education for factory workers and managers, and that all alliance factories actively support the democratic election and successful operation of Worker Participation Committees at each factory. These committees provide a forum for workers to raise safety and workplace concerns without fear of retaliation.
- **Worker Voice:** To further empower workers, an anonymous worker hotline will be established by November of this year that will use mobile technology and be administered by a third party.
- **Oversight of Alliance:** To govern the alliance and ensure the retailer members follow through on their commitments, a nine-member Board of Directors has been established. The makeup of the board provides an independent level of review, with four retailers, four stakeholders who provide specific expertise, and an independent board chair. The chair is expected to be named within the next few weeks.
- **Semi-annual Progress Reports:** To ensure accountability and given the specific deadlines put forward by the alliance, the Board of Directors will make public semiannual

progress reports of the alliance programs against the objectives of the initiative. In addition, the alliance has asked Senators Mitchell and Snowe to provide independent verification of the program's effectiveness over at least the first two years.

- **Program Funding:** Each member of the alliance contributes a specific amount to support the initiative. The amount is based upon the amount of production each company has in the country, with companies with the higher levels of production paying \$1 million a year for five years. Currently, the alliance safety fund is \$42 million and growing, and the alliance will designate 10 percent of the fund to assist workers temporarily displaced by factory improvements or in the event of a factory closure for safety reasons. The funds also will support the selected non-governmental organization (NGO) that will implement components of the program. The NGO will be on the ground in Bangladesh and will be selected within the next 30 days.
- **Supporting Improvements at Factories.** Collectively, individual retailers have committed over \$100 million in funding for low-interest loans and affordable access to capital in order to ensure repairs at factories they work with are made in a timely manner.
- **Increased Involvement with the Bangladeshi Government:** Using the collective power of the industry, the alliance is also committed to forging a stronger partnership with the Bangladeshi government to ensure lasting infrastructure and industry improvements are realized in order for the industry to continue to thrive. The alliance will work with the government of Bangladesh and its industry groups, worker rights organizations and others who support safer factory working conditions to coordinate the initiative's activities with the National Tripartite Plan of Action (NAP) on Fire Safety for the RMG Sector in Bangladesh.

In the letter from the CEOs, the top retail leaders added: "We believe the partnership and collaboration are critical to our success. We are committed to working with other global brands in order to achieve swift change. We'll use the power of the newly created alliance to find other sources of funding to support additional infrastructure improvement, including working closely with government agencies around the world."

During the development of the initiative, Senators Mitchell and Snowe, at the request of the alliance, solicited input from involved parties including the ILO, the Ambassador of Bangladesh to the United States, U.S. Bangladesh Advisory Council, and U.S. Department of State, and Office of the U.S. Trade Representative to assist in the design of the program.

"This process was driven by the shared desire to achieve tangible and durable change and intense debate about how best to accomplish it," added Jason Grumet, president of the Bipartisan Policy Center that oversaw the convening. "The resulting alliance provides a way for all concerned parties — international buyers, Bangladeshi factory owners, and workers' organizations, the Bangladeshi and other governments — to improve conditions on the ground."

About The Alliance for Bangladesh Worker Safety

The Alliance for Bangladesh Worker Safety was founded by a group of 17 North American apparel retailers and brands who have joined together to develop and launch the Bangladesh Worker Safety Initiative, a binding, five-year undertaking that will be transparent, results-oriented, measurable and verifiable with the intent of improving safety in Bangladeshi readymade garment

(RMG) factories. Collectively, these alliance members represent the overwhelming majority of North American imports of RMG from Bangladesh, produced at more than 500 factories.

The alliance provides retailers the unprecedented opportunity to come together and put forward concrete solutions to issues that impact the global apparel and retail industries. The current group includes the following founding companies: Canadian Tire Corporation, Limited; Carter's Inc.; The Children's Place Retail Stores Inc.; Gap Inc.; Hudson's Bay Company; IFG Corp.; J.C. Penney Company Inc.; The Jones Group Inc.; Kohl's Department Stores; L. L. Bean Inc.; Macy's; Nordstrom Inc.; Public Clothing Company; Sears Holdings Corporation; Target Corporation; VF Corporation; and Wal-Mart Stores Inc.

Supporting associations include: American Apparel & Footwear Association, Canadian Apparel Federation, National Retail Federation, Retail Council of Canada, Retail Industry Leaders Association, and United States Association of Importers of Textiles & Apparel. In addition, Li & Fung, a major Hong Kong-based sourcing company which does business with many members of the alliance, will serve in an advisory capacity. More members of the alliance are expected to be added in the days and weeks ahead.

The event will be webcast at www.bipartisanpolicy.org and webcast and archived at www.bangladeshworkersafety.org

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Annex 7 :

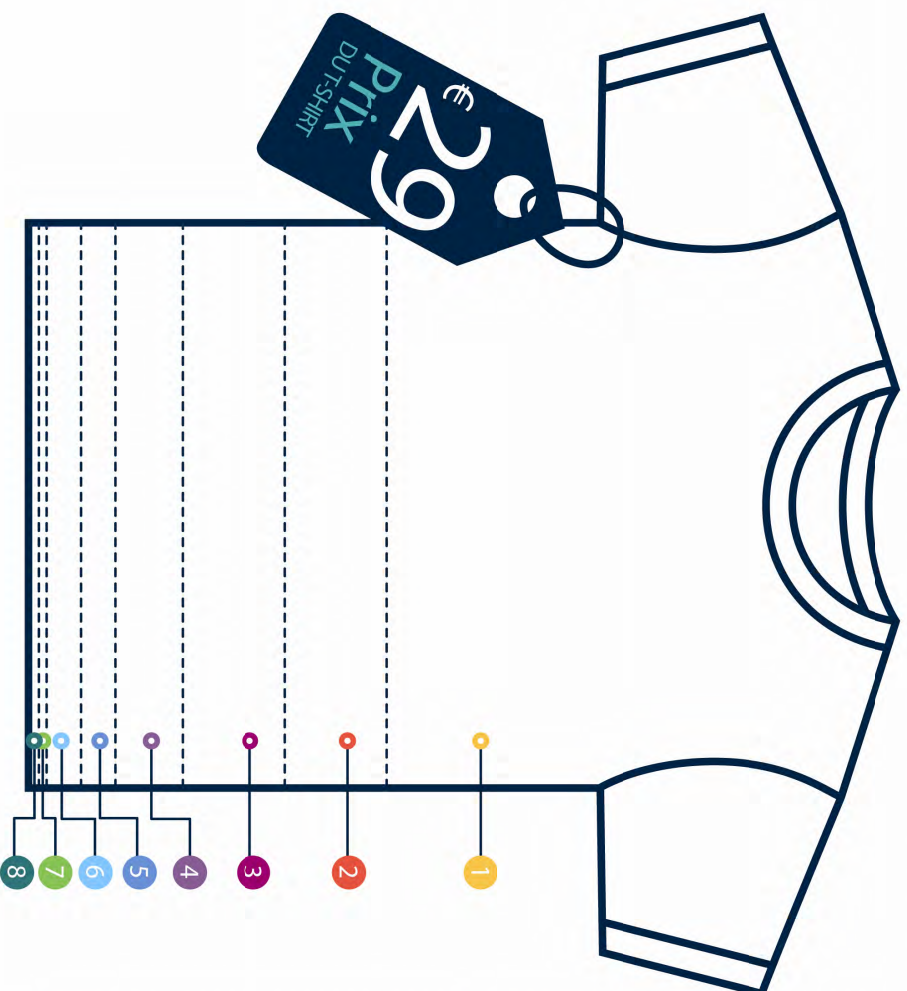
NGO's CONTRIBUTIONS :

COLLECTIF ÉTHIQUE SUR L'ÉTIQUETTE

PEUPLES SOLIDAIRES

- ✓ **Breakdown of the price of a t-shirt**
 - ✓ **Information sheet: Bangladesh**
 - ✓ **Checklist for the individual consumer**
-

DÉCOMPOSITION DU PRIX D'UN T-SHIRT



* Tous les coûts liés à la vente en magasin sont inclus: personnel, loyer, marge de la boutique, TVA, etc.

Fiche d'information - BANGLADESH

Principales statistiques	
Population (2013)	163.6 millions
Emploi dans l'industrie du textile (2013)	4 millions
Part du secteur du textile dans le PIB (2013)	7%
Part du secteur du textile dans les exportations (2012)	76%
Valeur des exportations de textile (Pendant 11 mois fin mai 2013)	14.2 milliards
Pourcentage du marché mondial du textile (2008)	6.5%
Salaire minimum légal dans le secteur du textile (2013)	3000 taka (28.6€) ⁽¹⁾
Salaire vital calculé par l'Asia Floor Wage (2013)	25 687 taka (242.71€)

L'industrie de l'habillement au Bangladesh

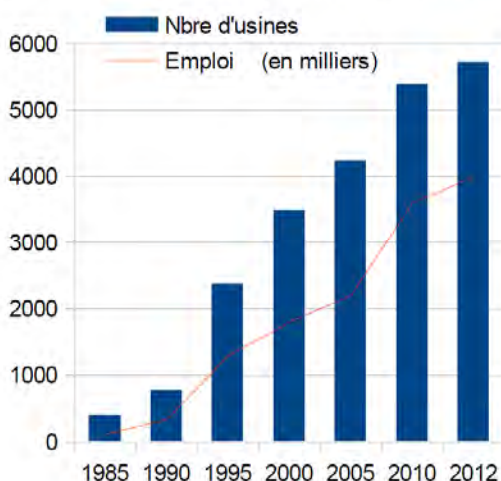
Après la Chine, le Bangladesh est le **deuxième exportateur mondial de textile**. Le textile représente 76% des exportations du pays et **emploie plus de 4 millions de personnes dont 3,2 millions de femmes**. Il s'agit d'une industrie fondamentale pour le pays. Le Bangladesh dispose de la main-d'œuvre la moins chère de la région, ce qui lui confère un réel avantage comparatif sur le marché mondial du textile. Cela explique aussi la croissance rapide qu'a connue l'industrie au cours des dernières décennies dans le pays (voir tableau ci-dessous).

La majorité des usines de confection textile **se trouvent autour de la capitale, Dhaka, principalement dans les districts de Rayerbazar, Mirpur, Narayangonj, Savar, Gazipur et Valuka**. En dehors de la capitale, les villes de Chittagong et Khulna sont également d'importants centres de production. Comme le gouvernement du Bangladesh a cherché à protéger les producteurs nationaux, moins de 15 % des entreprises sont contrôlées par des investisseurs étrangers. Toutefois, les usines sous contrôle étranger sont généralement plus grandes et plus intensives en capital que les usines contrôlées localement.

Le **plus grand exportateur du Bangladesh est Youngone Holdings**, un fabricant sud-coréen, qui exploite 17 usines et emploie plus de 60 000 travailleurs à Dhaka et Chittagong.

La société suédoise **H & M, est le plus gros acheteur de vêtements du Bangladesh**. En 2012, le montant de ses achats au Bangladesh a atteint € 1,1 milliard(2).

Evolution de l'industrie de l'habillement au Bangladesh



	Nbre d'usines	Emploi (en milliers)
1985	384	115
1990	759	335
1995	2.353	1.290
2000	3.480	1.800
2005	4.220	2.200
2010	5.363	3.600
2012	5.700	4.000

Santé et sécurité au travail : le drame du Rana Plaza



Crédit Photo ILRF

L'industrie textile a été frappée au Bangladesh par plusieurs catastrophes, dénoncées depuis de nombreuses années par la société civile bangladaise et internationale. Récemment, le 24 Avril 2013, le bâtiment du Rana Plaza s'est effondré à Savar, près de Dhaka, tuant 1 133 personnes et blessant des milliers d'autres. Il s'agit du **plus grand accident industriel que le secteur textile ait jamais connu**.

La veille de l'effondrement, suite à une inspection des lieux constatant d'importantes fissures dans les murs, **la police industrielle avait ordonné que le bâtiment soit fermé**. Les propriétaires du bâtiment et des usines textile qu'il hébergeait ont cependant affirmé qu'il n'y avait pas de danger. La plupart des travailleuses et des travailleurs des usines textile, craignant de perdre leur emploi, ont donc repris le travail, malgré les ordres contraires de la police.

Au Bangladesh on reçoit généralement son salaire avec retard. Si une ouvrière ne travaille pas un jour pour cause de maladie ou parce qu'elle se préoccupe de sa sécurité, elle risque de perdre non seulement le paiement de la journée non travaillée mais aussi celui du mois entier. **Le paiement des salaires est utilisé comme moyen de pression** pour forcer les travailleurs et les travailleuses à continuer leur activité, et ce, même si le lieu de leur travail est dangereux pour eux.

Au Bangladesh, comme dans d'autres pays producteurs de vêtements, l'absence d'un salaire vital signifie que de nombreux travailleurs prestent de longues heures pour augmenter leur salaire ou obtenir des primes. **Ils ne peuvent pas risquer de prendre congé en raison des conditions de travail dangereuses ou de problèmes de santé, de peur de perdre leur emploi**. Les bas salaires font que les travailleurs et travailleuses doivent souvent compter sur des prêts juste pour joindre les deux bouts et n'ont pas d'économies en cas de perte d'emploi. Pour garantir une réelle sécurité et un niveau de salaire décent, ils travailleurs et travailleuses doivent pouvoir faire entendre leur voix et **avoir le droit de refuser de travailler dans des conditions dangereuses**, sinon les conséquences peuvent être mortelles.

La répression des droits syndicaux

Pour l'Organisation Internationale du Travail, la liberté d'association et de négociation collective sont deux droits fondamentaux de tous les travailleurs dans le monde. Ils sont souvent désignés comme des «**droits habilitants**». Cela signifie que lorsque les travailleurs et travailleuses jouissent de ces droits, ils peuvent les utiliser pour s'assurer que d'autres droits soient respectés, y compris celui à un salaire vital.



Crédit photo: Gordon Welters

Au Bangladesh, il est extrêmement difficile de former et d'enregistrer des syndicats au niveau des usines. **Sur environ 5000 usines, seulement 149 ont enregistré des syndicats**, dont la majorité ont été créés il y a plusieurs décennies.

Les rapports de la fédération syndicale internationale IndustriALL montrent que " *dans la région de Dacca, sur 26 syndicats qui remplissent les conditions d'une représentation majoritaire dans l'entreprise, un seul a jusqu'à présent obtenu son enregistrement officiel lui permettant de négocier collectivement* ". Des centaines de leaders syndicaux, qui ont soumis une demande d'enregistrement aux autorités ont perdu leur emploi.

Les employeurs, pour leur part, ont souvent une **attitude hostile envers les syndicats**. Au lieu de considérer les syndicats représentatifs comme un mécanisme utile pour la négociation de manière à conserver leur main-d'œuvre satisfaite et productive, ils utilisent souvent des tactiques pour empêcher l'émergence de syndicats, y compris **l'intimidation, la discrimination, le licenciement, l'inscription sur une liste noire**.

Salaires de misère

Pour beaucoup de femmes du Bangladesh, **travailler dans l'industrie de l'habillement est moins un choix qu'une nécessité**. Lorsque la situation financière de leur famille devient insupportable, elles n'ont d'autre choix que d'interrompre leur scolarité et de trouver un travail.

Souvent, le choix du travail se limite à un emploi dans une usine de confection ou un emploi de statut jugé inférieur tel qu'employée de maison. Les bas salaires dans les usines de confection textile font que pour soutenir leurs familles, les **travailleuses de l'habillement sont contraintes de faire de nombreuses heures supplémentaires** et ne peuvent s'absenter même quand elles sont malades. Il est ainsi fréquent que les travailleuses travaillent **jusqu'à 100 heures supplémentaires par mois** juste pour pouvoir survivre. (4)

La situation actuelle concernant les salaires

- Le gouvernement bangladais n'a pas de calendrier fixe pour la négociation et la fixation du salaire minimum. **Le dernier salaire minimum pour l'industrie textile a été fixé en 2010 à 3.000 taka (€ 28,60)**.
- Le 6 Juin 2013, le gouvernement bangladais a convoqué une Commission du salaire minimum composée de six membres qui doit émettre des recommandations pour une révision du salaire minimum national. La Commission doit rendre son rapport le 2 Novembre 2013.(3)
- Les syndicats ouvriers, qui ont porté des manifestations importantes depuis le 21 septembre 2013, **réclament un nouveau salaire minimum de 8.000 taka (€ 76,08) qui reste largement en-deçà du salaire vital, aujourd'hui estimé à plus de 200 euros**.
- Les représentants des employeurs ont récemment annoncé qu'ils ne pourraient aller au-delà 3.600 taka (€ 34,33).

A propos des négociations salariales, le Garment Workers Trade Union Center, partenaire de Peuples Solidaires et du Collectif Ethique sur l'étiquette a déclaré : *"Nous exigeons un salaire minimum de 8,000 taka pour les travailleurs et travailleuses de l'habillement. À l'heure actuelle, comparativement aux pays voisins, c'est au Bangladesh que les salaires sont les plus bas, et de loin. Au Bangladesh-même, les travailleurs et travailleuses de l'habillement ont des salaires plus bas que ceux de nombreux autres secteurs. Même le gouvernement, dans son projet de réduction de la pauvreté fixe le salaire minimum pour une famille à 18.000 taka."*

1. Exchange rate as of 24.09.2013 at xe.com

2. Financial Express (December 26, 2012) "Achilles' heel of the RMG Sector", by Syed Munir Khasru, <http://www.thefinancialexpress-bd.com/index.php?ref=MjBfMTJfMjZfMTJfMV82XzE1NDM4OQ==> [last accessed, December 26, 2012]

3. New Age Bangladesh 24.09.2013

4. IndustriALL(January 28, 2013) 'IndustriALL demands real action after fire in Bangladesh', <http://www.industriall-union.org/industriall-demands-real-action-after-fire-in-bangladesh>; for a similar account but with slightly different numbers, see: The Daily Star (January 30, 2013) 'GSP hinges on govt's detailed work plan', <http://www.thedailystar.net/newDesign/news-details.php?nid=267078>

5. Financial Express (25 December 2012) "Trade unions in RMG, a tale of exploitation", see: <http://www.thefinancialexpress-bd.com/index.php?ref=MjBfMTJfMjZfMTJfMF8xODFfMTU0MTM1&feature=c3BIY2lhbHNOZXdz&na=QW5uaXZlcnNhcngSXNzdWUgMjAxMiAoMm5kEluc3RhbG1lbnQpKFBhcnQgT25lKQ==> [last accessed, 15 December 2012]



Petit mémo du consommateur citoyen

- **Je m'informe**

Je m'informe sur l'entreprise, je lis les étiquettes, j'identifie les labels, je cherche des indications sur l'origine et les conditions dans lesquelles a été fabriqué le produit.

- **Je relaye l'information**

Je fais circuler l'information et interpelle mon entourage et le public sur le respect des droits de l'homme au travail, grâce aux différents moyens de communication : courriers des lecteurs, forum Internet, blogs, témoignage d'auditeurs...

- **J'interpelle les magasins**

J'utilise les boîtes à suggestions à disposition des clients dans les magasins, je questionne la direction et le personnel des magasins sur l'origine du produit que je souhaite acheter, sur ses conditions de fabrication.

Avec le collectif local Ethique sur l'étiquette, j'interpelle les directeurs de magasin : quels sont les engagements de l'enseigne, quelles sont ses pratiques sociales et celles de ses fournisseurs ? Quelles garanties peut-elle me donner sur les conditions de fabrication ?

- **Je soutiens les campagnes d'Ethique sur l'étiquette**

Je signe les pétitions et les diffuse, je participe aux événements. Je soutiens les appels urgents en écrivant des courriers de soutien et en les faisant connaître.

- **Je m'investis**

Je rejoins le collectif local Ethique sur l'étiquette le plus proche de chez moi ou une équipe locale d'une organisation membre du Collectif. Je participe aux campagnes de sensibilisation des consommateurs, à l'organisation de rencontres, événements ou actions médiatiques.

- **Je consomme autrement**

En privilégiant pour mes achats des produits intégrant une démarche de qualité sociale, comme les produits issus du commerce équitable. Je montre ainsi qu'il est possible de faire du commerce tout en assurant un revenu et des conditions de travail décentes aux producteurs. Je m'interroge sur l'utilité et la nécessité de mes achats, notamment textile ou de jouets, je fais des arbitrages entre quantité... et qualité, notamment sociale.

Annex 8

DIAGRAM SHOWING THE CUSTOMER'S BUSINESS RELATIONSHIPS IN THE TEXTILE AND CLOTHING SECTOR SUPPLY CHAIN

Done by the French OECD NCP

Relations d'affaires du donneur d'ordres dans la chaîne d'approvisionnement textile-habillement

STOCKAGE et DISTRIBUTION

TRANSPORT

Audit ?

BUREAU D'ACHAT - INTERMEDIAIRES — RANG 1

Transparence sur les conditions d'approvisionnement de l'intermédiaire

Opacité sur les conditions d'approvisionnement de l'intermédiaire

FOURNISSEURS DE RANG 1 : USINES DE CONFECTION

USINES

USINE S

USINES

USINES

Audit ?

R

R

Sous-traitance déclarée / autorisée

+ Risque de sous-traitance en cascade

Sous-traitance dissimulée

USINES

USINES

USINES

USINES

USINES

Audit ?

R

R

R

R

R

Audit ?

ETAPES PRECEDANT LA CONFECTION

TEINTURE

MAILLAGE

FILATURE

ENNOBLISSEMENT

R

R

R

R

Audits ?

R

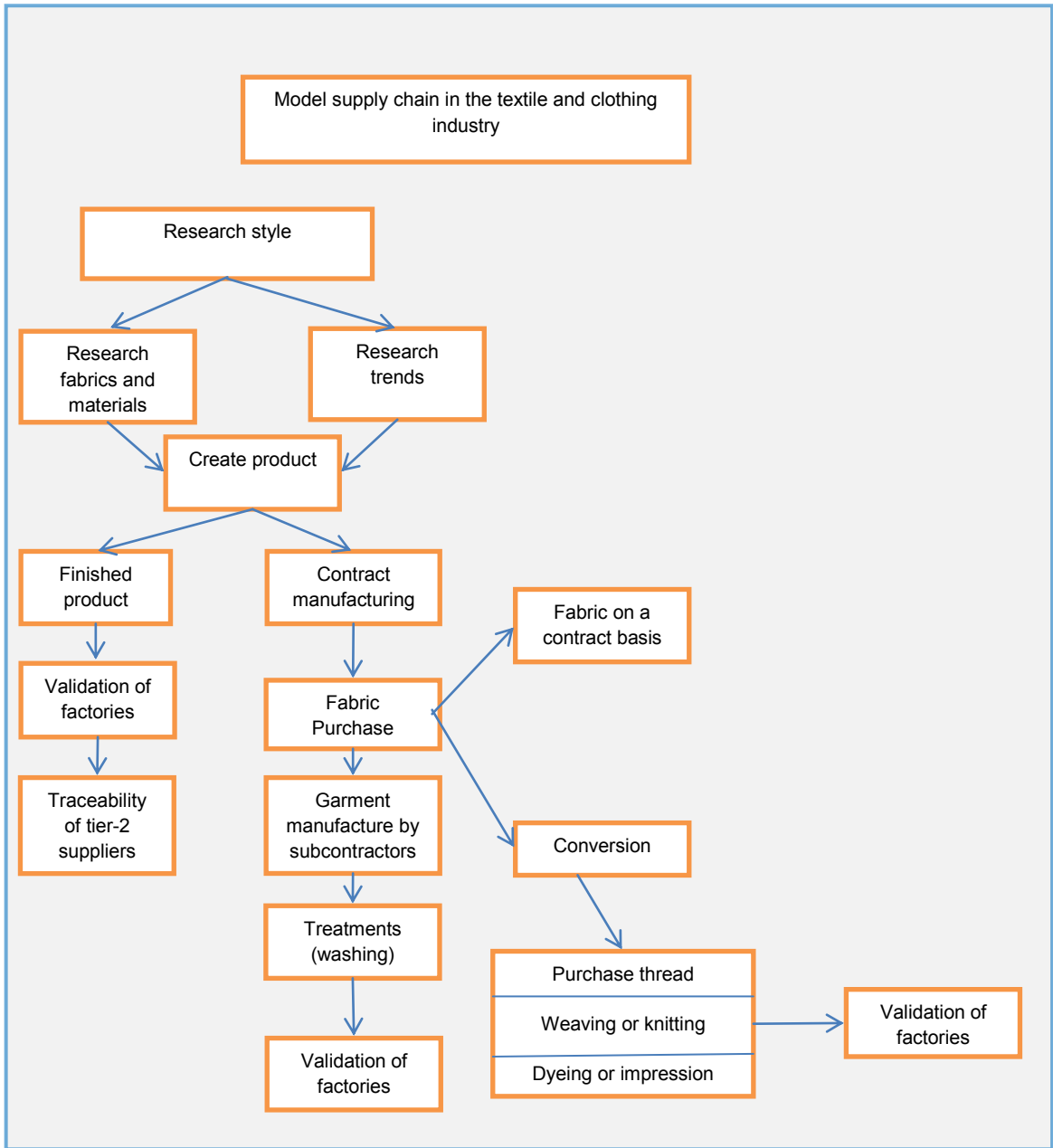
APPROVISIONNEMENT EN MATIERES PREMIERES :
Coton, fibres synthétiques, zips, boutons, etc.



Risques sociaux et environnement : travail des enfants, travail forcé, conditions de travail (sécurité, incendies, santé), droits des travailleurs (liberté d'association, etc.), pollution des sites, toxicité des produits, corruption

Annex 9

MODEL SUPPLY CHAIN IN THE TEXTILE AND CLOTHING SECTOR OF ONE OF THE ENTERPRISES HEARD BY THE NCP



Annex 10

CODE OF CONDUCT OF ONE OF THE ENTERPRISES HEARD BY THE NCP



THE BRAND Code of Conduct

For detailed information please visit:
<http://www.ilo.org/global/standards/lang--en/index.htm>

If any questions, you can contact us

Status	Author	Date	Version	Validation
Creation		23/11/04	ACPAT-I25.1 The brand system of reference	
Update		15/05/09	ACPAT-I25.2 The brand code of practice	
Translation		15/05/09	ACPAT-I25.2 The brand code of practice	
Update		26/12/11	ACPAT-I25.2 The brand Values & Sourcing	
Update		January 2013	ACPAT-I25.3 The brand Code of Conduct	

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For the purposes of this Code of Conduct, the term "**business partner**" will mean any enterprise that provides THE BRAND with the final product or with materials or products used in the final product, which performs work or provides services.

This Code of Conduct should in no way be regarded as substitution or replacement of national, international laws or institutions but act as a regulation imposed by THE BRAND.

1. Preamble

THE BRAND aims at maintaining a standard of excellence in every aspect of the business, including legal, ethical and responsible conducts in all our operations. THE BRAND expects these commitments to be shared by all business partners that are affiliated with the manufacturing process of THE BRAND's goods.

THE BRAND commits itself to the basic principles of human rights, to the respect for human dignity as they are laid down in the International Bill of Human Rights (UNDHR, Civil and Social Covenant) and the Conventions of the International Labour Organization (ILO) and the basic principles of environmental protection. National legal regulations which are more stringent than this standard do apply in all cases.

2. General Obligations of business partners

2.1 Commitment

All Business Partners must sign the Code of Conduct as part of their contracts with THE BRAND. Suppliers must inform the factories producing for THE BRAND to distribute and communicate the Code of Conduct to all workers. THE BRAND wants to cultivate a long-term relationship with the business partners.

2.2 Subcontractors

THE BRAND's business partners must not subcontract any portion of the manufacturing process without prior written approval from THE BRAND, this also includes home workers. As a condition for approval, subcontractors shall agree to comply with the Code of Conduct and need to disclose full name and address. THE BRAND reserves the right to control the subcontracting factory at any time either directly or via a nominated partner. All connected costs will be taken over by the business partner.

2.3 Information and communication

Business partners must post the Joint Code of Conduct, which is translated into the language of the worker, freely accessible in all major workplaces and to the knowledge of all workers. The business partner must train workers on their rights and obligations as defined by this Code of Conduct and all applicable local laws.

2.4 Management and reporting

Business partners must appoint persons who are responsible for the implementation and maintenance of the Code of Conduct and must name these persons as contact persons to THE BRAND, which must be able to report about their level of compliance with the Joint Code of Conduct.

2.5 Legal compliance

All business partners of THE BRAND shall comply fully with all national legal regulations, specifically labour and social laws. In addition, all business partners shall obey the details of this Code of Conduct as it is based on the ILO Regulations, whichever is more stringent.

2.6 Transparency

THE BRAND's business partners shall maintain complete and accurate records and information so that compliance can be effectively assessed. Factories are obliged to disclose all necessary documents to THE BRAND's Audit. All business partners are obliged to give full information on the places of production for THE BRAND products which means the name and address of the factory which is producing for THE BRAND.

2.7 Control

For the purpose of controlling performance and timely progress in development, THE BRAND or an authorized third party may audit at any time and without further notice.

THE BRAND will reserve the right to terminate business relationships whenever serious breaches of basic human rights, wilful violations of the standard or systematic forgery and/or persistent lack of cooperation are found.

2.8 Development

It is expected that the factories fully cooperate during control visits and that they dedicate convincing efforts to the goal of improving their social performance and improve violations of the Joint Code of Conduct.

3. Guiding principles for factory operations

3.1 Respectful working atmosphere

The business partner commits themselves to enable their workers' decent working conditions. Any kind of corporal punishment, psychological, physical, sexual or verbal harassment and abuse, and any other form of intimidation is prohibited. Disciplinary measures in case of misconduct of workers are in line with national law and internationally recognized human rights and are in no case degrading or inflicting monetary penalties. No arbitrary punishment in case of workers disease or pregnancy is allowed.

3.2 No child labour

According to the principles and recommendations listed in the Child Welfare International Agreement, THE BRAND acknowledges the right of each child to be protected against commercial exploitation and that they are not submitted to working conditions compromising their physical, mental or moral development. Child labour is forbidden as defined by ILO and UN conventions and/or by national law. THE BRAND refers to ILO conventions 138, 182 and ILO recommendations 146 & 190 which are the following:

- *Convention concerning Minimum Age for Admission to Employment (ILO 138)*
- *Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour (ILO 182)*
- *Recommendations concerning Minimum Age for Admission to Employment and concerning the prohibition (ILO Rec. 146)*
- *Recommendation concerning immediate action for the elimination of the worst forms of child labour (ILO Rec. 190)*

Regulations for the protection of young workers are followed and they are subject to particular protection by the business partner. Young persons under 18 shall not be employed at night, in hazardous conditions or work overtime.

3.3 Health and safety at work

The workplace must not harm workers' health and safety. A safe and hygienic working environment is provided and has to be maintained.

Occupational health and safety practices and PPE are promoted and provided, which prevent accidents and injuries in the course of work or as a result of the operation of employer facilities. Workers are trained on a regular basis to understand and follow the necessary protective and safety procedures.

Evacuation plans must be communicated to the workers and emergency exits need to be clearly indicated and their doors must open to the outside. Fire alarms must be controlled regularly. Staff members of each department must be trained in the basics of 1st aid. Fire extinguishers in working order and 1st aid material adapted to the risks must be made available in the premises. (ILO 155)

3.4 Legal working hours

Working hours are set and planned in accordance with local law and regulations. Workers will not work more than 48 hours in a regular working week. Overtime only occurs occasionally, voluntary and does not exceed 12 hours per week on a regular basis and will be compensated. All workers will take and be granted at least 24 hours off after 6 consecutive days of work. (ILO 1)

3.5 Fair and legal compensation

THE BRAND's business partners must comply with all the applicable laws and regulations relating to wages and benefits.

Workers shall be paid at least the legal minimum wages or a wage that is consistent with prevailing local industry standards; whichever is higher.

Workers must be paid wages for regular working hours, overtime work shall be compensated at the premium rate as legally required and workers must be given a pay-slip.

Compensation is at least provided monthly and without illegal and inappropriate deductions or penalties.

Business partners shall not use monetary fines as a disciplinary practice. Workers are provided with annual paid leave, insurances and statutory holidays as defined by national law.

3.6 Legal employment

Employment in the factory is based on a formal document such as a working contract or letter of appointment. This document details the terms and conditions of employment including wages, period of payment, benefits, leave entitlement and provisions for the termination of employment as defined by national law. All workers must be registered.

3.7 No forced labour

THE BRAND's business partners must not use any type of forced, bonded, compulsory or prison labour. Business partners must ensure that all employment is voluntary, free from violence or threats. There shall be no restriction on movement or withholding of personal documents. No measures may be undertaken whereby workers are prevented from leaving the business partner or the production plant as laid out in their working contracts and in national law. Legally inadmissible disciplinary measures are prohibited. If the business partner uses external recruiting agents, the business partner shall pay all related fees. (ILO 29, 105)

3.8 Non-discrimination

THE BRAND's business partners must not discriminate in employment practices including recruitment, hiring, compensation, training, benefits, advancement, termination or retirement on the basis of race, color, ancestry, national or social origin, religion, marital status, age, sexual orientation, gender identity or expression, disability, political opinion or any other personal characteristics or beliefs. Any distinctions in treatment, especially with regard to payment, are solely based on skills and working experience.

Pregnancy tests shall not be a condition of employment and shall not be demanded. Workers shall not be forced or pressured to use contraception. If required by national law, the business partner must provide appropriate services to women workers in connection with pregnancy, childbirth and nursing. If the business partner allows women to bring their baby/child, a dedicated accommodation and adequate service needs to be provided as children are not allowed on the production floor.

Workers taking maternity leave shall be entitled to return to their employment with same terms and conditions that applied prior leaving.

(ILO 100, 111, 183)

3.9 Freedom of association

It is the right of workers to set up or join workers' organisations of their own choice (including unions) for collective bargaining.

When the right to freedom of association and collective bargaining is restricted by national law then workers shall be allowed to form bodies for the representation of their interest and to enter into direct dialogue with their employer (parallel means).

The business partner ensures that employee representatives have free access to all workplaces to carry out their representation functions and are no subject to discrimination.

(ILO 87, 98, 135, 154)

4. Environmental standards in production

Preserving the natural principle of life is fundamental and basis for a successful economic activity in the future. The environment is of increasing global concern. Therefore THE BRAND expects their business partners to act responsibly in this respect.

Procedures for handling waste and chemicals, as well as other dangerous materials, emissions and effluent treatments must be in line with legal requirements.

A material safety data sheet (MSDS) must be available in local language and instructions of MSDS must be followed. Chemicals must be safely stored and labelled properly.

(ILO 170)

5. Specific obligations

5.1 Merino wool / mulesing

Mulesing is a painful procedure that is performed on merino sheep. It is aimed at reducing the risk of infestation by the blowfly. More animal-friendly alternatives to this procedure are already available but these are still under development and need to be pursued more vigorously.

THE BRAND has decided to direct their orders for merino wool toward suppliers who can demonstrate that this practice has not been applied.

5.2 Sandblasting

Sandblasting technique is a textile finishing process that is primarily used to achieve a worn look for denim. The method involves sand particles being applied to garments under high pressure which is endangering the health of employees when done without adequate personal protective equipment.

To ensure the well-being of the workers who manufacture THE BRAND products, the use of sandblasting technique is therefore banned for all products completely. This ban not only includes the blasting with sand but also similar material such as aluminium oxide, aluminium silicate, silicon carbide and copper slag.

5.3 North Korea

THE BRAND has decided to not source in this area and to not build up relations to North Korean suppliers.

5.4 Uzbek cotton

Uzbekistan is one of the largest exporters of cotton in the world. But while the country is at the forefront of global cotton production, its human rights and environmental record present severe issues such as forced child labour, human rights violations, excessive pesticide use, the draining of the Aral sea and severe poverty. As THE BRAND strives for coherent and stringent social compliance policy, THE BRAND bans the use of Uzbek cotton.

6. Commitment

Name and address of The brand International Representative

THE BRAND INTERNATIONAL

Date:

Signature

Nota Bene: a French version of this document is available and can be sent to you free on request.

By signing the present document, the suppliers commit themselves to fully comply with this Code of conduct.

Therefore, please return to THE BRAND the present "THE BRAND Code of Conduct" **signed, dated and stamped, each page initialed** and please fill up the below attestation.

I, the undersigned, legal representative of the hereafter company got acquainted with THE BRAND's Code of conduct and confirm that all the products sold to THE BRAND are in accordance with this document.

In any case of failure, the company I represent will be blamed for the entire consequences related to this failure and will take care of all the damages of any kind lead by it.

Date:

Name:

Function:

Signature

Stamp

Annexe 11

TOXICOLOGICAL REQUIREMENTS OF ONE OF THE ENTERPRISES HEARD BY THE NCP



THE BRAND Chemical Safety Guide line

Chemical substances not listed in this document and classified as SVHC, CMR, PBT or vPvB can only be used with THE BRAND's quality manager agreement.

If any doubts or questions, you can contact us

Focus: if some biocides substances are used for special treatments mould, insects, dust mites..., the active substance should be in compliance with the European Directive 98/8/EC and the regulation 1451/2007. The supplier should also provide the name and the CAS of the substance

Status	Author	Date	Version	Modifications	Validation
Creation		01/05/10	ACPA-I25.1		
Update		November 2012	ACPA-I25.2	Rewriting toxicological requirements	
Update		January 2013	ACPA-I25.3	Addition of tests on jewelry	

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1. REACH Global Explanations

1.1 What is REACH regulation?

REACH: Registration, Evaluation, Authorization of Chemicals

- ❑ REACH is a regulation published by the European Union in December 2006. It replaces more than 40 existing Directives which do not properly cover chemical products.
- ❑ The main objective of REACH is the protection of the Human Health & the Environment facing developments in chemical substances. It encourages Industry to develop substances which are less dangerous to health and less damaging to the environment
- ❑ The other vital point is the new responsibility incumbent upon manufacturers to provide information on the dangers of their products, to evaluate and manage the associated risks. The manufacturer has to prove the safety of its products.
- ❑ US market is not part of this regulation

The importers on European market have to bear this responsibility.

1.2 The 3 REACH regulation key steps

These stages do apply only to chemicals.

❑ **First Step : Pre-registration and registration**

As a preliminary stage, companies must pre-register so they have got enough time and technical means to prepare the next steps. Registration is a key step to the REACH regulation. The chemicals that are manufactured or imported in quantities more than 1 ton per year have to be registered at the European Chemicals Agency ECHA recently established in Helsinki. If not registered, a chemical may neither be manufactured nor imported into the European Union. "No Data No Market".

❑ **Second Step : Evaluation**

The Agency will assess testing proposals made by the registrant or check that the registration files do comply with the requirements. The Agency will also co-ordinate substance risk assessment, which will be conducted by the Member States to investigate chemicals of very high concern.

Chemical manufacturers will have to review all downstream supply chain schemes and recommend ways of controlling and using chemicals in Extended Safety Data Sheets. A chemical safety assessment will be carried out to identify the risks, assign exposure schemes, and implement all the preventive measures required to reduce exposure to / release of a substance. The aim is to reduce as much as possible the risks to human health and environment.

❑ **Third Step : Authorization**

Authorization will be required for the substances of very high concern SVHC.

1.3 REACH regulation categories

Reach's approach is split into three categories:

Substances	Preparation	Substances in articles
These are chemical elements and natural components obtained through a manufacturing process. Example: individual pigments, chemical products => the chemical industry is mainly concerned	These are mixtures or solutions composed of at least two substances. This category should be applied to manufacturers of paints and varnishes	Reach concerns articles with substances intended to be released under normal or reasonable foreseeable conditions of use. Substances should be registered if total quantities exceed 1 ton per year.

Substances are classified:

- CMR : **C**arcinogenic **M**utagenic or **R**eprotoxic
- PBT : **P**ersistent, **B**io accumulative and **T**oxic
- vPvB : **v**ery **P**ersistent and **v**ery **B**io-accumulative

1.4 REACH: constraint vs. customers

The brand has to respond to its customers on matters related to substances of very high concern SVHC present in products with the threshold of 0.1% by weight of an article except for France, Belgium, Germany, Austria, Denmark, Sweden + Norway for which, both complex articles and their parts are articles.

The list of SVHC will be issued from list of substances classified CMR, PBT or vPvB and proposed by each European country. This list will be in REACH annex 14. The list of candidate substances is as follows decision N°: ED/67/2008, 22/10/2008:

http://echa.europa.eu/chem_data/candidate_list_table_en.asp

For further details, please visit the ECHA website:

http://echa.europa.eu/home_en.asp

2. THE BRAND Chemical Safety Requirements

2.1 Aromatic Amines (AZO) - Textile and leather

Scope :	Azo Dyes and pigments in textile, leather and prints, which by reductive cleavage of one or more azo groups may release one or more of the amines listed below.																																																																																																				
Properties :	Carcinogenic, some are also allergenic																																																																																																				
Requirement :	<p>A maximum of 30 ppm for each of the following 22 aromatic amines is allowed in all textile or leather products or part of a product :</p> <table border="1"> <thead> <tr> <th></th> <th>Carcinogenic Aromatic Amines</th> <th>CAS number</th> <th>EC number</th> </tr> </thead> <tbody> <tr><td>1</td><td>4-Aminobiphenyl</td><td>92-67-1</td><td>202-177-1</td></tr> <tr><td>2</td><td>Benzidine</td><td>92-87-5</td><td>202-199-1</td></tr> <tr><td>3</td><td>4-Chloro-o-toluidine</td><td>95-69-2</td><td>202-441-6</td></tr> <tr><td>4</td><td>2-naphthylamine</td><td>91-59-8</td><td>202-080-4</td></tr> <tr><td>5</td><td>o-aminoazotoluene</td><td>97-56-3</td><td>202-591-2</td></tr> <tr><td>6</td><td>2-Amino-4-nitrotoluene</td><td>99-55-8</td><td>202-765-8</td></tr> <tr><td>7</td><td>4-chloroaniline</td><td>106-47-8</td><td>203-401-0</td></tr> <tr><td>8</td><td>2,4-Dimainoanisole</td><td>615-05-4</td><td>210-406-1</td></tr> <tr><td>9</td><td>4,4'-diaminodiphenylmethane</td><td>101-77-9</td><td>202-974-4</td></tr> <tr><td>10</td><td>3,3'-dichlorobenzidine</td><td>91-94-1</td><td>202-109-0</td></tr> <tr><td>11</td><td>3,3'-dimethoxybenzidine</td><td>119-90-4</td><td>204-355-4</td></tr> <tr><td>12</td><td>3,3'-dimethylbenzidine</td><td>119-93-7</td><td>204-358-0</td></tr> <tr><td>13</td><td>4,4'-methylenedi-o-toluidine</td><td>838-88-0</td><td>212-658-8</td></tr> <tr><td>14</td><td>p-cresidine</td><td>120-71-8</td><td>204-419-1</td></tr> <tr><td>15</td><td>4,4'-methylene-bis-2-chloro-aniline</td><td>101-14-4</td><td>202-918-9</td></tr> <tr><td>16</td><td>4,4'-oxydianiline</td><td>101-80-4</td><td>202-977-0</td></tr> <tr><td>17</td><td>4,4'-thiodianiline</td><td>139-65-1</td><td>205-370-9</td></tr> <tr><td>18</td><td>o-toluidine</td><td>95-53-4</td><td>202-429-0</td></tr> <tr><td>19</td><td>4-methyl-m-phenylenediamine</td><td>95-80-7</td><td>202-453-1</td></tr> <tr><td>20</td><td>2,4,5-trimethylaniline</td><td>137-17-7</td><td>205-282-0</td></tr> <tr><td>21</td><td>o-anisidine</td><td>90-04-0</td><td>201-963-1</td></tr> <tr><td>22</td><td>4-amino azobenzene</td><td>60-09-3</td><td>200-453-6</td></tr> <tr><td>23</td><td>2,4-xylylidine</td><td>95-68-1</td><td>202-440-0</td></tr> <tr><td>24</td><td>2,6-xylylidine</td><td>87-62-7</td><td>201-758-7</td></tr> </tbody> </table>		Carcinogenic Aromatic Amines	CAS number	EC number	1	4-Aminobiphenyl	92-67-1	202-177-1	2	Benzidine	92-87-5	202-199-1	3	4-Chloro-o-toluidine	95-69-2	202-441-6	4	2-naphthylamine	91-59-8	202-080-4	5	o-aminoazotoluene	97-56-3	202-591-2	6	2-Amino-4-nitrotoluene	99-55-8	202-765-8	7	4-chloroaniline	106-47-8	203-401-0	8	2,4-Dimainoanisole	615-05-4	210-406-1	9	4,4'-diaminodiphenylmethane	101-77-9	202-974-4	10	3,3'-dichlorobenzidine	91-94-1	202-109-0	11	3,3'-dimethoxybenzidine	119-90-4	204-355-4	12	3,3'-dimethylbenzidine	119-93-7	204-358-0	13	4,4'-methylenedi-o-toluidine	838-88-0	212-658-8	14	p-cresidine	120-71-8	204-419-1	15	4,4'-methylene-bis-2-chloro-aniline	101-14-4	202-918-9	16	4,4'-oxydianiline	101-80-4	202-977-0	17	4,4'-thiodianiline	139-65-1	205-370-9	18	o-toluidine	95-53-4	202-429-0	19	4-methyl-m-phenylenediamine	95-80-7	202-453-1	20	2,4,5-trimethylaniline	137-17-7	205-282-0	21	o-anisidine	90-04-0	201-963-1	22	4-amino azobenzene	60-09-3	200-453-6	23	2,4-xylylidine	95-68-1	202-440-0	24	2,6-xylylidine	87-62-7	201-758-7
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Legal background :	European Directives 2004/21/EC, 2003/3/EC & 2002/61/EC, REACH Annex XVII																																																																																																				
Testing method :	NF EN 14362-1 / NF EN 14362-2 for textile, ISO 17234 for leather																																																																																																				
Detection limit :	5 ppm																																																																																																				

2.2 pH limit - All textile products excepted wool & silk

Scope :	pH value is directly linked with the dyeing process for textile and for leather
Properties :	skin irritation
Requirement :	For textile : pH value must be between 4.0 and 8.0 For leather : pH value must be between 4.0 and 6.0
Legal background :	None
Testing method :	ISO 3071 for textile & ISO 4045 for leather
Information :	The pH value can be easily corrected by washing

2.3 Formaldehyde – Textile and leather

Scope :	Formaldehyde or formaldehyde releasing compounds can for example be used for pre-shrinkage, easy-care and pre-crinkle treatment, for fixation or preservation of dyes and prints
Properties :	Carcinogenic, skin irritation, allergenic
Requirement :	A maximum of 75 ppm for products that come into direct contact to the skin A maximum of 300 ppm for other products
Legal background :	Japanese law 112 + regulations and / or suspicions in Germany, France, Netherlands, Austria, Finland, Norway, China.
Testing method :	NF EN ISO 14184-1 for textile, NF EN ISO 17226-1 for leather
Detection limit :	10 ppm

2.4 Nickel - Metallic parts & jewelry

Scope :	Nickel metal is mainly used for plating of alloys, improving the corrosion resistance in alloys, improving the hardness of alloys and is a key element in the production of stainless steel
Properties :	Highly allergenic strong sensitizer – most common substance that cause contact dermatitis
Requirement :	0.11 µg per cm ² per week for piercing items 0.28 µg per cm ² per week for all metallic parts intended to come into direct and prolonged contact with the skin
Legal background :	European directive 94/27/EC, REACH Annex XVII
Testing method :	EN 1811, EN16128, EN 12472
Detection limit :	0.01 µg/cm ² /week

2.5 Chromium VI - Leather

Scope :	Used as oxidation agent. Fixing chemical. Used for finishing of direct dyes to improve their wash fastness. Potassium dichromate is used for oxidation of vat and sulphur dyes. Chromium salts are used for preparation and finishing of acid dyes on silk and wool.
Properties :	Dangerous for the environment, carcinogenic, allergenic, toxic
Requirement :	Our products must not contain more than 0.5 ppm for textile and 3 ppm for leather
Testing method :	No standardized test method for textile, EN ISO 17075 for leather

2.6 Phthalates - PVC / PU Coating or PVC prints, varnished leather

Scope :	Used as softener plasticizer in plastics, print pastes, adhesives and other products paints, lacquers, varnishes and solvents. Up to 50% of soft PVC plastic can be a phthalate softener, but other plastics or prints can contain phthalates as well.																																																																				
Properties :	Toxics for reproduction suspected to be endocrine disruptors																																																																				
Requirement :	<p>Our products shall not contain more than 0.1% by weight in the material of interest homogeneous part of any of the following phthalates</p> <table border="1"> <thead> <tr> <th>Phthalate</th> <th>Abbreviation</th> <th>CAS number</th> <th>EC number</th> </tr> </thead> <tbody> <tr> <td>Di-ethyl hexyl phthalate</td> <td>DEHP</td> <td>117-81-7</td> <td>204-211-0</td> </tr> <tr> <td>Butyl benzyl phthalate</td> <td>BBP</td> <td>85-68-7</td> <td>201-622-7</td> </tr> <tr> <td>Di-butyl phthalate</td> <td>DBP</td> <td>84-74-2</td> <td>201-557-4</td> </tr> <tr> <td>Diisobutyl phthalate</td> <td>DIBP</td> <td>84-69-5</td> <td>201-553-2</td> </tr> <tr> <td>Bis 2-methoxyethyl</td> <td>DMEP</td> <td>117-82-8</td> <td>204-212-6</td> </tr> <tr> <td>1,2-Benzenedicarboxylic acid</td> <td>DHNUP</td> <td>68515-42-4</td> <td>271-084-6</td> </tr> <tr> <td>1,2-Benzenedicarboxylic bis(isoheptyl) ester</td> <td>DIHP</td> <td>71888-89-6</td> <td>276-158-1</td> </tr> <tr> <td>Di-n-octyl phthalate</td> <td>DNOP</td> <td>117-84-0</td> <td>204-214-7</td> </tr> <tr> <td>Di-iso-nonyl phthalate</td> <td>DINP</td> <td>28553-12-0</td> <td>249-079-5</td> </tr> <tr> <td>Di-iso-decyl phthalate</td> <td>DIDP</td> <td>26761-40-0</td> <td>247-977-1</td> </tr> <tr> <td>Di-N-penthyl-phthalate</td> <td>DNPP</td> <td>131-18-0</td> <td>205-017-9</td> </tr> <tr> <td>Di-iso-penthyl phthalate</td> <td>DIPP</td> <td>605-50-5</td> <td>210-088-4</td> </tr> <tr> <td>Di-cyclohexyl phthalate</td> <td>DCHP</td> <td>84-61-7</td> <td>-</td> </tr> <tr> <td>Di-ethyl phthalate</td> <td>DEP</td> <td>84-66-2</td> <td>-</td> </tr> <tr> <td>Di-hexyl phthalate</td> <td>DHP</td> <td>84-75-3</td> <td>-</td> </tr> <tr> <td>N-penthyl isopenthyl phthalate</td> <td>PIPP</td> <td>776297-69-9</td> <td>-</td> </tr> </tbody> </table>	Phthalate	Abbreviation	CAS number	EC number	Di-ethyl hexyl phthalate	DEHP	117-81-7	204-211-0	Butyl benzyl phthalate	BBP	85-68-7	201-622-7	Di-butyl phthalate	DBP	84-74-2	201-557-4	Diisobutyl phthalate	DIBP	84-69-5	201-553-2	Bis 2-methoxyethyl	DMEP	117-82-8	204-212-6	1,2-Benzenedicarboxylic acid	DHNUP	68515-42-4	271-084-6	1,2-Benzenedicarboxylic bis(isoheptyl) ester	DIHP	71888-89-6	276-158-1	Di-n-octyl phthalate	DNOP	117-84-0	204-214-7	Di-iso-nonyl phthalate	DINP	28553-12-0	249-079-5	Di-iso-decyl phthalate	DIDP	26761-40-0	247-977-1	Di-N-penthyl-phthalate	DNPP	131-18-0	205-017-9	Di-iso-penthyl phthalate	DIPP	605-50-5	210-088-4	Di-cyclohexyl phthalate	DCHP	84-61-7	-	Di-ethyl phthalate	DEP	84-66-2	-	Di-hexyl phthalate	DHP	84-75-3	-	N-penthyl isopenthyl phthalate	PIPP	776297-69-9	-
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Legal background :	European directive 2005/84/EC, REACH Annex XVII																																																																				
Testing method :	PR EN 15777																																																																				
Detection limit :	10 ppm																																																																				
Information :	Adipates & citrates are the most used chemical substances to replace phthalates.																																																																				

2.7 Cadmium and cadmium salts in coatings & jewelry

Properties :	Carcinogenic, skin irritation, allergenic						
Requirement :	<p>a maximum of 100 ppm of cadmium (total cadmium and cadmium salts) can be found in the coatings. Our jewellery products must not contain more than 0.01% by weight of this substance.</p> <table border="1"> <thead> <tr> <th>Substance</th> <th>CAS number</th> <th>EC number</th> </tr> </thead> <tbody> <tr> <td>Cadmium</td> <td>81271-94-5</td> <td>231-152-8</td> </tr> </tbody> </table>	Substance	CAS number	EC number	Cadmium	81271-94-5	231-152-8
Substance	CAS number	EC number					
Cadmium	81271-94-5	231-152-8					
Legal background :	European directive 91/338/EC, REACH Annex XVII , Commission regulation EU/494/2011						
Testing method :	EN 1122 - Nov - 01						

2.8 Dimethylfumarate DMF - All products

Scope :	DMF is used as fungicide in textile, shoes, leather. It can be found in desiccant bags but is also applied on product both as powder and in tablet form.						
Properties :	Harmful for skin, strongly allergenic substance						
Requirement :	DMF shall not be found in our products <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr style="background-color: #d9534f; color: white;"> <th>Substance</th> <th>CAS number</th> <th>EC number</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Dimethylfumarate</td> <td style="text-align: center;">624-49-7</td> <td style="text-align: center;">210-849-0</td> </tr> </tbody> </table>	Substance	CAS number	EC number	Dimethylfumarate	624-49-7	210-849-0
Substance	CAS number	EC number					
Dimethylfumarate	624-49-7	210-849-0					
Legal background :	European directive 2009/251/EC, REACH Annex XVII						
Testing method :	No standardized test method						
Detection limit :	0.1 ppm						
Information :	The alternative to biocidal agents during storage and transport is cool and dry environment.						

2.9 Carcinogenic dyestuff – Textile & leather

Scope :	Dyeing of textile and leather products																																									
Properties :	Carcinogenic, some are also allergenic																																									
Requirement :	Our products must not contain more than 50 ppm of following dyestuff: <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr style="background-color: #d9534f; color: white;"> <th>Carcinogenic Colorant name</th> <th>CAS number</th> <th>EC number</th> <th>Mainly used for :</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Acid red 26</td> <td style="text-align: center;">3761-53-3</td> <td style="text-align: center;">223-178-3</td> <td rowspan="3" style="text-align: center; vertical-align: middle;">Acrylic</td> </tr> <tr> <td style="text-align: center;">Basic Violet 3</td> <td style="text-align: center;">546-62-9</td> <td style="text-align: center;">208-953-6</td> </tr> <tr> <td style="text-align: center;">Basic Red 9</td> <td style="text-align: center;">569-61-9</td> <td style="text-align: center;">209-321-2</td> </tr> <tr> <td style="text-align: center;">Basic Violet 14</td> <td style="text-align: center;">632-99-5</td> <td style="text-align: center;">211-189-6</td> <td rowspan="3" style="text-align: center; vertical-align: middle;">Cellulosic fiber natural & chemical, Wool, Silk</td> </tr> <tr> <td style="text-align: center;">Direct Black 38</td> <td style="text-align: center;">1937-37-7</td> <td style="text-align: center;">217-710-3</td> </tr> <tr> <td style="text-align: center;">Direct Blue 6</td> <td style="text-align: center;">2602-46-2</td> <td style="text-align: center;">220-012-1</td> </tr> <tr> <td style="text-align: center;">Direct Red 28</td> <td style="text-align: center;">573-58-0</td> <td style="text-align: center;">209-358-4</td> <td rowspan="4" style="text-align: center; vertical-align: middle;">Polyester, Acetate, Polyamide</td> </tr> <tr> <td style="text-align: center;">Direct Brown 95</td> <td style="text-align: center;">16071-86-6</td> <td style="text-align: center;">240-221-1</td> </tr> <tr> <td style="text-align: center;">Disperse Blue 1</td> <td style="text-align: center;">2475-45-8</td> <td style="text-align: center;">219-603-7</td> </tr> <tr> <td style="text-align: center;">Disperse Orange 11</td> <td style="text-align: center;">82-28-0</td> <td style="text-align: center;">201-408-3</td> </tr> <tr> <td style="text-align: center;">Disperse Orange 149</td> <td style="text-align: center;">85136-74-9</td> <td style="text-align: center;">400-340-3</td> <td></td> </tr> </tbody> </table>	Carcinogenic Colorant name	CAS number	EC number	Mainly used for :	Acid red 26	3761-53-3	223-178-3	Acrylic	Basic Violet 3	546-62-9	208-953-6	Basic Red 9	569-61-9	209-321-2	Basic Violet 14	632-99-5	211-189-6	Cellulosic fiber natural & chemical, Wool, Silk	Direct Black 38	1937-37-7	217-710-3	Direct Blue 6	2602-46-2	220-012-1	Direct Red 28	573-58-0	209-358-4	Polyester, Acetate, Polyamide	Direct Brown 95	16071-86-6	240-221-1	Disperse Blue 1	2475-45-8	219-603-7	Disperse Orange 11	82-28-0	201-408-3	Disperse Orange 149	85136-74-9	400-340-3	
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Legal background :	European restrictions are expected																																									
Testing method :	DIN 54321 with adapted extraction method																																									
Detection limit :	1 ppm																																									

2.10 Forbidden blue AZO dyes – Textile & leather

Scope :	Dyeing of textile and leather products							
Properties :	Carcinogenic							
Requirement :	<p>our products must not contain following dyestuff :</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #d9ead3;"> <th style="text-align: center;">Forbidden blue azodyes</th> <th style="text-align: center;">CAS number</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;"> Mixture of : ✓ disodium 6-4-anisidino-3-sulfonato-2-3,5-dinitro-2-oxidophenylazo- 1-naphtholato1-5-chloro-2-oxidophenylazo-2-naphtholato chromate 1- $C_{39}H_{23}ClCrN_7O_{12}S_2Na$ </td> <td style="text-align: center; vertical-align: middle;">118685-33-9 405-665-4</td> </tr> <tr> <td style="padding: 5px;"> and ✓ trisodium bis6-4-anisidino-3-sulfonato-2-3,5-dinitro-2-oxidophenylazo-1-naphtholatochromate 1-¹ $C_{46}H_{30}CrN_{10}O_2OS_3Na$ </td> <td></td> </tr> </tbody> </table>		Forbidden blue azodyes	CAS number	Mixture of : ✓ disodium 6-4-anisidino-3-sulfonato-2-3,5-dinitro-2-oxidophenylazo- 1-naphtholato1-5-chloro-2-oxidophenylazo-2-naphtholato chromate 1- $C_{39}H_{23}ClCrN_7O_{12}S_2Na$	118685-33-9 405-665-4	and ✓ trisodium bis6-4-anisidino-3-sulfonato-2-3,5-dinitro-2-oxidophenylazo-1-naphtholatochromate 1- ¹ $C_{46}H_{30}CrN_{10}O_2OS_3Na$	
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Legal background :	European Directive 2004/21/EC, 2003/3/EC & 2002/61/EC							
Testing method :	NF EN 14362-1 / NF EN 14362-2 for textile, ISO 17234 for leather							
Detection limit :	1 ppm							

2.11 Alkylphenol ethoxylates APEO - All textile products

Scope :	APEOs are used as detergents, scouring agents, wetting agents, emulsifier or dispersing agents for colours and prints and as impregnating agents. In leather tanning, APEO is used for de-greasing, finishing etc. In silk production for de-gumming. APEO could also be present in dyes and pigment preparations.																	
Properties :	Skin irritation, affects the respiratory system, endocrine disruptive effect, dangerous for the environment.																	
Requirement :	<p>Our products must not contain following chemicals :</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #d9ead3;"> <th style="text-align: center;">Chemical substance</th> <th style="text-align: center;">CAS number</th> <th style="text-align: center;">EC number</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px;">Nonylphenol NP</td> <td style="text-align: center;">104-40-5</td> <td style="text-align: center;">203-199-4</td> </tr> <tr> <td style="padding: 2px;">Nonylphenol ethoxylate NPEO</td> <td style="text-align: center;">68412-53-3</td> <td></td> </tr> <tr> <td style="padding: 2px;">Octylphenol OP</td> <td style="text-align: center;">27193-28-8</td> <td style="text-align: center;">205-426-2</td> </tr> <tr> <td style="padding: 2px;">Octylphenol ethoxylates OPEO</td> <td style="text-align: center;">9036-19-5</td> <td></td> </tr> </tbody> </table>			Chemical substance	CAS number	EC number	Nonylphenol NP	104-40-5	203-199-4	Nonylphenol ethoxylate NPEO	68412-53-3		Octylphenol OP	27193-28-8	205-426-2	Octylphenol ethoxylates OPEO	9036-19-5	
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Legal background :	Annex XVII of REACH regulation																	
Testing method :	No standardized test method																	

2.12 Allergenic Disperse Dyes – Polyester

Scope :	Dyeing of textile and leather																																																																																																				
Properties :	Highly allergenic strong sensitizers																																																																																																				
Requirement :	<p>our products must not contain more than 50 ppm of following chemicals :</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #f8d7da;"> <th style="width: 5%;"></th> <th style="width: 45%;">Allergenic Colorant name</th> <th style="width: 15%;">Index number</th> <th style="width: 15%;">CAS number</th> <th style="width: 20%;">EC number</th> </tr> </thead> <tbody> <tr><td>1</td><td>Disperse Blue 3</td><td>61505</td><td>2475-46-9</td><td>219-604-2</td></tr> <tr><td>2</td><td>Disperse Blue 7</td><td>62500</td><td>3179-90-6</td><td>221-666-0</td></tr> <tr><td>3</td><td>Disperse Blue 26</td><td>63305</td><td>-</td><td>-</td></tr> <tr><td>4</td><td>Disperse Blue 35</td><td>-</td><td>12222-75-2</td><td>237-269-0</td></tr> <tr><td>5</td><td>Disperse Blue 102</td><td>-</td><td>12222-97-8</td><td>-</td></tr> <tr><td>6</td><td>Disperse Blue 106</td><td>-</td><td>12223-01-7</td><td>271-183-4</td></tr> <tr><td>7</td><td>Disperse Blue 124</td><td>-</td><td>61951-51-7</td><td>-</td></tr> <tr><td>8</td><td>Disperse Brown 1</td><td>-</td><td>23355-64-8</td><td>245-604-7</td></tr> <tr><td>9</td><td>Disperse Orange 1</td><td>11005</td><td>2581-69-3</td><td>219-954-6</td></tr> <tr><td>10</td><td>Disperse Orange 3</td><td>11080</td><td>730-40-5</td><td>211-984-8</td></tr> <tr><td>11</td><td>Disperse Orange 37 / 59 / 76</td><td>11132</td><td>1330-61-6</td><td>-</td></tr> <tr><td>12</td><td>Disperse Red 1</td><td>11110</td><td>2872-52-8</td><td>220-704-3</td></tr> <tr><td>13</td><td>Disperse Red 11</td><td>62015</td><td>2872-48-2</td><td>220-703-8</td></tr> <tr><td>14</td><td>Disperse Red 17</td><td>11210</td><td>3179-89-3</td><td>221-665-5</td></tr> <tr><td>15</td><td>Disperse Yellow 1</td><td>10345</td><td>119-15-3</td><td>204-300-4</td></tr> <tr><td>16</td><td>Disperse Yellow 3</td><td>11855</td><td>2832-40-8</td><td>220-600-8</td></tr> <tr><td>17</td><td>Disperse Yellow 9</td><td>10375</td><td>6373-73-5</td><td>228-919-4</td></tr> <tr><td>18</td><td>Disperse Yellow 39</td><td>-</td><td>12236-29-2</td><td>-</td></tr> <tr><td>19</td><td>Disperse Yellow 49</td><td>-</td><td>34824-37-2</td><td>-</td></tr> </tbody> </table>		Allergenic Colorant name	Index number	CAS number	EC number	1	Disperse Blue 3	61505	2475-46-9	219-604-2	2	Disperse Blue 7	62500	3179-90-6	221-666-0	3	Disperse Blue 26	63305	-	-	4	Disperse Blue 35	-	12222-75-2	237-269-0	5	Disperse Blue 102	-	12222-97-8	-	6	Disperse Blue 106	-	12223-01-7	271-183-4	7	Disperse Blue 124	-	61951-51-7	-	8	Disperse Brown 1	-	23355-64-8	245-604-7	9	Disperse Orange 1	11005	2581-69-3	219-954-6	10	Disperse Orange 3	11080	730-40-5	211-984-8	11	Disperse Orange 37 / 59 / 76	11132	1330-61-6	-	12	Disperse Red 1	11110	2872-52-8	220-704-3	13	Disperse Red 11	62015	2872-48-2	220-703-8	14	Disperse Red 17	11210	3179-89-3	221-665-5	15	Disperse Yellow 1	10345	119-15-3	204-300-4	16	Disperse Yellow 3	11855	2832-40-8	220-600-8	17	Disperse Yellow 9	10375	6373-73-5	228-919-4	18	Disperse Yellow 39	-	12236-29-2	-	19	Disperse Yellow 49	-	34824-37-2	-
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Testing method :	DIN 54321 for textile, DIN NMP-512 for leather																																																																																																				
Detection limit :	3 ppm per substance																																																																																																				

2.13 Chloro-organic carriers - Polyester dyeing

Scope :	Chlorinated aromatic hydrocarbons are used as carriers in the dyeing process of polyester or wool/polyester fibers. They can also be used as solvents									
Properties :	Affects the nervous system, skin irritation, dangerous for the environment									
Requirement :	<p>Our products must not contain more than 1 ppm of following chemicals :</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #f8d7da;"> <th style="width: 65%;">Chemical substance</th> <th style="width: 15%;">CAS number</th> <th style="width: 20%;">EC number</th> </tr> </thead> <tbody> <tr> <td>Pentachlorobenzene</td> <td>608-93-5</td> <td>210-172-0</td> </tr> <tr> <td>Hexachlorobenzene</td> <td>118-74-1</td> <td>204-273-9</td> </tr> </tbody> </table>	Chemical substance	CAS number	EC number	Pentachlorobenzene	608-93-5	210-172-0	Hexachlorobenzene	118-74-1	204-273-9
Chemical substance	CAS number	EC number								
Pentachlorobenzene	608-93-5	210-172-0								
Hexachlorobenzene	118-74-1	204-273-9								
Legal background :	European directive 1999/13/CE									
Testing method :	no standardized test method, currently based on ISO 6468 & ISO 15680 or DIN54232									

2.14 Polychlorophenols - Cellulosic fibers + Leather

Scope :	Chlorophenols are sometimes used to prevent mould when growing cotton and when storing/transporting fabrics. PCP/TeCP can be used as a preservative in print pastes												
Properties :	Toxic and dangerous for the environment On combustion, this substance emits dioxins that are extremely toxic for humans												
Requirement :	Our products must not contain more than 2 ppm of following chemicals: <table border="1" data-bbox="539 371 1385 551"> <thead> <tr> <th>Chemical substance</th> <th>CAS number</th> <th>EC number</th> </tr> </thead> <tbody> <tr> <td>Pentachlorophenol PCP and all its isomers</td> <td>87-86-5</td> <td>201-778-6</td> </tr> <tr> <td>2,4,6-Trichlorophenol TriCP</td> <td>88-06-2</td> <td>201-795-9</td> </tr> <tr> <td>2,3,5,6-Tetrachlorophenol TeCP</td> <td>935-95-5</td> <td>213-310-8</td> </tr> </tbody> </table>	Chemical substance	CAS number	EC number	Pentachlorophenol PCP and all its isomers	87-86-5	201-778-6	2,4,6-Trichlorophenol TriCP	88-06-2	201-795-9	2,3,5,6-Tetrachlorophenol TeCP	935-95-5	213-310-8
Chemical substance	CAS number	EC number											
Pentachlorophenol PCP and all its isomers	87-86-5	201-778-6											
2,4,6-Trichlorophenol TriCP	88-06-2	201-795-9											
2,3,5,6-Tetrachlorophenol TeCP	935-95-5	213-310-8											
Legal background :	European directive 99/51/CE, REACH Annex XVII												
Testing method :	XP G 08-015 for textile, ISO 17070 for leather, §35 LMBG B82.02-8												
Detection limit :	0.05 ppm for individual chlorophenol												

2.15 Lead Chromate – All products

Scope :	Lead chromate is used to manufacture pigments and dyes. Lead Chromate molybdate sulfate red is used to manufacture paint and printing inks. Lead sulfochromate yellow is used in plastic, rubber, textile printing and leather finishing												
Properties :	Dangerous for the environment, carcinogenic, toxic for reproduction												
Requirement :	Our products must not contain more than 0.1% by weight <table border="1" data-bbox="571 1021 1353 1223"> <thead> <tr> <th>Chemical substance</th> <th>CAS number</th> <th>EC number</th> </tr> </thead> <tbody> <tr> <td>Lead Chromate</td> <td>7758-97-6</td> <td>231-846-0</td> </tr> <tr> <td>Lead Chromate molybdate sulfate red CI pigment red 104</td> <td>12656-85-8</td> <td>235-759-9</td> </tr> <tr> <td>Lead sulfochromate yellow CI pigment yellow 34</td> <td>1344-37-2</td> <td>215-693-7</td> </tr> </tbody> </table>	Chemical substance	CAS number	EC number	Lead Chromate	7758-97-6	231-846-0	Lead Chromate molybdate sulfate red CI pigment red 104	12656-85-8	235-759-9	Lead sulfochromate yellow CI pigment yellow 34	1344-37-2	215-693-7
Chemical substance	CAS number	EC number											
Lead Chromate	7758-97-6	231-846-0											
Lead Chromate molybdate sulfate red CI pigment red 104	12656-85-8	235-759-9											
Lead sulfochromate yellow CI pigment yellow 34	1344-37-2	215-693-7											
Legal background	Reach Annex XIV												
Testing method :	No standardized test method Inductively Coupled Argon Plasma Spectrometry												

2.16 Lead in jewelry

Scope :	Lead in jewelry included bracelets, necklaces, rings, piercings and brooches						
Properties :	Persistent bioaccumulative toxic, dangerous for the environment						
Requirement :	Our products must not contain more than 0.05% by weight or lead release shall be under 0.05 µg/cm ² /h <table border="1" data-bbox="533 1603 1356 1697"> <thead> <tr> <th>Chemical substance</th> <th>CAS number</th> <th>Limit</th> </tr> </thead> <tbody> <tr> <td>Lead and its compounds</td> <td>7439-92-1</td> <td>0.05% by weight</td> </tr> </tbody> </table>	Chemical substance	CAS number	Limit	Lead and its compounds	7439-92-1	0.05% by weight
Chemical substance	CAS number	Limit					
Lead and its compounds	7439-92-1	0.05% by weight					
Legal background :	EU 836/2012, Reach Annex XVII						
Testing method:	No standardized test method						

2.17 Heavy Metals - All products

Scope :	Heavy metals are used as pigment in colouring for textile, plastics and stabilizers in plastics																														
Properties :	Toxic and dangerous for the environment, toxic and dangerous for human																														
Requirement :	<p>Our products shall not contain more than indicated limits of the following chemicals:</p> <table border="1"> <thead> <tr> <th>Chemical substance</th> <th>Main use</th> <th>Limit</th> </tr> </thead> <tbody> <tr> <td>Cobalt Co</td> <td>Organ-metallic colorant</td> <td>4 ppm</td> </tr> <tr> <td>Arsenic As</td> <td>Pesticides</td> <td>1 ppm</td> </tr> <tr> <td>Nickel Ni</td> <td>Organ-metallic colorant</td> <td>4 ppm</td> </tr> <tr> <td>Antimony Sb</td> <td>PES catalyst</td> <td>30 ppm</td> </tr> <tr> <td>Copper Cu</td> <td>Organ-metallic colorant</td> <td>50 ppm</td> </tr> <tr> <td>Chromium Cr</td> <td>Organ-metallic colorant</td> <td>2 ppm</td> </tr> <tr> <td>Lead Pb</td> <td>Organ-metallic colorant</td> <td>1 ppm</td> </tr> <tr> <td>Cadmium Cd</td> <td>Organ-metallic colorant</td> <td>0.1 ppm</td> </tr> <tr> <td>Mercury Hg</td> <td>Pesticides</td> <td>0.02 ppm</td> </tr> </tbody> </table>	Chemical substance	Main use	Limit	Cobalt Co	Organ-metallic colorant	4 ppm	Arsenic As	Pesticides	1 ppm	Nickel Ni	Organ-metallic colorant	4 ppm	Antimony Sb	PES catalyst	30 ppm	Copper Cu	Organ-metallic colorant	50 ppm	Chromium Cr	Organ-metallic colorant	2 ppm	Lead Pb	Organ-metallic colorant	1 ppm	Cadmium Cd	Organ-metallic colorant	0.1 ppm	Mercury Hg	Pesticides	0.02 ppm
Chemical substance	Main use	Limit																													
Cobalt Co	Organ-metallic colorant	4 ppm																													
Arsenic As	Pesticides	1 ppm																													
Nickel Ni	Organ-metallic colorant	4 ppm																													
Antimony Sb	PES catalyst	30 ppm																													
Copper Cu	Organ-metallic colorant	50 ppm																													
Chromium Cr	Organ-metallic colorant	2 ppm																													
Lead Pb	Organ-metallic colorant	1 ppm																													
Cadmium Cd	Organ-metallic colorant	0.1 ppm																													
Mercury Hg	Pesticides	0.02 ppm																													
Testing method :	No standardized test method, currently based on ISO 105 E04 & AA or ICP assay : ISO 17294-2																														

2.18 Formamide – PU varnishes – Acrylic – Prints - Plastics

Scope :	Formamide is used as solvent in PU manufacturing or acrylic, in paints, inks and varnishes DMFo can also be used as solvent, hardener and softener plasticizer in plastics						
Properties :	Toxic for reproduction						
Requirement :	<p>Our products must not contain more than 0.1% by weight</p> <table border="1"> <thead> <tr> <th>Chemical substance</th> <th>CAS number</th> <th>EC number</th> </tr> </thead> <tbody> <tr> <td>Dimethylformamide (DMFo)</td> <td>75-12-7</td> <td>200-842-0</td> </tr> </tbody> </table>	Chemical substance	CAS number	EC number	Dimethylformamide (DMFo)	75-12-7	200-842-0
Chemical substance	CAS number	EC number					
Dimethylformamide (DMFo)	75-12-7	200-842-0					
Legal background :	REACH SVHC list						
Testing method :	ISO 16000-6 and EN ISO 16000-9						

2.19 Organostannic compounds - PU

Scope :	Organostannic compounds are used to stabilize plastics and are especially present in polyurethane								
Properties :	Toxic for reproduction, persistent bioaccumulative toxic, endocrine disrupters, dangerous for the environment								
Requirement :	<p>our products must not contain more than 0.1% by weight</p> <table border="1"> <thead> <tr> <th>Chemical substance</th> <th>CAS number</th> </tr> </thead> <tbody> <tr> <td>Tributyltin TBT</td> <td>688-73-3</td> </tr> <tr> <td>Dibutyltin DBT</td> <td>1002-53-5</td> </tr> <tr> <td>Diocetyl tin DOT</td> <td>94410-05-6</td> </tr> </tbody> </table>	Chemical substance	CAS number	Tributyltin TBT	688-73-3	Dibutyltin DBT	1002-53-5	Diocetyl tin DOT	94410-05-6
Chemical substance	CAS number								
Tributyltin TBT	688-73-3								
Dibutyltin DBT	1002-53-5								
Diocetyl tin DOT	94410-05-6								
Legal background :	76/769/CEE, Directive 2009/425/EC EU 276/2010, REACH Annex XVII								

2.20 Dimethylacetamide (DMAC)- Elastane - Acrylic

Scope :	DMAC is mainly used as a solvent in the production of fibres for clothing and other applications. DMAC is used in the manufacture of elastane filaments, themselves contained in stretch clothes. DMAC can also be present in acrylic.		
Properties :	Reprotoxic		
Requirement :	Our products must not contain more than 0.1% by weight		
	Chemical substance	CAS number	EC number
	Dimethylacetamide	127-19-5	204-826-4
Legal background :	Reach annex XIV		
Testing method:	No standardized test method		

2.21 Perfluorooctanoic acid (PFOA) – Water repellent

Scope :	Polyfluorocarbons are surfactant, stable, temperature-resistant and water- and grease-repellent substance. They are used as additives in cleaning and in impregnation agents.		
Properties :	Potential carcinogen		
Requirement :	0,1 mg/kg recommended for fluoro coated textile and leather products. 0,1 % by weight applies to fluoro impregnated textile and leather products		
	Chemical substance	CAS number	EC number
	PFOA	335-67-1	206-397-9
Legal background :	None. Considerations of similar "PFOS restrictions of PFOA according to EU. I		
Testing method:	No standardized test method		
Information :	Alternatives available are polytetrafluoroethylene PTFE membranes and laminates		

2.22 PFOS – Stain-removing treatments – except Teflon

Scope :	Polyfluorocarbons are surfactant, stable, temperature-resistant and water- and grease-repellent substance		
Properties :	Bio accumulative		
Requirement :	Our products shall not contain PFOS		
	Chemical substance	CAS number	EC number
	PFOS	1763-23-1	217-179-8
Legal background :	European directive 2006/122/EC		
Testing method :	No standardized test method		

3. Chemical safety requirements summary

Range	Topic	Requirement
Textile & leather	Aromatic Amines (AZO)	A maximum of 30 ppm (each of the 24 aromatic amines) can be found in all textile products while tested with DIN 53316
Textile & leather	Formaldehyde	A maximum of 75 ppm can be found for direct contact with the skin products A maximum of 300 ppm for other products Testing method : NF EN ISO 17226-1
All products	Dimethyl Fumarate	The use of DMF in any form whatsoever (crystals, spray, ...) is prohibited for all our products
Textile & leather	Carcinogen dyestuff	A maximum of 50 ppm of the following dyestuff can be found on the products : Acid Red 26 (CAS 3761-53-3), Basic Violet 3 (CAS 546-62-9), Basic Red 9 (CAS 569-61-9), Basic Violet 14 (CAS 632-99-5), Direct Black 38 (CAS 1937-37-7), Direct Blue 6 (CAS 2602-46-2), Direct Red 28 (CAS 573-58-0), Direct Brown 95 (CAS 16071-86-6), Disperse Blue 1 (CAS 2475-45-8), Disperse Orange 11 (CAS 82-28-0) and Disperse Orange 149 (CAS 85136-74-9). Testing method : DIN 54321 with adapted extraction method
Textile & leather	Forbidden Blue AZO dyes	The use of substances CAS 118685-33-9 & CAS 405-665-4 is banned Testing method : DIN 53316
Textile	APEO	The use of Alkylphenoethoxylates (APEO), Nonylphenol (NP, CAS 104-40-5), Nonylphenol Ethoxylate (NPEO, CAS 68412-53-3), Octylphenol (OP, CAS 27193-28-8) & Octylphenol Ethoxylate (OPEO, CAS 9036-19-5) is banned No standardized testing method
All products	Heavy Metals	A maximum of 4 ppm of Cobalt, 1 ppm of Arsenic, 4 ppm of Nickel, 30 ppm of Antimony, 50 ppm of Copper, 2 ppm of Chromium, 1 ppm of Lead, 0,1 ppm of Cadmium, 0,02 ppm of Mercury can be found on the products Testing method : based on ISO 105 E04 or ICP Assay : ISO 17294-2
All products	Lead chromate	A maximum of 0,1% by weight of Lead Chromate (CAS 7758-97-6), Lead Chromate Molybdate Sulfate Red (CI pigment red 104) (CAS 12656-85-8) and Lead Sulfochromate Yellow (CI pigment yellow 34) (CAS 1344-37-2) can be found in our products No standardized testing method
All textile products (except wool & silk)	pH Limit	The pH of our products must be between 4.0 and 8.0 Testing methods : ISO 4045 for leather and ISO 3071 for textile
All metallic parts & Jewelry	Nickel	All metallic parts from the products can release a maximum of 0,28 µg/cm²/week and a maximum of 0,11µg/cm²/week for piercing Testing methods : EN 1811, EN 16128, EN 12472
Cellulosic Fiber & Leather	Polychlorophenol	Less than 2 ppm of PCP (CAS 87-86-5), TriCP (CAS 88-06-2) & TeCP (CAS 935-95-5) can be found on the products Testing methods: §35 LMBG B82,02-8 and XP G 08-015 for textile and ISO 17070 for leather
Coatings& jewellery	Cadmium and its salts	A maximum of 100 ppm of Cadmium total can be found in the coatings Our jewellery products must not contain more than 0.01% by weight of this substance. Testing method : EN 1122 Nov 01
Elastane - Acrylic	DMAC	Less than 0,1% by weight of Dimethylacetamide (CAS 127-19-5) can be found in our products No standardized testing method
Fireproofed products	Flame retardants	Use of Substances CAS 59536-65-1, CAS 126-72-7, CAS 5455-55-1, CAS 1163-19-5 & CAS 32536-52-0 is banned
Jewelry	Lead	Less than 0,05% by weight or lead release under 0,05 µg/cm²/h (CAS 7439-92-1) can be found in our products No standardized testing method
Leather	Chrome VI	A maximum of 3 ppm of chrome VI is allowed on our products Testing method : EN ISO 17075
Polyester	Allergenic Disperse Dyes	A maximum of 50 ppm of the following dyestuff can be found on the products : Disperse Blue 3 (CAS 2475-46-9), Disperse Blue 7 (CAS 3179-90-6), Disperse Blue 26 (C.I 63305), Disperse Blue 35 (CAS 12222-75-2), Disperse Blue 102 (CAS 12222-97-8), Disperse Blue 106 (CAS 12223-01-7), Disperse Blue 124 (CAS 61951-51-7), Disperse Brown 1 (CAS 23355-64-8), Disperse Orange 1 (CAS 2581-69-3), Disperse Orange 3 (CAS 730-40-5), Disperse Orange 37 / 59 / 76 (CAS 1330-61-6), Disperse Red 1 (CAS 2872-52-8), Disperse Red 11 (CAS 2872-48-2), Disperse Red 17 (CAS 3179-89-3), Disperse Yellow 1 (CAS 119-15-3), Disperse Yellow 3 (CAS 2832-40-8), Disperse Yellow 9 (CAS 6373-73-5), Disperse Yellow 39 (CAS 12236-29-2) & Disperse Yellow 49 (CAS 34824-37-2) Testing methods : DIN 54321 for textile and DIN NMP-512 for leather
Polyester dyeing	Chloro-organic carriers	A maximum of 1 ppm of Pentachlorobenzene (CAS 608-93-5) and of Hexachlorobenzene (CAS 118-74-1) can be found Testing method based on ISO 6468 & ISO 15680, DIN 54232
PU	Organostannic compounds	Less than 0,1% by weight of Tributyltin (TBT, CAS 688-73-3), of Dibutyltin (DBT, CAS 1002-53-5) and of Dioctyltin (DOT, CAS 94410-05-6) can be found in our product No standardized testing method
PU - Acrylic -Plastics (Varnishes, inks)	Formamide	Less than 0,1% by weight of Dimethylformamide (CAS 75-12-7) can be found in our products Testing methods: ISO-16000-9 and EN ISO 16000-9
PVC & PU Coating (if flexible, soft materials) Varnished Leather	Phthalates	Use of DEHP, BBP, DBP, DIBP, DMEP, DHNUP, DIHP, DNOP, DINP, DIDP, DNPP, DIPP, DCHP, DEP and DHP is not allowed Less than 0,1% by weight of each of these phthalates can be found on plastic parts Testing method : PR EN 15777
Stain Release treatment	PFOS	Use of PFOS (CAS 1763-23-1) is forbidden
Water repellent - Fluoro-coated or Impregnated textile and leather products	PFOA	Fluoro-coated: textile Less than 0,1mg/kg of PFOA (CAS 335-67-1) can be found in our fluoro-coated textile and leather products Less than 0,1% by weight of PFOA (CAS 335-67-1) can be found in our fluoro-impregnated textile and leather products No standardized method

4. THE BRAND authorized laboratories

Thank to find the list of the THE BRAND authorized laboratories below:

	First laboratory	Back up laboratory
China	INTERTEK - CTC	SGS
India	INTERTEK	SGS
Bangladesh	INTERTEK	SGS
Turkey	INTERTEK	SGS
France	BUREAU VERITAS	IFTH
Morocco	SGS Morocco	/
Tunisia	TTS	SGS

The supplier shall get the products tested only by the laboratories listed above uppermost by the first laboratory or by the back-up laboratory if the first one is overworked.

As some countries are not in the list, for these countries, please contact the laboratory of the nearest country.

If need be, thank to contact your purchase contact for him/her to send you the laboratory contacts and THE BRAND prices per country.

Thank to note that THE BRAND will only deal with the test reports coming from the authorized laboratories

5. Supplier's commitment

Nota Bene: a French version of this document is available and can be sent to you free on request.

By signing the present requirements chart, the suppliers commit themselves to:

- implementing all the necessary means to guarantee that the current regulations are respected and that all the goods delivered to THE BRAND don't contain any of the listed substances over their adequate limits
- informing The brand in writing in case some substances included in the candidate list SVHC are contained at more than 0.1% by weight in our products (names, CAS numbers and concentrations of these substances)

Therefore, please return to THE BRAND the present requirements chart "THE BRAND Chemical Safety Guide" **signed, dated and stamped, each page initialed** and please fill up the below attestation.

I, the undersigned, legal representative of the hereafter company acquainted myself with the REACH obligation and all of the national legislations in the THE BRAND retailing countries. (The list is available on THE BRAND website).

I confirm all the products sold to THE BRAND are in accordance with this document and do not contain any of the substances of very high concern (SVHC) listed in the REACH candidate list of Annex XIV, Annex XIV and Annex XVII. If some components of these products do contain more than 0.1% by weight of one or several substances included in the candidate list SVHC, I shall inform THE BRAND in writing before placing the order and specify the names, CAS numbers and concentrations related to the substances.

In any case of failure, the company I represent will be blamed for the entire consequences related to this failure and will take care of all the damages of any kind lead by it.

DATE :

NAME & FUNCTION :

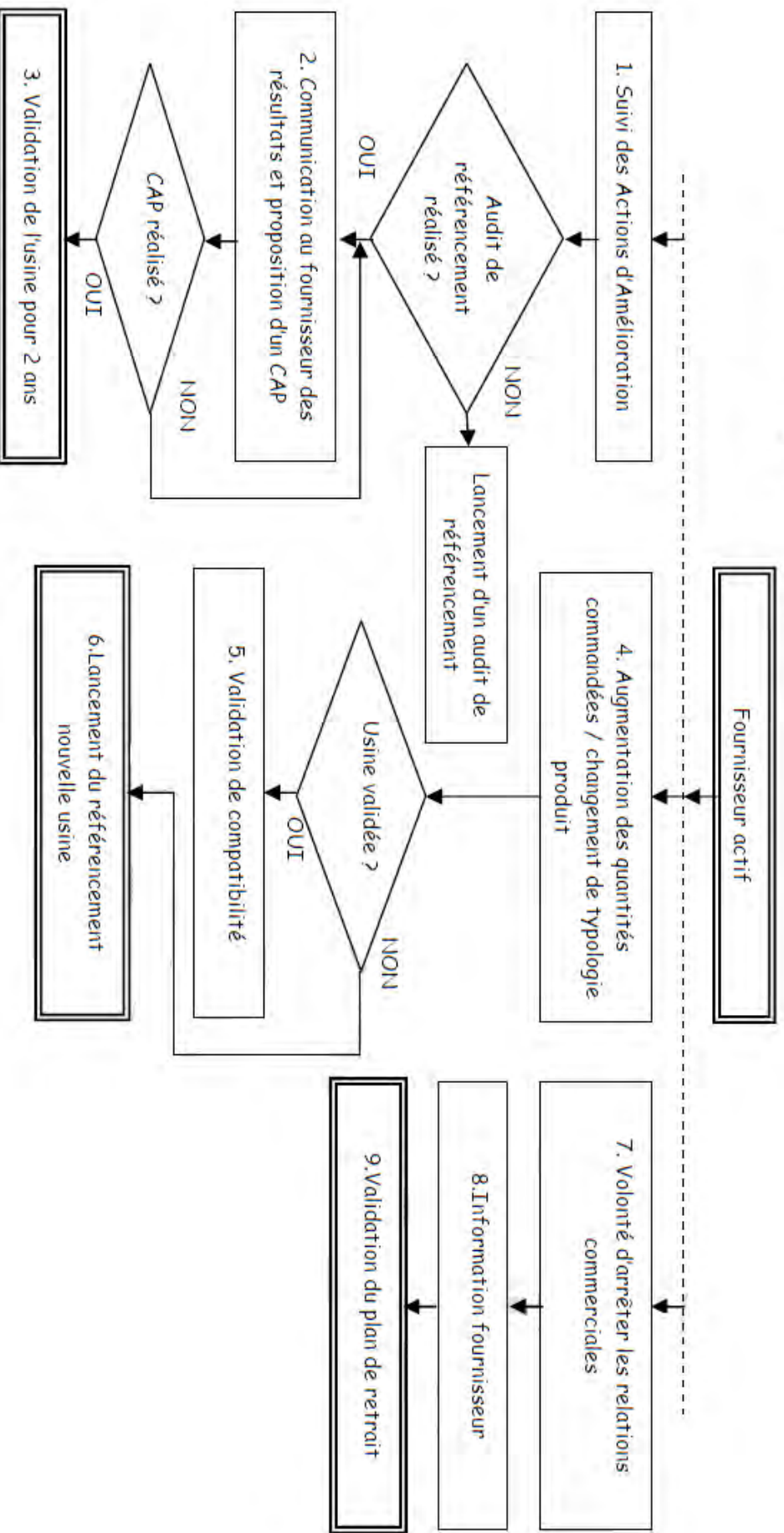
SIGNATURE

STAMP

Annex 12

DIAGRAM DESCRIBING THE MANAGEMENT OF THE POOL OF SUPPLIERS OF ONE OF THE ENTERPRISES HEARD BY THE NCP

Gestion du parc fournisseur



Annex 13

“*FIBRE CITOYENNE*” PROGRAMME DEVELOPED BY THE ASSOCIATION YAMANA

YAMANA's CONTRIBUTION TO THE NCP



L'association Yamana est spécialisée dans la labellisation RSE de filières sectorielles et a plus de 10 ans d'expérience dans l'accompagnement des entreprises du textile-habillement dans leur démarche de responsabilité sociétale.

Elle a développé en 2005 une démarche d'accompagnement et d'évaluation sectorielle de la responsabilité sociétale dédiée à un marché de professionnels, le vêtement professionnel. Cette démarche pionnière visait à agir sur la **création d'une demande de vêtements responsables poussée par les acheteurs publics et la commande publique et ce afin d'inciter les entreprises à entamer leur propre démarche de responsabilité sociétale**. La performance en matière d'apport de preuves de cette démarche RSE devient dans l'appel d'offres un facteur de choix complémentaire de la qualité technique et du prix.

Selon Yamana, seule une évolution conjointe des pratiques de développement durable entre acheteurs et fournisseurs sur l'ensemble de la filière textile-habillement peut permettre de résoudre les problèmes à terme.

L'association a notamment travaillé avec le Ministère de la Défense sur un marché d'acquisition de vêtements, en élaborant le barème de notation des critères de développement durable et a participé au « guide de l'achat publique durable / Achat de vêtements » du Groupement d'Etude des Marchés (GEM). Ce guide a permis la rédaction de la fiche n°6 de la Circulaire du 3 décembre 2008 relative à l'exemplarité de l'Etat au regard du développement durable dans le fonctionnement de ses services et de ses établissements publics. Yamana a également co-rédigé le guide de WWF sur l'écoconception des produits textiles.

Le référentiel français RSE-Textile/Habillement élaboré avec le soutien du Ministère de l'Économie et des Finances, du Ministère des Affaires Étrangères et du Ministère du Développement Durable (Notice d'information relative aux achats publics socio-responsables a pour objectif d'évaluer, accompagner, distinguer et valoriser les entreprises du secteur textile-habillement engagées dans le développement durable et la responsabilité sociétale des entreprises. Il permet de prendre en compte l'ensemble des acteurs et métiers de la filière au regard des démarches RSE et d'identifier les marges de progrès d'un point de vue, social, environnemental et sociétal.

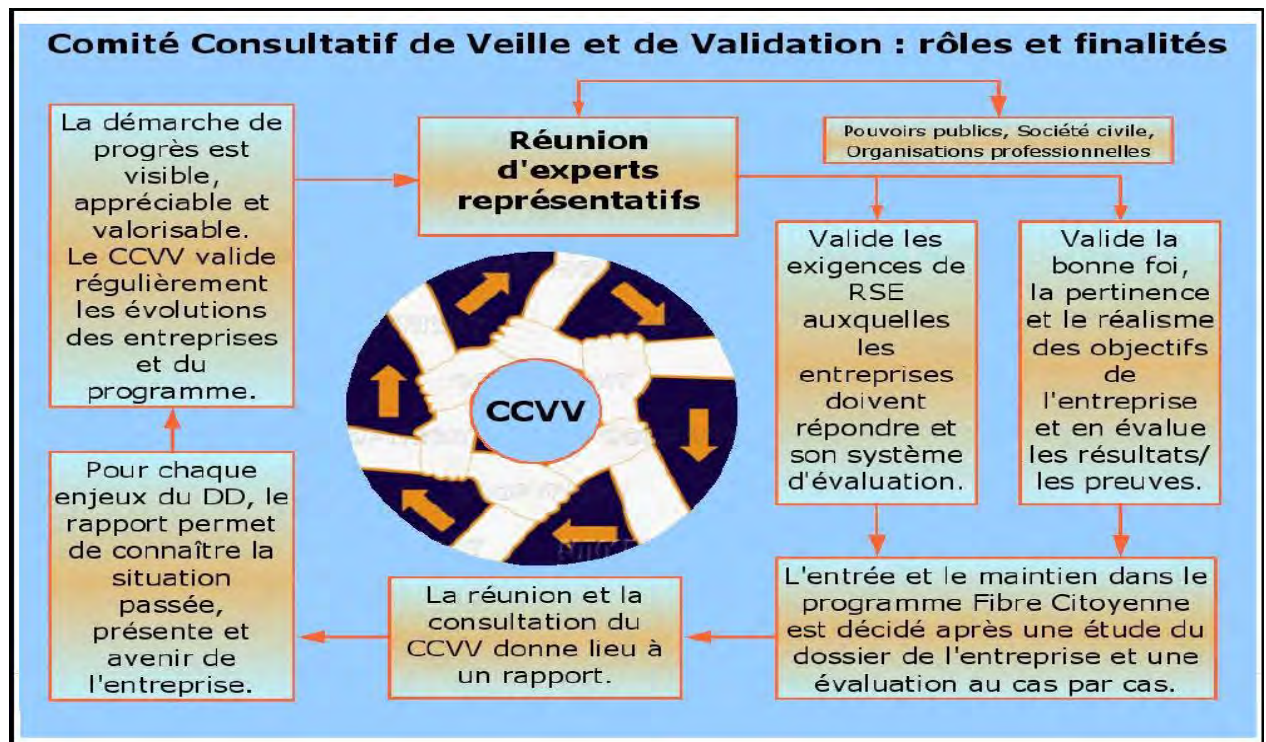
Le programme « fibre citoyenne »¹ développé par Yamana est un programme de filière et d'entreprises et non de produits. Il promeut une démarche collaborative d'amélioration et de progrès continus. L'association aide les entreprises à connaître leur chaîne de sous-traitance de manière à identifier l'ensemble des intervenants et les risques et à résoudre les problèmes socio-économiques auxquels elles font face. Cette vision globale de la filière permet d'éviter les effets pervers de l'amélioration d'un maillon de la chaîne au détriment d'un autre.

Yamana offre un diagnostic puis propose des solutions pour passer de la conformité à l'accompagnement et de la conformité à la pertinence.

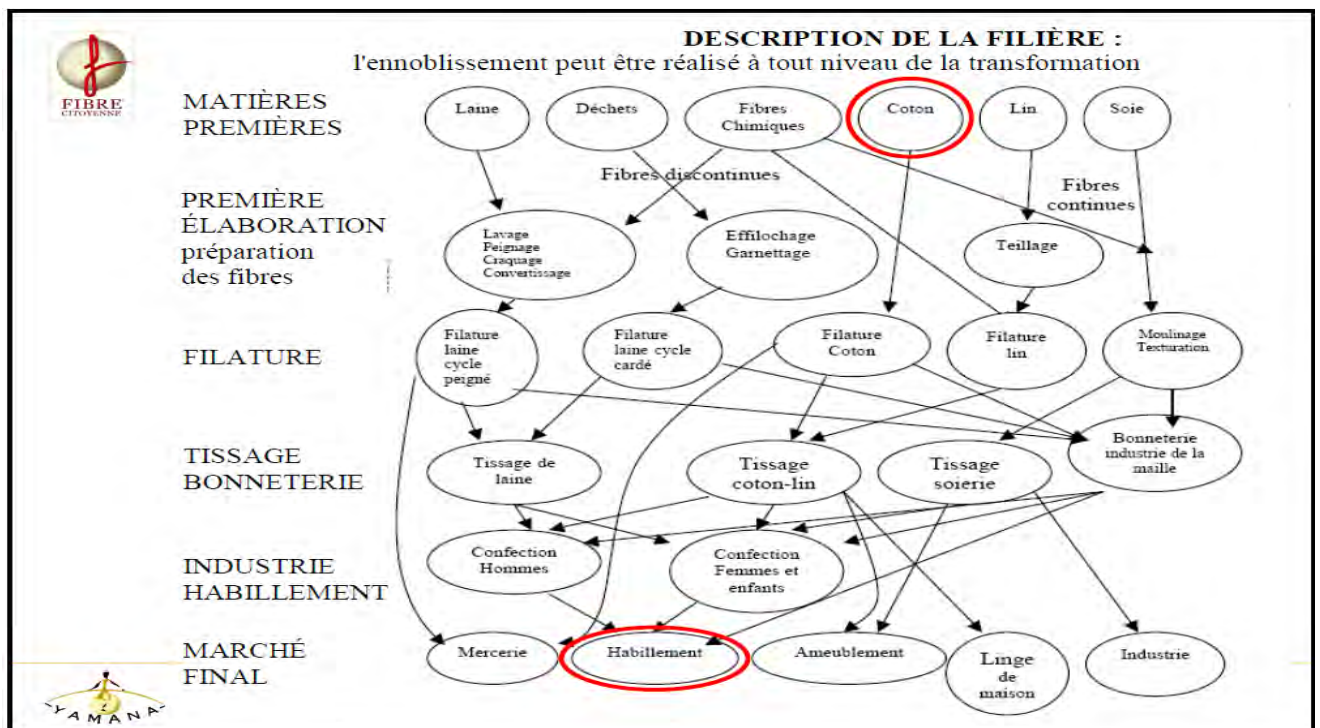
Le passage de la conformité à la pertinence oblige à passer d'une relation d'affaires *stricto sensu* à une relation partenariale de co-responsabilité. Dans le cadre du programme « Fibre citoyenne », l'entreprise signe un contrat d'engagement réciproque en vertu duquel elle s'engage à développer une démarche d'amélioration continue fondée sur un plan d'objectifs partagés avec ses clients et ses fournisseurs. Un référent est dédié en France et dans les pays de fabrication à une entreprise et il est chargé d'accompagner le bon déroulement de la démarche d'amélioration continue. Ce référent va ensuite rapporter les progrès de l'entreprise devant un comité tripartite expert de la filière textile-habillement. Les progrès sont examinés et le cas échéant validés par ce comité appelé Comité Consultatif de Veille et de Validation (CCVV).

¹ <http://www.fibrecitoyenne.org/>

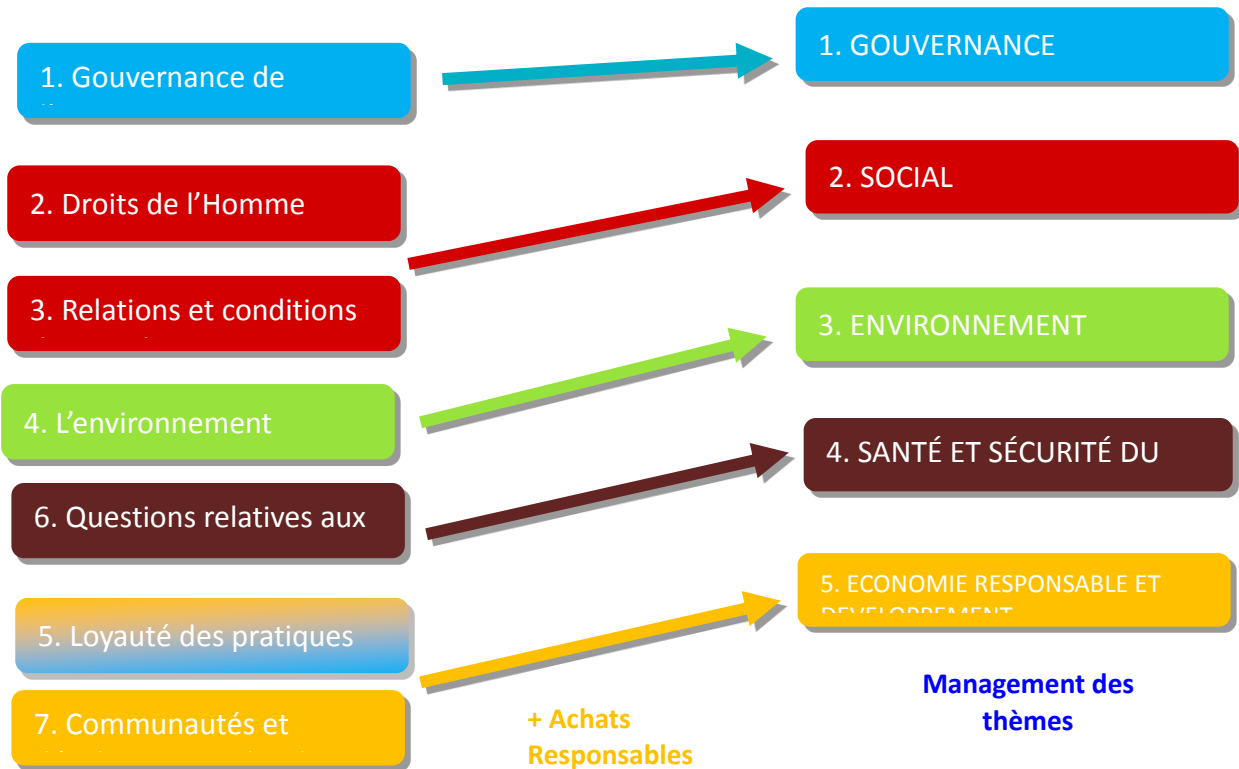
Ce comité associe les ministères des affaires étrangères, du développement durable et de l'industrie, les organisations professionnelles du secteur textile (l'Union des Industries Textiles, la Fédération de la maille), et la société civile par l'intermédiaire d'association de protection des droits de l'homme, de l'environnement, et des experts du secteur du textile et de l'habillement. Chaque année l'entreprise présente un plan d'objectifs au CCVV.



Le CCVV a un rôle critique d'expert. Il est chargé de valider le référentiel RSE et les outils associés, selon le contexte local. Il a également un rôle d'évaluation et de validation de la démarche de progrès et du statut de membre du programme local. Enfin il a un rôle d'évaluation de l'impact économique, social et environnemental des Donneurs d'ordres sur la filière de fabrication locale.



STRUCTURE DU REFERENTIEL FIBRE CITOYENNE 26000



L'association favorise l'intégration de la RSE dans les politiques d'achats en promouvant une approche globale de la chaîne de valeur, depuis la distribution, la confection, le tissage/tricotage, l'ennoblissement, la filature, les matières premières.

Le point de départ de la démarche est bien le distributeur puisqu'il s'agit d'utiliser son levier économique pour impulser une amélioration sur l'ensemble de la chaîne de fabrication. L'achat responsable est primordial.



Distribution

Confection

Ennoblissement

Tissage /

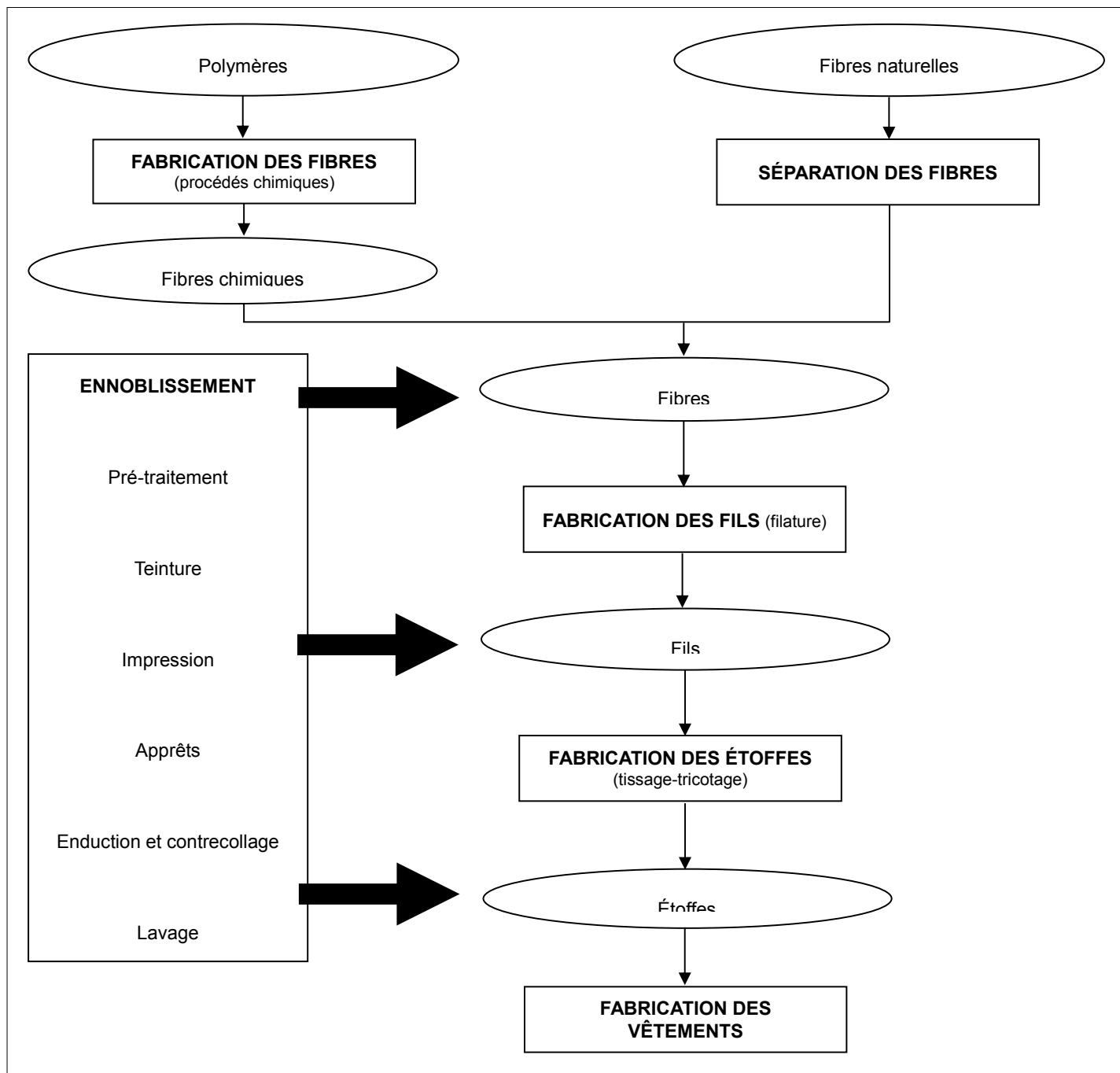
Filature

Matière

•Situation de la filière Textile-habillement :

La tragédie du Rana Plaza au Bangladesh a malheureusement montré que les règles minimales du commerce international ainsi que les lignes directrices de l'OCDE n'étaient pas respectées dans de nombreux pays en ce qui concerne le secteur textile-habillement.

L'amélioration des conditions sociales de fabrication est un processus difficile et lent du fait de la complexité de cette filière, parmi les plus complexes et internationalisées de l'industrie manufacturière.



Selon Yamana, les Pouvoirs Publics ont un rôle à jouer, au même titre que pour l'Affichage Environnemental, en encadrant les démarches **volontaires** de RSE des entreprises par un Label Public. C'est pourquoi Yamana soutient l'initiative du Ministère de l'Écologie, du Développement durable et de l'Énergie et la position des Pouvoirs Publics visant à encadrer les démarches RSE des entreprises.

Fondé sur l'engagement N° 202 du Grenelle de l'environnement, un groupe de travail s'est réuni régulièrement depuis janvier 2010. Un rapport a été rendu public comprenant quatre objectifs principaux :

- Faciliter l'accès des PME au management environnemental (EMAS ou ISO14001)
- Développer les approches sectorielles
- Développer l'ouverture des marchés publics aux entreprises certifiées
- **Appuyer la création de labels de Responsabilité Sociétale des Entreprises (RSE)**

Yamana a participé aux travaux du GT Label entreprises responsables et y a présenté le programme Fibre Citoyenne.

Fibre Citoyenne a été retenu en 2010 comme l'initiative sectorielle la plus avancée et pouvant préfigurer ce que serait un label d'entreprise responsable pour ce secteur.

Aujourd'hui l'association souhaite développer ce **label public RSE pour le secteur de l'Habillement**. Le travail consiste à créer et tester un cahier des charges RSE sectoriel pour évaluer le système de management et les actions des entreprises en matière de Responsabilités Sociétales. Ce dossier s'appuie sur les outils et l'expertise du programme Fibre Citoyenne (créé en 2005), notamment sur un nouveau référentiel (FC 26000) conforme aux lignes directrices de l'ISO 26000 et au dispositif LER. Afin de créer ce label d'un nouveau genre, Yamana a proposé aux organisations professionnelles du secteur de déposer conjointement un dossier auprès de la Plate Forme Nationale RSE qui a à charge entre autres de développer des pratiques RSE sectorielles.

Deux démarches de certifications sont proposées dans le rapport:

- l'appréciation sur la base de référentiels de résultats :

La construction de ces référentiels comprend idéalement:

- L'identification des enjeux de RSE en utilisant par exemple les 7 questions centrales de la norme ISO 26000, le Pacte Mondial, les principes directeurs de l'OCDE, les accords tripartites de l'OIT, le décret de l'article 225 de la loi Grenelle 2, la SNDD
- La détermination des acteurs concernés par chaque enjeu
- La définition d'engagements de résultats liés à chacun des enjeux
- L'utilisation d'indicateurs pour mesurer le niveau d'atteinte des engagements.

Il associe des enjeux de RSE avec des actions à mettre en oeuvre et des résultats à atteindre.

2. L'appréciation sur la base de référentiels d'évaluation du degré de maturité de la démarche

Le programme Fibre Citoyenne combine les deux méthodes d'évaluation au sein de son référentiel. Yamana préconise que ce label prenne la forme :

- d'un **programme sectoriel d'amélioration continue** pour les donneurs d'ordre français, puis européen
- **encadré et jalonné** en France par un référent d'entreprise et par un **référentiel sectoriel RSE** conforme aux lignes directrices de l'OCDE et de l'ISO26000
- **évalué** par un **comité tripartite** composé des Pouvoirs Publics, des Organisations professionnelles et salariées et de la Société Civile.
- qui prenne en compte les pratiques d'achats pour aller vers un **achat responsable**
- qui évalue l'impact social et environnemental etc. des pratiques d'achat dans les pays de fabrication
- qui duplique son programme d'amélioration et son comité tripartite d'évaluation dans les pays de fabrication au sein d'un système de **co-responsabilité**
- Qui permette d'améliorer le reporting entre les donneurs d'ordres français et ses fabricants et ainsi apporte un **reporting extra financier pertinent** notamment en direction des investisseurs qui disposent ainsi d'une **information fiable**.

ANNEXES :

La mondialisation, et tout particulièrement la suppression des quotas d'importation à l'échelle de la planète, ont accru la pression concurrentielle sur le prix des produits textiles.

La filière continue de recourir à une main-d'œuvre importante, notamment concernant la phase de confection, relativement peu qualifiée, dont la masse salariale constitue une partie importante du prix de vente des produits textiles et des vêtements et, reste un élément de flexibilité.

Les prix extrêmement bas offerts par certains producteurs de certains pays, de 10 à 50 % inférieurs à ceux pratiqués par d'autres producteurs situés pourtant dans des pays pratiquant également de bas salaires, sont le résultat de facteurs politico-économiques² mais aussi de facteurs sociaux parmi lesquels :

- les violations des droits des travailleurs ;
- les salaires réels anormalement bas ;
- les heures de travail excessives ;
- les conditions de santé et de sécurité dégradées dans certains cas ;
- le non-respect des lois sociales.

La garantie du respect des droits sociaux les plus élémentaires et l'amélioration des conditions sociales de fabrication sont deux responsabilités fondamentales de toutes entreprises du secteur textile habillement.

De façon générale, les principaux impacts provoqués par la très forte pression concurrentielle s'exerçant désormais au niveau mondial, prennent la forme :

- de pertes d'emploi ou de dégradations des conditions d'emploi ;
- de la dégradation des conditions de santé et de sécurité au travail ;
- du non-respect du temps de travail et des rémunérations (heures supplémentaires forcées, heures normales ou supplémentaires non rémunérées) ;
- du non-respect des droits syndicaux et de la dégradation des conditions d'exercice de ces droits.

Mais cela est très difficile notamment parce que :

- La réglementation locale n'empêche pas toujours les discriminations d'emploi et de travail, ni le travail forcé ou obligatoire, faute de contrôles et de reconnaissance des droits fondamentaux d'association permettant l'existence de syndicats indépendants³.

- La filière textile pour l'habillement est, parmi toutes les filières manufacturières, l'une des plus complexes et des plus longues. Elle repose sur de très nombreuses matières :

- fibres végétales (coton, jute, lin, chanvre, etc.) ;
- fibres animales (laine, soie) ;
- fibres chimiques qui comprennent, d'une part, des fibres artificielles issues de matières naturelles (comme la cellulose) transformées par un procédé chimique et, d'autre part, des fibres synthétiques issues de la chimie du pétrole ;
- fibres de récupération.

qui, souvent, sont mélangées. Elle comporte quatre niveaux principaux de transformation :

- préparation des fibres ;
- filature ;
- tissage-tricotage ;
- confection.

ainsi que l'ennoblissement qui est une opération essentielle pouvant se réaliser à chacun de ces quatre niveaux de transformation (voir schéma).

2) Notamment : la sous-évaluation de la monnaie, le bas prix (fixé par l'État) de l'énergie et des matières premières, le non-remboursement ou le remboursement partiel des crédits à l'investissement, l'absence d'amortissements, la mise à disposition gratuite ou à un prix inférieur au prix du marché de biens immobiliers, les privatisations fictives, la contrefaçon et la copie.

3) Voir, à l'annexe D, les principales dispositions des conventions de l'OIT sur la liberté syndicale et la protection du droit syndical (C87, 1948) et sur le droit d'organisation et de négociation collective (C98, 1949).

- Les consommateurs finaux n'ont pas d'éléments d'informations leur permettant de réaliser un acte d'achat fondé notamment mais pas seulement sur la qualité de la démarche de responsabilité sociétale de l'entreprise. Hormis l'affichage environnemental.

Les impacts environnementaux et sociaux générés tout au long du cycle de vie des vêtements sont fréquemment liés. Ainsi, le niveau et la façon dont est respectée la réglementation sur les substances et les déchets dangereux dans les unités de fabrication ont des conséquences sur les conditions de travail et la sécurité sanitaire des travailleurs engagés dans cette fabrication.

	Consommation et pollution de l'eau	Pollution de l'air	Consommation d'énergie et émissions de gaz à effet de serre	Déchets solides
Production des fibres	b	a	b	a
Filature	—	—	a	b
Tissage-Tricotage	—	—	a	a
Ennoblement	c	b	b-	a
Coupe et confection	—	—	a	c
Accessoires	b	a	a	a
Emballage	—	—	—	c
Transport ⁴ et logistique	—	b	c	a
Entretien	c	a	c	—
Fin de vie ⁵	—	a	a	c
<p>Lecture :</p> <ul style="list-style-type: none"> — : contribution non significative à l'impact considéré⁶ ; a : contribution significative à l'impact considéré⁷ ; b : contribution élevée à l'impact considéré⁸ ; c : contribution très élevée à l'impact considéré⁹. 				



Fibre Citoyenne : de la production à la consommation, la qualité sociale et environnementale appliquée à la filière Textile



FIBRE CITOYENNE

Une démarche de progrès, pour une évolution conjointe des pratiques de développement durable entre entreprises et acheteurs, sur l'ensemble de la filière textile



YAMARA présente Fibre Citoyenne



Fibre Citoyenne : de la production à la consommation, la qualité sociale et environnementale appliquée à la filière Textile



FIBRE CITOYENNE

De la consommation à la production, la qualité sociale et environnementale appliquée à la filière Textile - Habillement



YAMARA présente Fibre Citoyenne

- 4) Toutes les étapes de transport sur l'ensemble du cycle de vie.
- 5) Mise en décharge, incinération et recyclage (valorisation matière et réutilisation).
- 6) Par exemple : le tissage-tricotage ne contribue pas de façon significative à la consommation et à la pollution de l'eau dues au cycle de vie des vêtements.
- 7) Par exemple : les accessoires contribuent de façon significative à la pollution de l'air due au cycle de vie des vêtements.
- 8) Par exemple : l'ennoblissement contribue de façon élevée à l'utilisation d'énergie et aux émissions à gaz à effet de serre dues au cycle de vie des vêtements.
- 9) Par exemple : la fin de vie des vêtements contribue de façon très élevée aux déchets dus au cycle de vie des vêtements.

Annex 14

COMMUNIQUES ISSUED BY THE INTERNATIONAL LABOUR ORGANIZATION (ILO)

- ✓ **ILO report presents a path to sustainable growth in Bangladesh, 18 November 2013**
 - ✓ **Major ILO programme aims to make Bangladesh garment industry safer, 22 Octobre 2013.**
 - ✓ **Conclusions of the ILO's high level mission to Bangladesh, 4 May 2013.**
-



Working conditions

ILO report presents a path to sustainable growth in Bangladesh

The new study by the ILO's Research Department presents a series of policies to achieve both economic growth and decent working conditions in Bangladesh.

Press release | 16 November 2013

GENEVA – Improving working conditions in Bangladesh's ready-made garment (RMG) industry is crucial for achieving sustainable growth in the country, says a new report Bangladesh: Seeking better employment conditions for better socioeconomic outcomes, prepared by the ILO Research Department in consultation with the ILO's tripartite constituents in Bangladesh.

According to the report, Bangladesh experienced relatively high economic growth over the past two decades, mainly due to garment exports. The country accounted for 4.8 per cent of global apparel exports in 2011, compared with only 0.6 per cent in 1990.

But unregulated industry growth has contributed to poor working conditions in that sector, which have acted as an obstacle to sustainable development and, moreover, resulted in some of the worst industrial disasters on record.

For example, Bangladeshi garment sector workers earn some of the lowest wages in the region. As of August 2013, the monthly minimum wage for entry-level workers in the garment sector was US\$39 per month – about half of the lowest rate in other major garment-exporting countries, such as Cambodia (US\$80), India (US\$71), Pakistan (US\$79), Sri Lanka (US\$73) and Viet Nam (US\$78).

While some other countries revise their minimum wages on regular basis, Bangladesh has adjusted the RMG minimum wage only three times since it was first set in 1985 – with the last revision dating back to 2010. A wage board constituted this year is expected to make recommendations for a minimum wage increase shortly.

Recent accidents have brought the issue of occupational health and safety risks in the Bangladeshi garment sector to world attention, including a factory fire in November 2012 that killed 117 workers and the collapse of a building housing several RMG manufacturers in April 2013 that killed 1,129 workers – the latter being one of the worst industrial disasters on record.

Although the government has taken some concrete action in the past six months to address health and safety issues, poor conditions remain a challenge in many factories across the country, especially those in the RMG sector.

According to national estimates, poverty has declined but as of 2010, 76 per cent of the population lived on less than US\$2 per day – the highest share in the region.

Furthermore, Bangladesh's social protection coverage is among the lowest in the region. In 2010, less than ten per cent of all urban poor had access to social assistance.

Moving forward

The report warns that unless a comprehensive set of labour market and social policies are introduced, Bangladesh will be unable to maintain its economic momentum and improve living standards in a sustainable way. And while the RMG sector is central to the economy, new measures need to be far-reaching.

First, improving employment prospects and working conditions – notably in the RMG sector – will help to safeguard exports, which have been a key driver of growth and employment creation, especially for women.

It will also help to stop the outflow of Bangladeshi youth who face some of the highest recruitment fees in the region and are often confronted by abuse at the hands of employers in receiving countries.

Second, there is an urgent need to strengthen wage-setting policies, notably through the role of effective minimum wages. In this respect, it will be important to monitor the recommendations of the tripartite Minimum Wages Board, which is scheduled to submit its proposal by November 2013.

Third, it is crucial to tackle informality. The working-age population has grown at a rate of more than 2 million people per year over the past two decades but formal job creation has averaged only 200,000 per year in the past 10 years. As a result, the incidence of informal employment increased from 75 per cent in 1999/2000 to 87 per cent in 2010 – the highest in the region.

Finally, women have made an important contribution to development in Bangladesh, as well as to the modernization of rural society and agricultural production. But a number of important gender disparities persist, notably in terms of educational attainment, labour market outcomes and working conditions.

"ILO technical assistance will be key in achieving these goals. The Ready-Made Garment Sector programme launched by the ILO and the Government

of Bangladesh last month will lead to lasting improvements in working conditions and safety for the tens of thousands of garment factory workers in Bangladesh," ILO Deputy Director-General for Field Operations and Partnerships, Gilbert Houngbo, said.

According to Houngbo, the next challenge will be to coordinate the ILO-sponsored RMG programme, the Sustainability Compact adopted by the European Union and private sector initiatives like the Accord on Fire and Building Safety in Bangladesh and the Alliance for Bangladesh Worker Safety.

Among other findings the report says that:

- Between 2000 and 2010, when GDP growth averaged nearly 6 per cent, the **employment rate fell 1.7 percentage points**, to stand at roughly 67 per cent in 2010.
- In 2010, the gap between the youth and adult employment rates stood at roughly 20 percentage points; it has risen further in recent years. More troubling is the fact that **unemployment increases with educational attainment**.
- Bangladesh is **one of the world's largest recipients of remittances per year**. In 2011, it accounted for 10.8 per cent of its GDP or US\$12 billion – a five-fold increase compared to a decade ago. Meanwhile, the annual **outflow** of Bangladeshis overseas increased four-fold. The **prospect** of higher earnings appears to be a main pull factor.
- Bangladeshi migrants pay some of the **highest recruiting fees in the region** – the average cost per worker going abroad is 4.5 times higher than the annual GDP per capita.

Tags: employment, working conditions, social protection, poverty, sustainable development, economic growth, clothing and textile industries, occupational safety and health

Regions and countries covered: Bangladesh

Unit responsible: Department of Communication (DCOMM)



**International
Labour
Organization**

Promoting jobs,
protecting people

Major ILO programme aims to make Bangladesh garment industry safer

The US\$24m programme has been developed with government, workers and employers in Bangladesh, in response to a number of accidents that have hit the country's ready-made garment industry.

Press release | 22 October 2013



From Left to Right: Mr Gerben Sjoerd de Jong, H.E. Ambassador of the Netherlands in Bangladesh; Mr Abul Kalam Azad, Secretary, Economic Relations Division (ERD) GoB; Mr Srinivas Reddy, Director, ILO Country Office for Bangladesh; Mr Robert W. Gibson, H.E. the British High Commissioner to Bangladesh

DHAKA - The Government of Bangladesh (GoB) and the International Labour Organization (ILO) have launched a USD \$24.21 million initiative – including a new Better Work programme - aimed at improving working conditions in the ready-made garment (RMG) industry in Bangladesh.

The three-and-a-half year initiative, 'Improving Working Conditions in the Ready-Made Garment Sector' - (RMGP) focuses on minimizing the threat of fire and building collapse in ready-made garment factories and on ensuring the rights and safety of workers.

It has been developed in collaboration with government, employers' and workers' representatives in response to a number of industrial accidents in the sector, including the Rana Plaza building collapse in April in which more than 1,100 workers died.

"ILO has played a long-term role in Bangladesh, with extensive involvement in the RMG sector prior to the Tazreen Fashions fire and the Rana Plaza building collapse," said ILO Deputy-Director General for Field Operations and Partnerships, Mr. Gilbert Fossoun Houngbo. "This programme will provide support in implementing the National Tripartite Plan of Action on fire safety and structural integrity. Successful implementation of the programme will ensure better working conditions and safety for the ready-made garment workers in Bangladesh."

Mr. Rajiuddin Ahmed Raju, Honourable Minister, Ministry of Labour and Employment, Government of Bangladesh stressed, "The Government has initiated some substantive works on occupational safety and health for the ready-made garment sector workers. I would like to acknowledge my gratitude to the development partners who have provided support in this initiative."

"The Government has acted as a facilitator with an eager helping hand toward the garment industry. Now we have been joined by the goodwill of the buyers of garments and our development partners in our effort to ensure safety and security of factories and security and welfare of the labourers," said Mr. Abul Maa' Abdul Muhith, Honourable Minister, Ministry of Finance. "I hope that the project on 'Improving Working conditions in the Ready-Made Garment Sector' will definitely make significant contribution towards enduring safe and better working condition in Ready-Made Garment sector in Bangladesh," he added.

The United Kingdom and the Netherlands are jointly contributing USD \$15 million to the programme. The ILO is also mobilising further resources.

The RMG programme will provide technical support for building and fire safety assessments; strengthen and support labour, fire and buildings inspections; build occupational safety and health awareness, capacity and systems and provide rehabilitation and skills training for the victims of the disasters at Rana Plaza and Tazreen Fashions (where 112 workers died in a fire in November 2012).

"Rana Plaza and Tazreen became the symbols of what is wrong in the RMG sector. Now Bangladesh, supported by the international community, has the chance to get it right. The Netherlands supports this ILO programme because it contains all the crucial elements to make the garment sector safe and sustainable. For us this is a perfect example of using aid to promote responsible trade," said Mr Gerben Sjoerd de Jong, H.E. Ambassador of the Netherlands in Bangladesh.

Ms. Sarah Cook, Head of DFID in Bangladesh said, "The sustainability of the ready-made garment industry has a pivotal role to play in Bangladesh's continued social and economic development. This programme is a key part of the UK's approach to help ensure safe working conditions and improved productivity in the sector." H.E. the British High Commissioner to Bangladesh, Mr. Robert W Gibson signed the project document on behalf of his government.

The new project compliments other initiatives to improve safety in RMG factories such as the Sustainability Compact adopted by the European Union, Bangladesh government and United States, and supported by the ILO; the Accord on Fire and Building Safety in Bangladesh which comprises global unions, brands and retailers; and the Alliance for Bangladesh Worker Safety which brings together North American retailers and brands.

"There is a deepening convergence of interests – from the global community and Bangladesh to work together in supporting our RMG industry: least for supporting lives and livelihoods of four million of our people involved with the industry or, for all-encompassing women empowerment," said Dr. Dipu Moni, Honourable Minister, Ministry of Foreign Affairs.

This Programme builds on ongoing ILO interventions and compliments the Fire Safety, Fundamental Principles and Rights at Work and Labour Relations initiatives funded by the US Department of Labor and the Kingdom of Norway.

As part of the new programme the ILO and the International Finance Corporation also announced the launch of a Better Work programme in

Bangladesh. This will complement the RMG programme by implementing factory-level activities to improve compliance with national labour laws and respect for international core labour standards while promoting the competitiveness of participating factories.

Better Work Bangladesh is a partnership with government, employers, workers, international buyers and other relevant stakeholders, to promote sustainable change in the ready-made garment sector by helping factories comply with labour laws and building the capacity for labour administration and industrial relations. In the spirit of this partnership, the Government of Bangladesh and Better Work have agreed to link continuation of the programme to progress being made on specific commitments, as laid out in a "Framework for Continuous Improvement." Such progress on the Framework will be reviewed annually by Better Work, in cooperation with the Government.

For more information, please contact:

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Key partners of the RMG project include, Ministry of Labour and Employment ; Ministry of Housing and Public Works; Ministry of Home Affairs, National Tripartite Committee on Fire and Building Safety; Dhaka Development Authority (RAJUK); Bangladesh University of Engineering and Technology (BUET); Department of Fire Service and Civil Defence; Bangladesh Garment Manufacturers and Exporters Association (BGMEA); Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA); Bangladesh Employer's Federation (BEF); National Coordination Committee for Worker's Education (NCCWE); Industrial Bangladesh Council (IBC)

Better Work Bangladesh will be funded by the governments of Switzerland and the United States, and through the RMG programme by the governments of the Netherlands and the United Kingdom. The Better Work global programme is funded by the governments of Australia, the Netherlands and Switzerland

Tags: working conditions, clothing and textile industries, occupational safety and health, safety management

Regions and countries covered: Bangladesh

Unit responsible: ILO Country Office for Bangladesh



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protecting people

Workplace safety

Conclusions of the ILO's high level mission to Bangladesh

Joint statement issued by the tripartite partners at the conclusion of the ILO's high-level mission sent to Dhaka, Bangladesh, following the Rana Plaza Building collapse.

Type: Statement
When: 04 May 2013
Where: Dhaka

The tripartite partners (Government, employers and workers) and the International Labour Organization (ILO) express their great sadness at the immense loss of life and serious injuries caused by the collapse of the Rana Plaza Building in Savar on April 24 2013, as well as the recent factory fires at Tazreen Fashions Limited and Smart Export Garments. All partners extend their condolences to the bereaved families of the victims and convey our sympathy to those injured due to these terrible events.

From 1-4 May, a high level delegation of the ILO, led by Deputy Director General for Field Operations and Partnerships, Mr. Gilbert Houngbo, visited Bangladesh to convey the solidarity of the ILO with those affected by these tragic events, the partners from government, labour, and industry, and to the nation as a whole. The Mission engaged with the tripartite partners and other stakeholders to identify what needs to be done to prevent any such future tragedies.

The tripartite partners stand united in their resolve to do everything possible to prevent further tragedy. In this respect, the tripartite partners and the ILO have agreed on the necessity to develop an action plan focusing on the following short and medium term steps:

- Submission to Parliament, during its next session, which is expected to be called in June 2013, of a labour law reform package, that considers inputs of the tripartite partners and that would improve protection, in law and practice, for the fundamental rights to freedom of association and the right to collective bargaining, as well as occupational safety and health.
- Assess by the end of 2013 the structural building safety and fire safety of all active export-oriented ready-made garment factories in Bangladesh, and initiate remedial actions, including relocation of unsafe factories. The tripartite partners call on the ILO to assist in the mobilisation of the technical and financial resources required to undertake the assessment.
- The tripartite partners call on the ILO to launch a skills and training programme for workers who sustained injuries in the recent tragic events at Tazreen Fashions Ltd., Smart Export Garments and Rana Plaza that resulted in disability. In addition, BGMEA and BKMEA are to redeploy the RMG workers that were rendered unemployed as well as rehabilitated workers as was emphasized by the Honourable Prime Minister of Bangladesh.
- Recruit, within 6 months, 200 additional inspectors by the Government and ensure that, the Department of the Chief Inspector of Factories and Establishments will have been upgraded to a Directorate with an annual regular budget allocation adequate to enable i) the recruitment of a minimum of 800 inspectors and ii) the development of the infrastructure required for their proper functioning.
- Implement, in full, the National Tripartite Plan of Action on Fire Safety in the RMG Industry in Bangladesh, and extend its scope to include structural integrity of buildings to improve health, occupational and structural safety and other vulnerable sectors, to be identified in consultation with the relevant stakeholders.
- The tripartite partners call upon the Better Work joint management (ILO/IFC) to meet immediately after the adoption of the labour law, assuming the law reform package adopted would constitute improved protection, in law and practice, for the fundamental rights to freedom of association and the right to collective bargaining, as well as occupational safety and health and progress on trade union registration would continue.

The action plan will include a follow-up mechanism to measure in 6 months time, progress made in the implementation of the measures announced today.

Safety must be given the highest consideration by the Government, employers and workers in Bangladesh. Those responsible for the tragic events that have occurred in Bangladesh over the past 6 months shall be held accountable. Unless lawful actions are taken at the earliest more lives may be lost in preventable industrial accidents. The tripartite partners therefore resolved to increase their efforts to provide every single worker in Bangladesh with a safe work place, and to ensure workers' rights and representation, regardless of whether that work place may be a garment factory, a retail shop or a bank.. The ILO expresses its appreciation for the resolve of the tripartite partners.

The tripartite partners and the ILO acknowledge that the challenges are daunting but believe that, if international buyers and brands take increased responsibility for improving working conditions and safety and health and with the active support of development partners and donors, safety can and must be improved in all workplaces throughout Bangladesh.

Tags: occupational safety and health
Regions and countries covered: Bangladesh
Unit responsible: Department of Communication (DCOMM)

Annex 15

**«INDUSTRIALL GLOBAL UNION REPORT TO CFTC ON
ACTION IN BANGLADESH FOR CFTC REPORT TO THE
FRENCH GOVERNMENT»**

**INDUSTRIALL GLOBAL UNION'S CONTRIBUTION TO
THE PCN**

5 November 2013



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IndustriALL Global Union report to CFTC on action in Bangladesh

For CFTC report to the French government

5 November 2013

IndustriALL Global Union leads the struggle for the much-needed improvements in working conditions of Bangladeshi garment workers. The global union is proud to include the CFTC members among its 50 million members in 140 countries. IndustriALL brings together the solidarity and influence of all these workers throughout global supply chains and is making a real difference in all continents.

Workers in the textile and garment industry through IndustriALL stand alongside workers in the energy, mining and other manufacturing sectors. Bangladesh has been a central focus of the global union especially since the massive industrial homicide at Rana Plaza on 24 April 2013. IndustriALL is launching a major organising project to make the industry safe and sustainable.

The number one achievement that was made possible by the Rana Plaza disaster was the Accord for Fire and Building Safety in Bangladesh. The Accord is an historic breakthrough that directly covers more than 2 million garment workers who make the world's clothes.

There are over 100 brands and retailers sourcing from over 1,600 factories in Bangladesh that include over 2 million workers, a critical mass of the Bangladeshi garment sector now working together with IndustriALL Global Union and UNI Global Union. This broad coalition has worked hard to set up the foundations to the Accord for the work on the ground in Bangladesh to be up and running by December 2013.

What makes this broad coalition new is its size, the seriousness of the legally binding commitments, and the central role of national and international trade unions. Trade unions as partners are the only actors able to ensure accountability and reliable monitoring of conditions and the inspection process. Finally the social auditing model is being shown to be a sham in the Bangladeshi garment industry. For too long the industry has publically relied on one-off safety audits in its factories, conducted by auditing companies that are created and funded by the brands themselves. Strong industrial relations in the industry can replace this model and conduct constant safety inspections in a context where workers are empowered to refuse dangerous work.

This work was made possible by the horrendous industrial disaster at Rana Plaza where on 24 April 2013 an eight-story commercial building collapsed in Savar, a sub-district in the Greater Dhaka Area, the capital of Bangladesh. As the death toll mounted each day to a final 1,129 the world's workers, consumers and media demanded change. The scale of Rana Plaza commanded systemic change, further than the usual call for local justice and strict sentencing of the local factory owner.

In building the Accord for Fire and Building Safety in Bangladesh, IndustriALL has worked in a supply chain alliance with UNI Global Union that represents the unionised retail and commerce workers at the brands and retailers in the global north. Also playing an important role are NGOs such as Clean Clothes Campaign, Workers' Rights Consortium, Maquila Solidarity Network, and the International Labour Rights Forum.

H&M and Inditex signed first on 14 May and new company signatories are joining every week.

Together the Accord signatories will make the Bangladeshi garment industry safe and sustainable.

Preliminary discussions have taken place regarding the possibility of expanding the Accord in the future to other countries and even to other industrial sectors. Clearly Bangladesh is not the only country in the world where garment workers work in dangerous conditions for poverty wages. The

Bangladesh Accord offers brands and retailers the opportunity to clean up their supply chain and avoid further reputational damage through other worker deaths. Successful coordination will lay the way to similar work elsewhere.

In parallel to the work around implementing the Accord, IndustriALL action in Bangladesh is focussed around four other points, as committed to by the Executive Committee:

- Labour law reform to secure freedom of association
- Raising the minimum wage from US\$38 a month to reach living wage by 2015
- Launching a massive organizing project to ensure union presence in 4,500 garment factories
- Establishing a compensation model for victims of Rana Plaza and Tazreen

IndustriALL Global Union has long supported the calls of its Bangladeshi affiliates for a rise in the minimum wage for the sector in line with a living wage. The IndustriALL Bangladesh Council (IBC) has been united in its demand for an urgent increase in the minimum wage to well over US\$100 per month from the current US\$38.

On 21 September 200,000 Bangladeshi garment workers mobilised for three days in Dhaka and elsewhere calling for a living wage and strongly rejecting a derisory employers' wage offer in negotiations.

Recent attention has focused on discussions inside the wage board created by the government to recommend an increased sector-wide minimum wage. One spark that ignited the mass worker demonstrations in September however was the inadequate submitted proposal to this wage board from the BGMEA and BKMEA employers associations of 3,600 Taka per month, a raise of less than 20 per cent.

The six-member committee on 4 November 2013 proposed an increase in the industry's minimum monthly wage to 5,300 taka (US\$67), up from the current 3,000 taka. Discussions will continue with a possible compromise settlement

now within reach.

IndustriALL has convened and led the process to ensure Rana Plaza victims receive compensation. In an evolving process IndustriALL, CCC, Primark, El Corte Inglés, Loblaw and Bonmarche have signed a framework Memorandum of Understanding. Further brands will be targeted to sign as well as the Bangladeshi government and employers.

Discussions continue on the compensation model on which ILO experts have done a lot of work, based on ILO Convention 121 and good country practices. Factors taken into consideration include previous earnings of victims, life expectancy, and disability percentage. Contributions would be paid into one trust fund, and a Coordination Committee with the representation of us all would oversee the whole process and the functioning of a strong Claims Administration.

There is much pressure to finalise this process as soon as possible, and IndustriALL remains determined to do so to guarantee a fair and comprehensive compensation package. The process remains complicated and the scale is huge. At time of writing the Canadian retailer Loblaw has agreed to pay a further 3 months' wages to the bank accounts of all 3,630 people in the database put together by Primark with help from the IBC, following earlier 6 months' wage payments by Primark.

The bottom line in Bangladesh is that the multinationals can afford the small price of transforming the conditions in their supply chain. Without systemic change in each of these action areas workers will continue to toil in slave labour conditions, earning poverty wages, without the right to join a union. IndustriALL will continue to lead the fight to bring the changes that Bangladeshi workers need and deserve, and to make the industry safe and sustainable.

French brands:

The Accord is strengthened by the French signatory companies Auchan, Camaieu, Carrefour, Casino, and Leclerc. The commitment of these companies to the Accord is to be commended and will be needed going forward as the Accord

inspections will uncover issues to fix in the factories.

In the compensation negotiations IndustriALL invited Auchan, Camaieu, and Carrefour who were all connected to Rana Plaza. Only Camaieu participated but none of the three have signed the Memorandum of Understanding that seeks to establish the compensation fund.

Any influence that the French government can use to encourage proper participation from these brands will be important.



Jyrki Raina
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Annex 16

“DRAME DU RANA PLAZA: QUELS ENSEIGNEMENTS CONTRACTUELS?”

CONTRIBUTION FROM YANN QUEINNEC TO THE NCP

7 November 2013

Drame du Rana Plaza

Quels enseignements contractuels ?

Contribution de Yann Queinnec
Directeur général d'affectio mutandi et membre du pôle RSE du FORDE

Suite au drame du Rana Plaza et la question de la responsabilité élargie des donneurs d'ordre, trois pistes peuvent être envisagées :

- **clarification des cadres de référence RSE utilisés dans les contrats,**
- **rééquilibrage des relations contractuelles entre donneur d'ordre et sous-traitant,**
- **charge de la preuve pesant sur le donneur d'ordre inspirée du dispositif des clauses grises.**

Contexte – Les donneurs d'ordre dont les étiquettes ont été retrouvées sur les lieux du drame ont expliqué avoir été victimes d'une sous-traitance sauvage, confiée aux ateliers du Rana Plaza par leurs sous-traitants de rang 1.

Pourquoi certains sous-traitants de rang 1, dûment agréés, recourent-ils à la sous-traitance sauvage en violation des termes contractuels qui les lient à leurs donneurs d'ordre ?

Si ce phénomène parfaitement connu de la filière textile au Bangladesh est le fait des acteurs locaux, y compris par définition ceux agréés par les donneurs d'ordre internationaux, sa constance n'est pas étrangère à certaines pratiques contractuelles liant donneurs d'ordre et sous-traitants.

Il résulte en effet de l'observation des pratiques, que l'articulation des conditions contractuelles « classiques » (objet, durée, prix, conformité, livraison, pénalités, etc.) avec des dimensions sociétales (reprise d'engagements éthiques, modalités de vérifications, alertes, etc.) n'est pas optimale. En bref, les effets de l'intégration croissante des secondes sont encore aujourd'hui largement neutralisés par les premières.

Cette réalité contractuelle constitue à la fois un facteur expliquant la persistance de pratiques risquées de la part des sous-traitants et un facteur de risques juridiques, sociétaux et « réputationnels » pour les entreprises donneuses d'ordre.

Le décalage entre les engagements volontaires exprimés par les donneurs d'ordre et la mobilisation (non optimale) de l'outil contractuel (préconisé notamment par les principes directeurs de l'OCDE) est susceptible de tomber sous la qualification de pratique commerciale déloyale, mobilisable autant par les consommateurs que par les co-contractants. ⁱ

En précisant les contours des pratiques abusives interentreprises, certaines initiatives et les rares décisions rendues en France apportent des points de repères, utiles même si la chaîne d'approvisionnement au cas particulier concerne le Bangladesh. Observons d'ailleurs que l'infraction de déséquilibre significatif objet de l'article L. 442-6-I-2° du Code de commerce français est une loi de police pour les contrats internationaux, en ce qu'elle vise à faire respecter un ordre public économique. ⁱⁱ

Enjeux - Les études les plus récentes ⁱⁱⁱ concluent à la fin du règne des pratiques reposant trop sur les process d'audit et appellent à l'établissement de relations contractuelles plus durables. Si l'état de l'art est encore en recherche de repères, il est toutefois possible d'identifier des points de faiblesse dans les pratiques actuelles et des pistes d'amélioration.

La présente note tente d'apporter un éclairage en identifiant :

- 1) Les principales clauses ou pratiques contractuelles facteurs de déséquilibre
- 2) Leur incidence sur l'efficacité des process de contrôle des sites de production
- 3) Les adaptations susceptibles d'optimiser les relations donneurs d'ordre/sous-traitants

1) les pratiques contractuelles facteurs de déséquilibre

Sans pouvoir tendre ici à l'exhaustivité, nous avons identifié des clauses ou principes disposant d'une forte influence sur la qualité des relations et en particulier la prise en compte des dimensions environnementales, sociales et de gouvernance (ESG).

Au-delà de générer des relations d'affaires déloyales entre les parties, ils peuvent caractériser un manquement à l'obligation de diligence raisonnable pesant sur le donneur d'ordre qui est tenu de mettre en œuvre tous les moyens pour le respect des droits de l'homme, en fonction de sa taille, de la nature et du contexte de ses activités et de la gravité des risques d'incidences négatives sur ces droits.^{iv}

Rappelons qu'aux termes des principes directeurs de l'OCDE, l'exercice de cette influence est attendu lorsque la gravité des incidences négatives et leur probabilité de survenance sont avérées, ce qui est incontestablement le cas de la filière textile au Bangladesh, le drame du Rana Plaza venant encore une fois de l'illustrer.

En premier lieu, la pratique des **contrats d'adhésion** semble constituer la règle dans les relations entre donneurs d'ordre et sous-traitants. Cette absence de négociation commerciale, lorsqu'elle est avérée, est de nature à créer un déséquilibre entre les droits et obligations des parties au sens de l'article L. 442-6-I-2° du Code de commerce.^v

L'intégration dans le contrat des termes du code de conduite du donneur d'ordre – facteur indéniable de sensibilisation tout au long des chaînes d'approvisionnement de l'importance des dimensions ESG, ces clauses sont devenues d'usage. Elles consistent pour le donneur d'ordre à faire peser sur son sous-traitant le respect de ses engagements ESG, ou plus généralement le respect des prescriptions normatives nationales et internationales (ce qui permet d'y inclure l'ensemble des standards de RSE). Elles sont aussi paradoxalement facteur d'inertie ainsi que le reconnaît le rapport de Shift publié en août 2013^{vi} sous l'égide du Global Social Compliance Program (GSCP).

Deux raisons principales expliquent ce phénomène. D'une part, ce transfert au sous-traitant des engagements du donneur d'ordre pêche par **l'imprécision desdits engagements**. Leur libellé parfois lapidaire se solde fréquemment par le renvoi à des exigences trop générales, pas ou peu formalisées qui nuisent à l'efficacité des mécanismes contractuels sensés consolider les exigences ESG.

Plus problématique encore que la substance des engagements, quel que soit leur degré de précision, le respect de ces engagements peut se trouver mis à mal par la combinaison d'autres clauses qui nuisent aux objectifs ESG en contredisant **l'économie générale du contrat**.^{vii} Ces clauses peuvent être supprimées sur le fondement du défaut de cohérence ou de déséquilibre significatif.^{viii}

Parmi les clauses à risques figurent :

La clause de conformité – La délivrance d'un bien non conforme aux attentes entraîne l'application d'un régime juridique qui permet au donneur d'ordre de refuser les biens, d'appliquer des sanctions pécuniaires, voire de rompre unilatéralement le contrat.

Enrichir la notion de conformité d'un produit des dimensions ESG est incontestablement un vecteur de sensibilisation. La sanction du juge qui peut en résulter doit jouer en principe son rôle incitatif.^{ix} Cependant, déconnecter ces exigences des conditions commerciales consenties aux sous-traitants, transforme cette clause de conformité « élargie » en épée de Damoclès.

Entre le respect des délais, des quantités ou qualités techniques et les exigences de qualité sociétale, le sous-traitant peut se trouver contraint à des arbitrages téméraires. Le recours à la sous-traitance sauvage témoigne de tels arbitrages et répond à ce qui peut être désigné comme le « facteur crainte »,^x reléguant les exigences ESG en variable d'ajustement.

Au-delà de générer des comportements à risques, les sanctions pour non respect de telles clauses de « conformité élargie » sont déclenchées à la discrétion du donneur d'ordre, sur la base d'audits internes ou externes dont il détermine le périmètre. Cette menace de rupture unilatérale pour inexécution d'une obligation contractuelle, aussi légitime soit-elle dans son principe, peut être abusivement détournée de sa fonction et générer un déséquilibre significatif. ^{xi}

Observons que le recours intransigeant à de telles sanctions contredit les enseignements tirés d'études récentes ^{xii} révélant que les démarches couronnées d'un certain succès à ce jour, sont basées avant tout sur une logique d'amélioration concertée et progressive en lieu et place d'un renforcement des sanctions. Les parties sont donc tenues de prévoir des clauses organisant l'adaptation du contrat.

Conditions commerciales (durée, quantité, délais de livraison, prix, délais de paiement, etc.) - Très brièvement il n'est pas inutile de rappeler les termes du livre vert publié le 31 janvier 2013 dédié aux pratiques commerciales déloyales. ^{xiii} Il reprend le constat établi par une étude de 2007 sur la filière textile européenne, ^{xiv} qui indiquait combien les acheteurs maîtrisaient l'information sur les marges des sous-traitants, leur permettant d'imposer un prix plancher afin de satisfaire des consommateurs soucieux de leur pouvoir d'achat. Il affirme aussi l'incidence de la structuration des prix entre sous-traitants, intermédiaires et distributeurs sur les capacités d'investissement des premiers.

Observons enfin qu'aux termes de l'accord « on Building and Fire Safety », les donneurs d'ordre signataires ont accepté de contribuer financièrement au programme, de la formation des inspecteurs à la remise aux normes des usines. Autant d'investissements que les conditions financières consenties jusqu'alors aux sous-traitants rendaient difficiles.

S'il n'appartient pas au juge de s'immiscer dans la détermination d'un **prix** juste ou raisonnable, il résulte des éléments précédents qu'en recourant notamment aux notions de déséquilibre significatif, d'obligations de loyauté, de bonne foi et d'équité qui doivent gouverner les relations contractuelles, les juges devraient être en mesure de s'intéresser au déséquilibre économique. ^{xv}

S'agissant des **conditions de livraison**, imposer à un sous-traitant des conditions aussi exigeantes que celles de l'incoterm DDP (Deliver Duty Paid), qui font peser sur le sous-traitant tous les risques jusqu'à la livraison au lieu de destination, peut aussi se révéler tout à fait inapproprié. Il en est de même du **périmètre de la couverture d'assurance** incombant au sous-traitant.

Clause d'exonération de responsabilité – En faisant peser sur le sous-traitant des pans entiers de responsabilité (du respect des obligations des pays de commercialisation à la mise en œuvre des mesures préventives ou correctives, en passant par l'atteinte à l'image du donneur d'ordre en cas de violation du contrat), le donneur d'ordre opère un transfert sans garantie que le sous-traitant dispose des moyens matériels et financiers pour les assumer.

Sur le fondement du déséquilibre significatif, plusieurs juridictions commerciales françaises ont condamné des pratiques faisant supporter à une seule partie des risques excessifs, alors même que la partie bénéficiaire n'est normalement pas exempte de devoirs. ^{xvi}

C'est particulièrement sensible dans le cas de production sous marque de distributeur. Que certains donneurs d'ordre imposent au sous-traitant un cahier des charges tout en refusant leur qualité de fabricant et les responsabilités qui y sont associées relève de l'abus. ^{xvii}

2) Quelle incidence sur l'efficacité des process de contrôle des sites de production ?

Pourquoi certaines clauses nuisent-elles à l'efficacité des process d'audit ?

Le flou normatif entretenu par les références aux engagements unilatéraux du donneur d'ordre et **la rigidité** de certaines clauses et des sanctions qui y sont attachées perturbent les démarches d'amélioration par l'effet combiné de la rareté de leur déclenchement et de l'absence de dimension incitative.

Cette rigidité s'exprime concrètement sur la prise en charge du **coût des audits et de conformité** qui pèse très largement sur le sous-traitant agréé. Sans prise en compte de cette dimension dans la structure des prix ou par le biais de dispositifs incitatifs (durée du contrat, bonus, etc.), la marge d'amélioration de ce dernier s'en trouve réduite.

Aussi, rendre plus effectives les sanctions en cas de recours à la sous-traitance sauvage est souhaitable, mais reste insuffisant pour assurer une chaîne d'approvisionnement responsable. S'il est légitime d'exiger du sous-traitant qu'il obtienne **l'autorisation du donneur d'ordre** avant de confier des travaux à un autre sous-traitant de rang 2, il l'est tout autant d'attendre du donneur d'ordre qu'il mette son sous-traitant agréé, dans des dispositions garantissant le respect de ses engagements ESG jusqu'au rang 2.

Ces deux paramètres contractuels (coût des audits et condition de recours à la sous-traitance) ne sont pas sans impact sur la fiabilité et la pertinence des process d'audits. Qu'il s'agisse de l'inadaptation du périmètre structurel de l'audit qui exclut les sous-traitants de rang 2 et plus, ou de son périmètre matériel (ex. exclusion inappropriée de critères attestant des conditions de travail), l'inefficacité des procédés de contrôle de la bonne exécution des obligations est entretenue.

Comment les termes contractuels peuvent-ils contribuer à l'optimisation du contrôle des conditions ESG de sous-traitance ?

Un cadre de référence ESG plus clair et précis - Le cadre de référence ESG conditionnant l'agrément devraient renvoyer à des exigences plus élevées, objectives et bien identifiées, quitte à ce que le sous-traitant explicite dès le départ ses doutes quant à sa propre capacité à remplir à court terme toutes les exigences fixées.

Prenons l'exemple d'un pays où le droit à la représentation collective des salariés n'est pas reconnu ou correctement mis en œuvre. Le contrat doit tenter d'y suppléer, par l'organisation de modalités de dialogue et de règlement des litiges adaptés.^{xviii} Les parties peuvent renvoyer à des dispositifs déjà existants^{xix} et il ne peut qu'être recommandé aux donneurs d'ordre et aux sous-traitants de redoubler d'efforts pour les perfectionner en tenant compte de leurs capacités techniques, humaines et financières.

Conformément à l'ensemble des standards internationaux de RSE les parties sont d'ailleurs incitées à mettre en place des structures de concertation adaptées pour prévenir et gérer les risques, qu'il soient anticipés en amont pendant la négociation du contrat ou à l'occasion de futurs contrôles/audits.

Bien organisées contractuellement, ces modalités de dialogue sont le gage d'une plus grande confiance entre les parties, se traduisant par plus de franchise de la part des sous-traitants et une implication réelle du donneur d'ordre, ainsi que l'illustre la stratégie d'évaluation collaborative mise en place par Timberland.^{xx}

Un rééquilibrage des relations entre donneur d'ordre et sous-traitants – Les vertus associées à ces dispositifs de concertation précitées ne sont envisageables que si le contrat équilibre raisonnablement les responsabilités de chaque partie.

En répartissant mieux la responsabilité des dimensions ESG entre les parties, l'efficacité d'une clause d'exonération de responsabilité n'en serait aussi que renforcée. Aujourd'hui, la responsabilité contractuelle qu'il fait peser sur le sous-traitant démontre que le donneur d'ordre a pleine conscience des risques. Demain si un drame survient, il lui sera impossible de se retrancher derrière la violation des obligations du sous-traitant, si ce dernier n'avait manifestement pas les moyens de tenir les engagements.

3) Les adaptations des clauses clés susceptibles d'optimiser les relations donneur d'ordre/sous-traitant

L'exercice de leur responsabilité sociétale doit amener les donneurs d'ordre à reconsidérer la rédaction et l'articulation de certaines clauses à l'aune des enjeux sociaux, environnementaux et de gouvernance.

Mais au-delà d'appeler à ce travail d'adaptation contractuelle, **le PCN français pourrait recommander la mise en place d'un mécanisme s'inspirant des clauses grises** tel qu'il existe dans le dispositif de lutte contre les clauses abusives entre professionnels et consommateurs.

Il ne s'agit pas d'établir une liste « officielle » des clauses litigieuses qui sont déjà assez bien identifiées au niveau français et européen. De plus la dimension internationale de la filière qui a vu l'effondrement du Rana Plaza et l'hétérogénéité des droits applicables au-delà du Bangladesh rendent la tâche vaine. Tout au plus convient-il, sur ce point, **d'appeler solennellement les donneurs d'ordre à opérer ce travail d'adaptation des contrats**. Ce travail doit faire appel à l'ingénierie normative, dans une dynamique de co-construction avec les parties prenante et articuler outils de soft-law et de hard-law afin de générer des contrats durables. ^{xxi}

Il s'agirait en revanche d'**appliquer le régime de la preuve propre aux clauses grises**. ^{xxii} **En faisant peser systématiquement sur le donneur d'ordre la charge de prouver que le contrat traduit l'exercice optimal de sa diligence raisonnable**. Dans un contexte où l'exercice des voies de recours par les victimes de conditions contractuelles abusives est rendu délicat compte tenu des enjeux économiques, faire peser une telle charge de la preuve assurerait l'effectivité des règles de droit.

Non seulement une telle obligation traduirait fidèlement les objectifs des standards internationaux de RSE, mais une telle charge de la preuve constituerait le **prolongement naturel de l'obligation de reporting social et environnemental** issue de la loi dite Grenelle 2 et objet d'un projet de directive au niveau européen.

ⁱ La présente note prend en compte les évolutions normatives survenues notamment en France en matière de lutte contre les pratiques entraînant un déséquilibre entre clients et sous-traitants et fournisseurs. Les dispositifs dédiés issus des lois NRE, Dutreil, Chatel et LME ont tous été validés en 2011, par le Conseil Constitutionnel en réponse à deux Questions Prioritaires de Constitutionnalité et plus récemment par la Cour Européenne des Droits de l'Homme - Société ...c/France, Cour Européenne des Droits de l'Homme, 17 janvier 2012, Requête n°51255/08 (in *Bilan des décisions judiciaires 2012 – DGCCRF*, 17 sept. 2013, téléchargeable sur le lien http://www.economie.gouv.fr/files/directions_services/cepc/etude/Bilan_jurisprudence_civile_penale2012.pdf).

ⁱⁱ Voir *Application du Titre IV du Livre IV du Code de commerce - Actions en justice à l'initiative des acteurs économiques - Bilan des décisions judiciaires 2012 par la faculté de droit de Montpellier*, 24 juin 2013, p. 35 (téléchargeable sur le lien : http://www.economie.gouv.fr/files/directions_services/cepc/etude/bilan_fac_montpellier2012.pdf). Ce document est annexé au rapport annuel 2011-2012 de la Commission d'examen des pratiques commerciales disponible en ligne depuis le 31 octobre 2013.

ⁱⁱⁱ Voir notamment le rapport Shift d'août 2013 ainsi que le label Relations fournisseurs responsables qui s'inscrit dans le prolongement et la mise en application des 10 engagements achats responsables définis par la Charte des relations inter-entreprises.

^{iv} Principes directeurs de l'OCDE à l'intention des entreprises multinationales n°IV.3. et 4. Principes directeurs relatifs aux entreprises et aux droits de l'homme des Nations Unies n°13 et 14. Sur la protection des droits fondamentaux par le biais du contrat voir L. Hennebel et G. Lewkowicz, La contractualisation des droits de l'homme. De la pratique à la théorie du pluralisme politique et juridique, in G. Lewkowicz et M. Xifaras (dir.), *Repenser le contrat*, Dalloz, Méthodes du droit, 2009, p. 221 et s., spéc. p. 225 : qui parlent de « contractualisation positive ». Dans le même esprit, v. L. Maurin, *Contrat et droits fondamentaux*, L.G.D.J., Tome 545, 2013, n° 443, p. 335 et s. Voir aussi L. Vytöpil, *Contractual Control and Labour-Related CSR Norms in the Supply Chain : Dutch Best Practices*, *Utrecht Law Review*, vol. 8, Issue 1, January 2012.

^v Voir notamment T. com. Lille 7 septembre 2011 n°2009/05105, *Ministre de l'économie c/Eurauchan et T. com. Meaux 6 décembre*

2011 n°2009/02295, Ministre de l'économie c/Sté Provera France. Les juges relèvent ainsi le fait qu'Eurauchan « *cherche à imposer, de gré ou de force, une convention unique type et préredigée qui écarte les conditions générales de vente du fournisseur et laisse peu de place à une négociation formalisée avec son partenaire* », cela entraînant « *une forte responsabilité en cas de clauses abusives ou déséquilibrées en sa faveur* ».

- vi Shift, « From Audit to Innovation : Advancing Human Rights in Global Supply Chains », août 2013.
- vii L'économie générale du contrat est prise en compte pour déterminer l'existence du déséquilibre significatif. Pour une reconnaissance du déséquilibre né d'une clause de résiliation voir *CA Rouen, ch. civ. 1, 12 décembre 2012, n° 12/01200*. La cour d'appel de Nancy pour sa part a jugé la clause soumise à son appréciation comme équilibrée « *au regard de l'économie générale du contrat* » *CA Nancy 14-12-2011 n°10/02664, SARL Ambiances Cuisines et Bains c/Christian G.*
- viii Sur le fondement respectivement de l'article 1131 du code civil et L. 442-6-I-2° du Code de commerce.
- ix La Cour d'Appel d'Orléans, dans son arrêt du 9 octobre 2008, n°098/01898 a admis la rupture d'un contrat de concession pour manquement aux engagements éthiques du concessionnaire. Voir aussi l'arrêt Cass Com, 23 janvier 2007, n°05-13.189 qui condamne Camaieu pour non respect d'un engagement moral à l'égard d'un concurrent.
- x Livre vert sur les pratiques commerciales déloyales dans la chaîne d'approvisionnement alimentaire et non-alimentaire interentreprises en Europe. COM(2013) 37 final, p.8.
- xi Les principales clauses des contrats d'affaires, Lextenso édition, 2011, n°1672 et 1673.
- xii Notamment, Shift, « From Audit to Innovation : Advancing Human Rights in Global Supply Chains », août 2013.
- xiii Livre vert sur les pratiques commerciales déloyales dans la chaîne d'approvisionnement alimentaire et non-alimentaire interentreprises en Europe. COM(2013) 37 final, p.10.
- xiv *Business relations in the EU Clothing Chain: from industry to retail and distribution* (Les relations commerciales dans la chaîne de l'habillement de l'UE: de l'industrie au commerce de détail et à la distribution), Université Bocconi, ESSEC Business School et Baker & McKenzie, 2007, p.124.
- xv Sans compter que la charte « relations fournisseurs responsables » impose la prise en compte du cout total de l'achat, en ce compris les coûts d'audit qualité et RSE (principe n°5).
- xvi Voir un cas de reprise des invendus par le fournisseur, alors même que le distributeur doit assumer le risque des invendus en raison même de la nature et de la finalité de son activité de revente aux consommateurs - T. com. Meaux 6 décembre 2011 n°2009/02295, Ministre de l'économie c/Sté Provera France..
- xvii L'article 2, 3) du règlement (CE) n°765/2008 du Parlement et du Conseil du 9 juillet 2008 fixant les prescriptions relatives à l'accréditation et à la surveillance du marché pour la commercialisation des produits et abrogeant le règlement (CEE) n°339/93 du Conseil donne la définition suivante du terme fabricant : 3) « fabricant»: toute personne physique ou morale qui fabrique un produit ou fait concevoir ou fabriquer un produit, et commercialise ce produit sous son propre nom ou sa propre marque ».
- xviii C'est d'ailleurs l'un des critères figurant dans la nomenclature d'audit d'Intertek. Intertek Workplace Conditions Assessment Standard, Version 1 August, critère 1.5 freedom of association, p.12.
- xix Tels que les dispositifs mis en place par la Fair Labor Association.
- xx Case study A qui met en avant l'évaluation collaborative (collaborative assessment) mise en place par Timberland. Shift, « From Audit to Innovation : Advancing Human Rights in Global Supply Chains », août 2013.
- xxi Pour plus d'informations voir « Entreprises transnationales et droits de l'homme : A la recherche des combinaisons normatives adaptées », Y Queinnec, W. Bourdon, Journal Européen des Droits de l'Homme n°2, avril 2013, p.175 et s
- xxii Article R132-2 du code de la consommation.

Annex 17

**“UNE ANALYSE SUR LA RESPONSABILITE SOCIALE
DES DONNEURS D'ORDRE APRES LA CATASTROPHE
DU RANA PLAZA”**,

CONTRIBUTION FROM VIGEO TO THE NCP

June 2013

Après Foxconn, la tragédie du Rana Plaza met en lumière la réalité du dumping sur les droits sociaux fondamentaux dans les chaînes de sous-traitance internationales

Approche de Vigeo au sujet de la responsabilité sociale des donneurs d'ordre

La prévention du dumping sur les droits sociaux fondamentaux des travailleurs fait partie de la responsabilité sociale que les entreprises peuvent exercer dans leur sphère d'influence, et notamment à travers leur chaîne de sous-traitance.

Les résultats des analyses Vigeo font clairement apparaître que les conditions de travail chez les fournisseurs et sous-traitants sont encore largement caractérisées par l'opacité de l'information des entreprises, en particulier sur le contenu des audits qu'elles diligentent et sur les mesures correctrices qu'elles déploient en conséquence.

63% des entreprises cotées sous notre revue mettent en place des mesures que Vigeo juge « très limitées » concernant la prise en compte de facteurs sociaux dans leur chaîne d'approvisionnement. Seules 12% des entreprises rendent compte des mesures correctrices intervenues suite à l'identification de problèmes liés à la sécurité ou aux libertés des salariés de leurs fournisseurs.

Le secteur de la distribution spécialisé : un secteur parmi les moins engagés et les moins bien notés dans l'univers sous revue de Vigeo.

1. Ce secteur, tel qu'il est sous revue de Vigeo, se compose de 69 entreprises, dont 18 en Europe, 29 en Amérique du Nord et 22 en Asie-Pacifique. Leur score global absolu, sur une échelle de 0 à 100, tous critères et domaines confondus, est de 28.6/100. Ce secteur est de ceux qui recueillent de la part de Vigeo les assurances les plus faibles en termes de performances de responsabilité sociale et de maîtrise des risques associés.
2. Des différences significatives existent dans les comportements des firmes selon les régions et au sein des régions. Le score moyen des entreprises en Europe, en Amérique du Nord et en Asie pacifique est respectivement de 37.9/100, 29.2/100 et 17.1/100. En Europe, des écarts importants séparent quelques « leaders » affichant des engagements relativement avancés telles que Adidas, Bic, Kingfisher de celles dont les engagements n'apparaissent pas tangibles comme Inchcape, Hugo Boss et Galenica. Ce constat est également vrai au sein de

la zone Amérique Nord où le meilleur score attribué par Vigeo à une entreprise du secteur ne dépasse pas 39/100.

La prévention du dumping sur les conditions de travail et sur les droits sociaux dans la chaîne d'approvisionnement : des engagements hétérogènes et en majorité peu probants

3. La prévention du dumping sur les droits sociaux fait partie du référentiel d'analyse de Vigeo. A ce titre nous questionnons les entreprises via un critère dédié du domaine « comportement sur les marchés » intitulé « gestion responsable de la chaîne d'approvisionnement ». Pour ce secteur, Vigeo attribue à ce critère la pondération maximale. C'est un critère qui porte sur l'intégration des standards sociaux dans la sélection et l'homologation des fournisseurs et sous-traitants au regard des facteurs ci-après :

- Le respect de la liberté d'association et du droit à la négociation collective
- L'élimination du travail des enfants
- L'abolition du travail forcé
- La non- discrimination
- La protection de l'hygiène et de la sécurité
- L'assurance d'un salaire décent et d'une protection sociale
- La limitation des horaires de travail et le respect du droit à congés
- L'engagement en faveur du respect des autres droits fondamentaux (prévention des traitements cruels, dégradants, inhumains, etc.)

Ces facteurs constituent des principes d'actions tirés des textes normatifs opposables aux entreprises¹.

4. Les scores obtenus sur ce critère sont hétérogènes. Pour la majorité des entreprises (51.8 %), ce score ne dépasse pas 40/100 ce qui signifie que Vigeo formule à l'attention de ses clients une assurance faible sur l'engagement des entreprises concernées à prendre effectivement en compte ces standards sociaux dans la gestion de leur chaîne de sous-traitance. En revanche, il se dégage une minorité d'entreprises qui affiche des engagements précis et documentés pour illustrer leur intention de s'assurer du caractère « décent » des conditions de travail chez leurs fournisseurs. Cette catégorie de donneurs d'ordres se distingue par l'affichage de politiques

¹ Il s'agit notamment de :

- ONU : Déclaration Universelle des Droits de l'Homme (1948), Pacte international relatif aux droits économiques, sociaux et culturels (1946).Pacte international relatif aux droits civils et politiques (1966).
- OIT : Déclaration de principes tripartite sur les entreprises multinationales et la politique sociale, Déclaration relative aux principes et droits fondamentaux au travail, Convention 87 sur la liberté syndicale et la protection du droit syndical, Convention 98 sur le droit d'organisation et de négociation collective, Convention 138 sur l'âge minimum d'admission à l'emploi, Convention 182 sur les pires formes de travail des enfants, Convention 29 sur le travail forcé, Convention 111 concernant la discrimination , Convention 100 sur l'égalité de rémunération.
- OCDE : Principes directeurs à l'intention des entreprises multinationales.

bien formalisées, reprenant l'ensemble des principes d'actions opposables et fournissant une information volumineuse sur les processus déployés. Cette catégorie est néanmoins l'objet de fréquentes et sérieuses controverses. Inditex, H&M, et Adidas en font partie. H&M fait preuve de transparence en détaillant son référentiel d'audit. Nike publie la liste de ses fournisseurs.

5. **La majorité des entreprises (86%) ne communique pas sur le référentiel de leurs audits auprès de leurs fournisseurs et ne rendent pas compte des constats, des conclusions ni des mesures correctives consécutives aux audits en question. Notre assurance est d'autant plus faible quand les audits réalisés reposent sur des codes unilatéralement établis et vérifiés par les entreprises elles-mêmes.**
6. Pour une appréciation plus fine et complète du risque fournisseur sur les aspects sociaux d'autres critères pourraient être analysés :
 - a. Le respect de la liberté syndicale et du droit de négociation collective
 - b. L'engagement de coopération durable avec les fournisseurs
7. En effet, pour mieux apprécier la pertinence et l'efficacité de l'engagement des donneurs d'ordre, un des critères clés se rapporte, du point de vue de Vigeo, à leur engagement en faveur du « Respect de la liberté syndicale et du droit de négociation collective » pour leurs propres collaborateurs et ceux de leurs sous-traitants. En effet, nous postulons que des syndicats libres et indépendants, chez les sous-traitants comme chez les donneurs d'ordre, constituent une partie prenante dont l'existence, l'autonomie et l'intervention sont indispensables à la prévention des abus sur les conditions de travail et les droits sociaux des travailleurs. Sur ce critère, les performances du secteur dans sa globalité sont limitées avec une moyenne de 45.1/100 en Europe, de 25.1/100 en Amérique du Nord et de 24.4/ 100 dans la région Asie-Pacifique. Ces performances sont hétérogènes aussi au sein des régions. Les entreprises françaises obtiennent une moyenne de 52.6/100 tandis que les entreprises suisses enregistrent une moyenne de 22/100.
8. Ce sont les syndicats et les ONG qui fournissent les informations et déclenchent les alertes les plus significatives sur les conditions de travail et sur la situation des droits des travailleurs dans la chaîne d'approvisionnement du secteur. Avant la tragédie du Rana Plaza d'importantes allégations avaient par exemple été identifiées et relayées par Vigeo portant sur Inditex, accusé de recours au travail des enfants, de travail forcé des immigrés illégaux en Amérique Latine en avril 2013. Au cours des 24 derniers mois, 13 alertes ont été diffusées par Vigeo relayant des allégations sérieuses portant sur des atteintes aux droits fondamentaux dans la chaîne de sous-traitance de grandes marques.
9. En outre, la responsabilité sociale des donneurs d'ordre porte, dans le référentiel de Vigeo, sur l'engagement de « coopération durable avec les fournisseurs ». Ce critère questionne l'engagement des entreprises en faveur de relations équilibrées et durables avec leurs

fournisseurs et sous-traitants. Les principes d'actions reposent sur des textes normatifs opposables aux entreprises² et comprennent :

- Définition et respect de clauses contractuelles claires et viables,
- L'engagement et l'assurance de dialogue avec les fournisseurs
- Le développement de partenariats avec les fournisseurs

La performance du secteur sur ce critère est également très limitée. Elle est de 36.6/100 en Europe, 23.3/100 en Amérique du Nord, et 18.4/100 en Asie Pacifique. Ce faible niveau confirme que le principe de durabilité de la relation avec les fournisseurs n'est pas encore considéré comme un principe majeur dans ce secteur.

Concernant les suites de l'accord sectoriel

10. Vigeo a émis une alerte de surveillance visant à suivre l'application des engagements pris dans cet accord par les entreprises signataires.
11. Les entreprises qui n'ont pas signé l'accord sont questionnées par Vigeo sur les motifs de leur abstention. Puma vient de déclarer sa décision de s'y joindre. L'absence ou le caractère peu convaincant de l'explication de la part des autres pourra conduire à la dégradation de leur score.

Impact de cette tragédie sur les entreprises

12. L'impact de cette tragédie sur la réputation et l'image de marque des entreprises concernées, ses conséquences économiques directes en termes de rupture de la chaîne d'approvisionnement, les mouvements de protestation de travailleurs qui ont généré des fermetures d'usines, ont conduit des entreprises et des gouvernements à réagir. Certains gouvernements ont annoncé leur intention de renforcer leurs réglementations pour faire évoluer les conditions sociales de cette industrie encore très controversée. L'Union européenne a indiqué de son côté, qu'elle engageait des actions en vertu de ses règles commerciales.

La situation du Bangladesh n'est pas une situation isolée, elle est reproductible à tout moment dans d'autres endroits du globe, notamment en Amérique latine et en Asie, l'effondrement d'une usine au Cambodge le 16 mai en est la triste illustration.

² Il s'agit notamment de :

- ONU : Déclaration Universelle des Droits de l'Homme, Global Compact, Agenda 21.
- OIT : Déclaration de principes tripartite sur les entreprises multinationales et la politique sociale, Déclaration relative aux principes et droits fondamentaux au travail.
- OCDE : Principes directeurs à l'intention des entreprises multinationales.

Annexe 18

LIST OF MEMBERS OF THE SOCIAL CLAUSE INITIATIVE (ISC, INITIATIVE CLAUSE SOCIALE)



Les enseignes membres de l'initiative clause sociale (ICS)

- 3 Suisses
- ADEO Groupe
- AUCHAN
- CARREFOUR
- CASAQUE
- CASINO
- COLRUYT
- CONAD
- CONFORAMA
- CORA
- Galeries Lafayette
- JACADI
- HappyChic (Jules, Brice, Bizzbee)
- MONOPRIX
- OKAIDI
- OXYBUL
- PIMKIE
- SYSTEME U



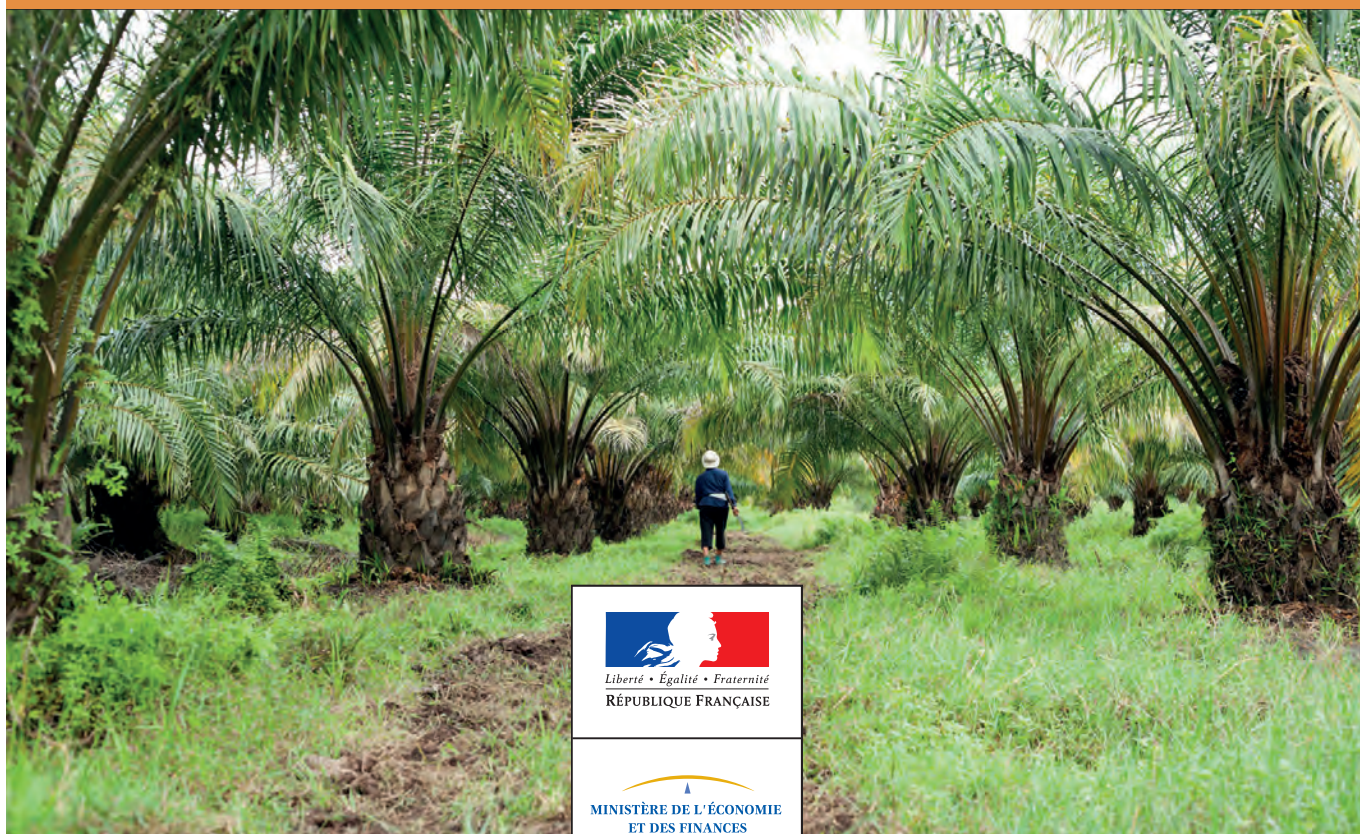


PRINCIPES DIRECTEURS DE L'OCDE à l'intention des entreprises multinationales

Encourager la conduite responsable
des entreprises dans un monde global



Point de
contact
national
français



MINISTÈRE DE L'ÉCONOMIE
ET DES FINANCES

ENCOURAGER LA CONDUITE RESPONSABLE DES ENTREPRISES MULTINATIONALES

Recommandations et bonnes pratiques en matière sociale et environnementale

Créée en 1961, l'**Organisation de Coopération et de Développement Economiques (OCDE)**, dont le siège est à Paris, promeut le libre-échange, la démocratie pluraliste et le respect des droits de l'Homme.

Les Principes Directeurs de l'OCDE à l'intention des multinationales ont été adoptés en 1976. Ils ont été révisés en 2000 et en 2011 afin d'intégrer la protection de l'environnement, les droits de l'Homme, la diligence raisonnable et la responsabilité vis-à-vis de la chaîne d'approvisionnement.

Les quarante-cinq Etats adhérant aux Principes Directeurs doivent établir un **Point de Contact National (PCN)** afin de promouvoir et veiller au respect des Principes Directeurs en traitant les « plaintes » contre les entreprises.

En vertu des principes généraux, **les entreprises devraient contribuer au progrès économique, environnemental et social, en vue de parvenir à un développement durable ;**

respecter l'environnement, les droits de l'Homme et ceux des travailleurs (normes de l'OIT, liberté syndicale, abolition du travail des enfants et du travail forcé, salaire décent) ; participer aux initiatives multipartites et au dialogue social ; encourager la formation du capital humain. Les entreprises devraient également **exercer une diligence raisonnable** fondée sur les risques induits par leurs activités en prenant les mesures adéquates et en rendre compte. Elles devraient prévenir et atténuer les impacts négatifs auxquels elles sont associées directement ou par leurs **relations d'affaires.**

LA DILIGENCE RAISONNABLE

Les entreprises doivent dans leurs systèmes de prise de décisions et de gestion des risques, prévenir, détecter et remédier aux incidences négatives, réelles ou potentielles en matière de droits de l'Homme, d'environnement, de conditions de travail (ex : sécurité et droit syndical). Cette diligence couvre également la chaîne d'approvisionnement et les relations d'affaires : fournisseurs, sous-traitants, partenaires publics, etc.

LES DOMAINES COUVERTS PAR LES PRINCIPES DIRECTEURS

- **Transparence et publication d'informations**
- **Droits de l'Homme**
- **Emploi et relations professionnelles**
- **Environnement**
- **Lutte contre la corruption**
- **Intérêts des consommateurs**
- **Science et technologie**
- **Concurrence**
- **Fiscalité**

Les Principes s'appliquent à **toutes les branches de l'économie** et visent l'activité des entreprises ayant une activité internationale, de toutes tailles et de tous les secteurs (extractif, textile, financier, etc.) opérant non seulement sur le territoire des 45 pays qui adhèrent aux Principes Directeurs de l'OCDE, mais également à partir de celui-ci.

LA PROCEDURE DE « CIRCONSTANCE SPECIFIQUE »

Un mécanisme inédit de contrôle du respect des Principes Directeurs et de règlement des différends

Les lignes directrices de procédure fixent les modalités de fonctionnement et de composition des PCN. Elles prévoient également **huit principes de base** : *l'impartialité, la prévisibilité, l'équité, la conformité aux Principes Directeurs, la visibilité, l'accessibilité, la transparence et la responsabilité.*

Une ONG, une association, un consommateur ou un syndicat, peuvent saisir d'une « circonstance spécifique » le(s) PCN s'ils estiment qu'une entreprise multinationale méconnaît les Principes Directeurs.

Le PCN examine d'abord la recevabilité de la saisine et évalue l'intérêt des questions soulevées afin de déterminer si elles méritent d'être approfondies et s'il peut aider à les **solutionner**.

La « circonstance spécifique » doit être de bonne foi et précise. Elle doit indiquer l'identité de(s) l'entreprise(s) visée(s) et du ou des plaignants. Elle doit détailler les faits reprochés à l'entreprise et mentionner les Principes Directeurs de l'OCDE visés.

Ensuite, le PCN examine l'affaire et offre ses bons offices (dialogue avec les parties, échanges d'informations) dans le respect de la confidentialité. Enfin, à l'issue de cette procédure, **dans la plupart des cas, le PCN publie sa décision.**

Les PCN ne sont pas des instances judiciaires, dans la mesure où les Principes Directeurs de l'OCDE émettent des recommandations et ne sont pas juridiquement contraignants.

INSTANCE DE MEDIATION ET DE CONCILIATION, LE PCN FRANÇAIS PROPOSE DES SOLUTIONS GAGNANT-GAGNANT PAR DES MOYENS CONSENSUELS ET NON CONTENTIEUX

Site internet : <http://www.tresor.economie.gouv.fr/PCN>

Le PCN français est un organe tripartite indépendant, animé et présidé par la Direction générale du Trésor du Ministère de l'Economie et des Finances.

Siègent au sein du PCN français, l'Etat (Économie et Finances, Travail et Emploi, Affaires étrangères, Écologie, Développement durable et Énergie), six syndicats (CFDT, CGT, FO, CFE-CGC, CFTC, UNSA) et une organisation patronale, le MEDEF.

Le PCN promeut et veille à l'application des Principes

Directeurs. Il apporte toute l'information nécessaire et répond à des demandes de renseignements.

Il examine les « circonstances spécifiques », dont il est saisi. Il propose ses bons offices aux parties (dialogue, échange d'informations,) voire une médiation si cela est opportun.

Le PCN publie sur son site internet une déclaration finale statuant sur le respect des Principes Directeurs et le résultat des bons offices. Le PCN peut également

assurer le suivi de ses décisions et publier une nouvelle décision sur le cas.

Les décisions du PCN français sont adoptées par consensus en veillant au respect de la confidentialité de ses travaux.

Le PCN entretient un dialogue régulier avec le Comité de l'Investissement de l'OCDE, les PCN étrangers, les organisations non gouvernementales et la société civile. Il sollicite l'avis de représentants des milieux d'affaires, des organisations de salariés et d'experts.

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