

MADE-BY



Benchmark for Social Standards

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1. General

MADE-BY stimulates the production and consumption of sustainable fashion by making sustainable produced fashion available to the consumer. To reach the consumer, MADE-BY engages and supports fashion brands that take responsibility for and are transparent about the social and ecological circumstances of their supply chain.

MADE-BY is an umbrella label. When the MADE-BY logo is found in an article or promotion activity of a member brand, the consumer knows that the brand is producing its items with respect for people and nature. While the MADE-BY logo communicates the message to the consumer, the social and environmental improvements realised in the production process will be made based on independent and international acknowledged certification or monitoring instruments.

This document relates to MADE-BY's vision of social changes to be realized. In other documents MADE-BY's vision on environmental issues is set apart.

In order to improve social circumstances in the chain, MADE-BY for the moment sets priority on the conditions in apparel and footwear factories. This is the last stage in the chain of production where apparel and footwear is assembled into the final product. Reason for this focus is that a relatively large amount of people are involved in this stage of production when compared to other stages.

Monitoring and certifying instruments and codes have been developed to help brands, retailers and factories to improve the social conditions. The used instruments and codes vary in its content and in its way of implementation and verification. At the moment six internationally recognized codes are widely used within the industry.

In order to make optimal use of its position as an umbrella label, different codes for social improvements can be used under the MADE-BY label. In order to do so MADE-BY must be able to tell the differences between the codes and also rate them according to their social effectiveness. Through its understanding of the diverse codes MADE-BY is also able to "guide" brands and suppliers in this field of expertise.

MADE-BY has no intention to launch its own code of conduct. However MADE-BY has defined a benchmark for social standards. By comparing each code or standard to the benchmark, the differences between the codes will become clear and transparent and will also make it possible to classify codes according to its social effectiveness. MADE-BY will always stimulate the adoption of codes with the highest social effectiveness and assists brands and suppliers in the implementation process.

The document consists of three parts. In the first part the characteristics forming the MADE-BY Benchmark and the preference of MADE-BY per characteristic will be described. In the second part six internationally recognized codes will be described using the characteristics of the Benchmark. In the third part the codes will be compared to the Benchmark. In the last part the codes will be classified according to their social effectiveness.

2. Characteristics of the MADE-BY Benchmark

MADE-BY has formulated the benchmark taking into account the following characteristics.

- Type
- Content
- Management system
- Monitoring or certification
- Audits and verification
- Transparency
- Scope
- Empowerment

Below each characteristic is described and per characteristic MADE-BY's preference is explained.

2.1 Type

A code of conduct is a set of standards or rules for ethical behavior. They refer to the minimum labour standards that a brand expects their suppliers and sub-contractors to comply with.

The Ethical Trading Initiative describes three types of codes:

a. Company code

This refers to a code developed and adopted at the level of an individual company, with or without reference to an external set of standards.

b. Industry code

This is a code developed by an industry, usually through an industry association, that refers specifically to companies within that industry. An example is the Business Social Compliance Initiative (BSCI).

c. Multi-stakeholder code

A multi-stakeholder code is one developed and approved by both corporate and "civil society" representatives. Typically, the "stakeholders" involved in such code initiatives are companies, trade union organizations, other workers' organizations, labour and human rights NGOs, relevant government departments, and/or academics. Such "multi-stakeholder" codes have evolved in response to the regulatory vacuum in which corporate codes have developed. Stakeholders, in particular trade union organizations and NGOs, have sought to address this vacuum by setting certain minimum requirements, both in terms of what labour standards they believe a corporate code should contain, and in terms of how such a code should be monitored and implemented. The ETI Base Code, the code of the Fair Wear Foundation and the SA 8000 standard, are examples of multi-stakeholder codes.

MADE-BY prefers codes which are constituted as a multi-stake holder initiative. Because parties with diverse interests are engaged a balanced process is created.

2.2 Content

Most code of conducts used, are recognizing the International Labour Organization (ILO) standards as an international benchmark for labour codes.

The International Labour Organization (ILO) is a UN related agency which seeks the promotion of social justice and internationally recognized human and labour rights. Unlike other UN agencies, it has a tripartite structure, being governed by employers' and workers' representatives as well as national governments. It formulates international labour standards in the form of Conventions and Recommendations setting out minimum standards of basic labour rights.

ILO Conventions have the force of international law. States that ratify them are required to incorporate the principles into national law and to ensure the implementation of the law. In addition, all ILO member states, regardless of ratification, are obliged to respect, promote and realize the principles contained in the core ILO Conventions, which address freedom of association and the right to collective bargaining, forced labour, child labour, discrimination and equal remuneration.

The MADE-BY Benchmark for Social Standards is based on ILO-conventions, Universal Declaration of Human Rights, The United Nations Convention on the Rights of the Child and The United Nations Convention to Eliminate All Forms of Discrimination Against Women.

MADE-BY follows the "Workplace Standards" as described in the Draft Code of Labour Practice of the Joint Initiative on Corporate Accountability and Workers Rights (JO-IN)¹ when it comes to the content of a code of conduct. Main reason for adopting this code is the fact that it is built using the expertise of six organizations active in improving supply chain conditions worldwide. The result can be regarded as best practice and has lead to a standard² with the highest level so far.

The Workplace Standards comprises of the below:

FREEDOM OF ASSOCIATION & RIGHT TO COLLECTIVE BARGAINING (Relevant ILO conventions are: No. 87, 98, 135 and 154 - Relevant ILO Recommendation 143)

The right of all workers to form or join trade unions of their choice and to bargain collectively shall be recognised and respected. The company shall recognise the trade union(s) of the workers' choice. The company shall adopt a positive approach towards the activities of trade unions and an open attitude towards the organisational activities of workers.

No worker, or prospective worker, shall be subject to dismissal, discrimination, harassment, intimidation or retaliation for reason of union membership or participation in trade union activities.

¹ The Joint Initiative on Corporate Accountability and Workers Rights (JO-IN) is an effort to bring together key organizations and different aspects of code implementation and/or enforcement in a programme of collaborative work. Participating organizations are: Clean Clothes Campaign, Ethical Trading Initiative, Fair Labour Association, Fair Wear Foundation, Social Accountability International and Workers Rights Consortium. Each of these organizations is involved in improving working conditions in global supply chains.

² The "Workplace Standards" is a joint effort of the 6 organizations active in JO-IN. As input the expertise and existing codes of all organizations were used. The implementation and verification of the code is under the process of testing in 6 factories in Turkey. After evaluation the code might be adapted.

The company shall ensure that workers' representatives have free access to all workplaces to carry out their representation functions and shall not, without justification, impede access for union organisers to employees.

FORCED LABOUR (Relevant ILO conventions are: No. 29 and 105 - Relevant ILO Recommendation: No. 35)

Forced labour, that is any work or service exacted under the threat of penalty or for which the person concerned has not offered himself or herself voluntarily including prison and bonded labour, shall not be used. Workers shall not be required to lodge 'deposits' or identity papers with their employer and shall be free to terminate their employment after reasonable notice.

Workers shall be free to leave the factory at all times and the freedom of movement of those who live in employer controlled residences shall not be restricted.

CHILD LABOUR (Relevant ILO conventions are: No. 138 and 182 - Relevant ILO Recommendation No. 146 and 190)

No person shall be employed under the age of 15 or under the age for completion of compulsory education, whichever is higher.

The company shall establish, document, maintain, and effectively communicate to personnel and other interested parties policies and procedures for remediation of children found to be working in situations which are prohibited by the ILO Convention No. 138 and Convention No. 182. The company shall provide adequate, financial and other, support to enable such children to attend and remain in education until no longer a child.

The company shall not expose young workers under the age of 18 to situations in or outside of the workplace that are likely to jeopardise their health, safety or morals. This includes night work.

NON-DISCRIMINATION (Relevant ILO conventions are: No. 100, 111 and 183 - Relevant ILO Recommendation: No. 90 and 111)

The company shall not engage in or support discrimination in hiring, remuneration, access to training, promotion, discipline, termination of employment, retirement or any other terms of employment based on race, colour, sex, religion, political opinion or affiliation, national extraction or social origin, caste, marital status, sexual orientation, pregnancy, family responsibilities, trade union activities or membership, disability or age.

The company shall not interfere with the exercise of the rights of workers to observe tenets or practices, or to meet needs relating to on race, colour, sex, religion, political opinion or affiliation, national extraction or social origin, caste, marital status, sexual orientation, trade union membership, disability or age.

Women and men shall receive equal remuneration for work of equal value, equal evaluation of the quality of their work and equal opportunities to fill all positions open. No behaviour that is sexually coercive, threatening, abusive or exploitative, including gestures, language and physical contact, shall be allowed.

The right of all individual men and women to decide freely the number, spacing and timing of their children, to attain the highest standard of sexual and reproductive health and to make decisions concerning reproduction free of discrimination, coercion and violence shall be fully respected. Pregnancy tests will not be a condition of employment, nor will they be demanded of employees. Workers will not be forced or pressured to use contraception. Companies shall provide appropriate services and accommodation to women workers in connection with pregnancy, childbirth and nursing.

Workers shall have all entitlements and protection provided in national law and practice with respect to maternity. Workers taking maternity leave shall be entitled to return to their employment on the same terms and conditions that applied to them prior to taking leave and they shall not be subject to any discrimination, loss of seniority or deduction of wages. While an individual is absent from work on maternity leave, the company must not give her notice of dismissal or give her notice of dismissal at such a time that the notice would expire during such absence.

WAGES (Relevant ILO conventions are: No. 95 and No. 131. Relevant ILO Recommendations are: No. 131 and 135)

Workers shall have the right to a living wage. Wages and benefits paid for a standard working week shall, as a floor, always comply with all applicable laws, regulations and industry minimum standards and shall be sufficient to meet basic needs of workers and their families and provide some discretionary income. The level of wages and benefits will be reviewed on a regular basis. Freedom of collective bargaining will be respected.

Deductions from wages shall not be made for disciplinary purposes, nor shall any deductions not provided for by national law be permitted without the express written permission of the worker concerned.

All workers shall be provided with written and understandable information about their employment conditions, including wages and benefits, before entering employment. The particulars of their wages shall be provided to the workers concerned for the whole pay period each time they are paid. Remuneration shall be rendered either in cash or check form, in a manner convenient to workers. Wages and other benefits shall be paid on a regular and timely basis.

WORKING HOURS (Relevant ILO conventions are: No. 1)

The company shall comply with applicable laws and industry standards on working hours, whichever offers greater protection. The regular workweek shall be as defined by law but shall not exceed 48 hours. Workers shall be provided with at least one day off after each six consecutive days of work, as well as public and annual holidays. All overtime work shall be voluntary, shall not be demanded on a regular basis, shall be reimbursed at least at such a premium rate as required by law and under no circumstances shall exceed 12 hours per employee per week.

In those countries where a premium rate for overtime is not legally required, workers shall be compensated for overtime at a premium rate at least one and one half of their regular hourly compensation rate.

HEALTH AND SAFETY (Relevant ILO conventions are: No. 155 - Relevant ILO Recommendation 164)

The company, bearing in mind the prevailing knowledge of the industry and of any specific hazards, shall provide a safe, hygienic and healthy working environment and shall take adequate steps to prevent accidents and injury to health arising out of, associated with or occurring in the course of work, by minimising the causes of hazards inherent in the working environment.

Men and woman workers shall not be exposed to hazards, including glues and solvents, which may endanger their reproductive health.

The company shall appoint a senior management representative who will be responsible for the health and safety of all workers, and be accountable for the implementation of the Health and Safety elements of this code.

The company shall establish a safety and health cooperation committee with worker representative participation. All workers shall receive regular and recorded health and safety training, and such training shall be repeated for new and reassigned workers. A worker shall have the right to remove herself or himself from imminent serious danger.

The company shall establish systems to detect, avoid or respond to potential threats to the health and safety of all workers.

The company shall provide, for use by all workers, access to potable water and clean toilet facilities, and, when necessary, suitable facilities for food storage.

The company shall ensure that accommodation, where provided, is clean, safe, and meets the basic needs of the workers.

EMPLOYMENT RELATIONSHIP

Work performed must be on the basis of a recognised employment relationship established through national law and/or practice.

The obligations to workers under labour or social security laws, and regulations arising from the regular employment relationship, shall not be avoided through the use of labour-only contracting, subcontracting or homeworking arrangements or through apprenticeship schemes where there is no real intent to impart skills or to provide regular employment. Nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

ABUSE

Every worker will be treated with dignity and respect. The company shall not engage in or tolerate the use of corporal punishment, mental or physical coercion, threats of physical abuse, unusual punishment or discipline, sexual or other harassment, intimidation and verbal abuse. Such conduct shall give rise to disciplinary or other action in accordance with established procedures.

The described code is a private mechanism for regulating labour practices and promoting respect for international labour standards in supply chains in the garment sector. It is not a substitute for international intergovernmental cooperation or international labour standards. Nor is it a substitute for national law and the enforcement thereof or for systems of industrial relations (involving trade unions and collective bargaining). Where national and other applicable law and the workplace

standards in this Code address the same issue, the provision that is the highest workplace standard will apply

2.3 Management System

Just communicating the code to a brand or suppliers is not enough to make sure the desired social change becomes reality. The code has to be effectively implemented in the factories.

Implementation of the policy in the chosen monitoring or certification system is best implemented when integrated in a management system. A management system integrates social policy to overall policy of an organization, involves (top)management, makes it possible to structure, follow and report on topics addressed and therefore supports continuous improvements.

When a code is implemented without using a management system, chances that certification or monitoring becomes superficial and is aimed at just passing the audit becomes greater.

When a management system is used, the system is often located on brand or supplier level. A management system on brand level creates involvement of the brand and gives insight in the supply chain and social progress realized within the brands operation. MADE-BY prefers a management system on supplier level. This helps implementing, structuring and measuring progress on the level where change is desired.

2.4 Monitoring or certification

In the apparel and footwear industry one can distinguish between codes based on a monitoring system and on a certification system.

Monitoring is based on the principle that the brand is “supply chain responsible”. The brand has committed to a code, promotes the code through its supply chain and is monitoring the process and improvements made. The “ownership” and initiative lies with the brand. Costs for monitoring, verification and maintaining the management system are normally paid by the brand. The brand is also responsible for reporting improvements to the initiative who has initiated the code adopted.

Within a certification system the supplier is responsible. The “ownership” lies with the supplier. Costs, reporting and maintaining the management system also lies with the supplier. When the supplier is compliant with the level as described in the used code, the supplier is officially certified.

When put in a more general context both systems have their (dis)advantages.

Brand ownership (monitoring) is appealing because the initiative for social improvements in most cases comes from the brand. Since the brand hosts the management system, the brand is also able to report directly to its stakeholders. Brand ownership is also based on the principle that western brands have the financial resources and suppliers in developing countries lack the financial resources to go through such a process. This argument is valid especially when bigger brands are working together with smaller suppliers. Big brands also have the management capacity to set-up and maintain a management system while smaller suppliers sometimes lack the capacity.

Brand ownership often implies the relationship between a big brand and a small supplier. It is

however important to note that bigger factories in developing countries are often owned by the elite of this country. They do have sufficient financial resources. Though bigger brands in most cases are able to pay for social monitoring and also have the management capacity to run and set up a management system, this is not always the case for smaller brands.

MADE-BY prefers factory ownership (certification) above brand ownership. This is based on two basic principles. The first principle is based on MADE-BY's vision that a sustainable way of working is more likely realized when an integral supply chain approach is followed. Per link in the chain sustainability problems are addressed by certifying to appropriate standards. Per link each form of certification of product or producer adds economic value to the product.

The second principle comes from MADE-BY's believe in the importance of empowerment of a supplier. Ideally the supplier independently decides to adopt social changes. The responsibility, costs and efforts but also the added value is for the supplier. When owned by the factory the process of social change continues when the brand leaves. When the certification process is successfully completed the factory receives a certificate which they can use to prove their level of social conditions to their stakeholders but also provides a unique selling point attracting brands who regard good working conditions as a clear added value.

The preference of Made-By for certification is also based on Corporate Social Responsibility models outside the apparel and footwear industry. While in the apparel business monitoring and certification systems are operated, certification systems are more dominant when other products or commodities are regarded. FSC, Good Inside (Utz Kapeh), Max Havelaar, Rain Forest Alliance and EKO are also certification systems. These forms of certification are also based on adding extra economic value to a product by certifying a product according to a social or environmental standard. The producers and/or products produced are being certified according to certain criteria. The brand communicates the message to the consumer. Since certification seems to set the standard outside the apparel business, Made-By feels a certification policy in the apparel business is the logical approach.

2.5 Audits and verification

In order to establish the social situation in a factory, audits are conducted. Normally an audit takes place in the starting phase of the process to see whether the situation in a factory is matching the situation desired in the code used. When there are circumstances that can be improved (non-conformities), a corrective action plan is drafted in order to describe how to improve the situation. While the process of improvement is running, audits are still conducted. This time in order to establish whether the corrective action is successfully implemented or in order to check whether the situation in a certified or approved factory is still matching with the level the code is subscribing.

Internal and external audits can be distinguished. Internal audits which are executed by a brand are linked to a monitoring system. The brand involved sends an internal team of auditors to its suppliers in order to discuss the situation. External audits are audits done by an independent third party.

The quality of the audits and the corrective action plan drafted is extremely important in order to realize true social change. Verification is important to make the process more credible. Verification enables the cross check of data but also enables other parties to influence or question the outcome

of the process. In order to ensure quality and verification MADE-BY values the following aspects:

a. An open, balanced and long term partnership between the brand and its supplier is crucial. Both parties have to believe in the changes to be realized. The process should take place within an open atmosphere where a supplier can be open about non-conformities and its causes. Emphasis should be on dialogue and remediation and not on control.

b. The audit team should be diversely skilled and experienced in social auditing. Besides knowledge regarding the code audited and the audit technique, the law and the problems and structure of the industry, a team should also consult local and national expertise organizations like human rights organizations and trade unions. Since it is difficult to determine the quality of the team doing the audit, it is important for MADE-BY to be in close contact with the auditing teams, pro-actively determining the agenda and scope of the audit and the follow-up

c. Auditing is a mean not an end. The steps to be made should be put central in the process. The corrective action plan must be bodied and complete and address the causes of the non-compliances.

d. MADE-BY tries to prevent the occurring practice of multiple auditing of suppliers. MADE-BY makes this clear as an umbrella label accepting several codes besides each other but also believes that the industry as a whole should work together towards one method of best practice. MADE-BY promotes the exchange of information on code, brand and supplier level in order to avoid multiple corrective action plans per supplier and in order to use the total amount of resources in an effective way.

e. By interviewing employees and management the structure and culture of a supplier can be established and social problems and its causes can come forward. It is important to interview management and workers to get a balanced input. Interviews can be conducted on premises but must always include off premises interviews so workers are enabled to be more open and honest about the social reality.

f. Announced audits should be mixed with unannounced audits. Covering up non-compliances is becoming more difficult.

g. By a complaint procedure which enables workers to complain anonymously or without fear of repercussions, non conformities can come up. Complaints could be made on supplier level, brand level and/or the level of the initiative drafting the code.

h. Third party verification is essential. When the code is based on a monitoring system, the internal audits conducted by a brand, must be complemented by external audits by a third independent party.

i. Though the quality of an audit is more important than the frequency, frequent (re)auditing of suppliers lowers the risk of under performance of the factories concerned. When a code is used based on the principle of certification of the factory, a factory should be audited at least twice a year (once announced and once unannounced). When the code adopted is based on the principle of monitoring, the brand should audit all its (key) suppliers each year (internal audits) and at least 30% of the suppliers should be audited by an independent third party (external audits).

2.6 Transparency

Efforts done by a brand, supplier and initiatives drafting the code or certification body should be transparent to other than the direct involved parties. This makes it possible to let the efforts be judged by other parties and therefore raises credibility of the results reported.

Codes based on monitoring by a brand, report on initiative level and/or brand level. When reported on initiative level, the number of internal audits (by all brands together), the number of external

audits, the number of internal and external audits per country and the number and type of non-compliances are reported. When reports are shared per brand the same reporting is done per brand. MADE-BY believes that if the code is based on the principle of monitoring the level of reporting should be at least on brand level. Reporting on initiative level only is not sufficient. Positive about transparency on brand level is that stakeholders can judge a brand on their social profile. Consumers, press, shareholders and other related parties can “punish” or “reward” brands for their social efforts.

A disadvantage of transparency on brand level alone is that the names and location of the factories where the brand works are not open to the public. Stakeholders are therefore not able to see if the social situation reported is matching to the social reality. Therefore MADE-BY stimulates transparency on factory level besides transparency on brand level. Factory transparency creates openness on the level where the social changes are implemented and desired.

Codes based on factory certification often report on a public accessible website which factories are certified. MADE-BY thinks this is crucial in order to create sufficient transparency. This enables workers, unions, press and other parties to check the situation themselves. If one of these parties believes that the situation is not as described in the code of conduct communicated they are able to raise awareness of these non-compliances by complaining on factory level, brand level, at the initiative issuing the code or can go to the press. Since involved parties want to avoid these forms of negative publicity this can help parties to stick to regulations of the code of conduct adopted.

Stimulating transparency on factory level is in line with the earlier made choice to prefer certification above monitoring. The lack of transparency on brand level when a certification model is chosen is compensated by MADE-BY's reports per brand.

2.7 Scope

Depending on the size of the brand, they are working with one to hundreds of suppliers. Each supplier is responsible for delivering one or several ready-made articles according to the agreed quality standard, within the agreed time frame and in the agreed volume. Depending on the setup of the supplier, a supplier engages other factories (subcontracting) or individuals (homeworkers) for work it is unable to do by itself or in cases of insufficient production capacity. An example of subcontracting can be the outsourcing of printing to printing factories. An example of homework is embroidery done by women specialized in this work.

Depending on the instrument used the scope of the code varies. The main unit with whom the brand is in direct contact is always included. Subcontracting factories or homeworkers are not always included in the scope of the code. MADE-BY prefers codes including subcontractors and homeworkers within its scope.

2.8 Empowerment

Working with codes of conduct is essential to improve circumstances. However MADE-BY believes that the implementing of codes of conduct is not the only way to achieve social change. Main reason is that working with code of conduct and social auditing is often not covering all topics addressed in the underlying code of conduct.

The Clean Clothes Campaign reports a positive impact of social auditing on forced and child labour and health and safety. The Ethical Trading Initiative reports positive impact on health and safety, compensation and overtime. While they both report positively on health and safety, they both report negatively on freedom of association and collective bargaining and discrimination.

Though social audits do have their benefits, MADE-BY believes that implementing code of conducts and doing social audits can be a start but not the end of the process. In Made-By's vision social auditing should be complemented by empowering workers and management in the factories in order to address topics which are not positively influenced by audits alone. Empowering is important since effective social change can be achieved more effectively from the inside (workers and management) than from the outside (brands and auditors).

Empowerment can be realized in various ways. They are listed below:

a. Training of management

By training management, the necessary skills and knowledge can be provided in order to realize changes. Skills and knowledge can relate to policies regarding the hiring, promotion and labour contracts of personnel, implementation of management systems and learning how to manage worker and/or union influence.

b. Training of workers

Workers can be made aware of their rights, how to organize themselves via unions or worker committees and how to communicate effectively with co-workers, unions and management.

c. Training of brands and retailers

Besides training the workers and management on supplier level it is also important to train the buyers, product developers, auditors and management on brand level. If the brand has enough understanding of social compliance in terms of knowledge, audit and implementation techniques and buying conditions, the chance of success becomes much bigger.

d. Research

Conducting research on specific labour issues in general or problems per country and sharing the gained knowledge with interested stakeholders can help to coming to new insights and will help the industry forward.

e. Building local capacity by engaging local NGOs and unions

NGOs and unions form an essential source of local relevant information. They can approach factories on both management and worker level to support them in the process of change, can perform trainings for management and workers and can be in contact with (internal and external) audit teams in order to supply them with the necessary input. Ultimately networks can be created made up of NGOs, unions, factories, auditors and brands openly discussing problems and solutions for local problems faced.

f. Shared ownership

Empowering workers can also be created by making them shareholder in the company where they work. Being a shareholder, workers have a direct say in the strategy, spending of the company's resources and are involved and feel responsible for the company as a whole. They also share in the profit made by the company. By creating shareholder ship for workers, worker rights and priorities are automatically integrated in the overall policy of the company. Shared ownership will not be an option in many cases and can not be regarded as a mainstream solution. However in the MADE-BY supply chains build in countries as India and Peru shared ownership is integrated in the chain.

MADE-BY prefers to work with codes who take empowerment seriously. This can be done by integrating empowerment in the audit and remediation process but can also be made effective by organizing training of workers and management and creating networks of related civil society.

3. Description of codes

After describing the characteristics which can be used to describe and compare social standards and the preference of MADE-BY per characteristic, six worldwide used standards are described using these characteristics. The standards are described following their development until July 2007.

The selected standards are:

- Business Social Compliance Initiative
- Ethical Trade Initiative
- Fair Labor Association
- Fair Wear Foundation
- SA8000 or Social Accountability International
- Worldwide Responsible Apparel Production

There are more standards than the listed initiatives above. If these initiatives will develop to internationally used and acknowledged, they will be taken into account.

3.1 Business Social Compliance Initiative (BSCI)

BSCI is an initiative initiated by the Foreign Trade Association (FTA). The initiative was started in 2003 and has about ninety members among which Ahold, Coop Switzerland, De Bijenkorf, Esprit, Hema, Migros, M&S, Otto, V&D and WE. Besides companies also Importers, manufacturers and associations can become member of BSCI. BSCI is active in food and non food.

Type: BSCI can be described as an Industry Code with companies and associations as members. The secretariat of BSCI lies with the FTA. No NGOs, unions or governments are involved in key decision making. On local level BSCI participates in Round Tables where besides companies and associations also NGOs, unions and governments participate.

Content: The code of conduct promoted by the BSCI is compared to the code adopted by the JO-IN initiative. Most important differences are that JO-IN promotes the right to a living wage, while BSCI just encourages suppliers to reach this level. Furthermore JO-IN is more progressive on issues under discrimination. JO-IN more specifically addresses gender, birth control and planning and maternity issues. BSCI does not define requirements on employment relationship.

Management System: BSCI monitoring is based on using a management system at the supplier.

Monitoring/certification: BSCI is a monitoring system. Member brands report to BSCI on the progress made in their supply chain.

Audits and verification: BSCI subscribes a complaint mechanism on factory level but does not require a mechanism enabling workers to complain at brand or initiative level, audits are being conducted by third parties, audits are announced, members must audit 2/3 of their suppliers within 3 years.

Transparency: Data about the quantity of audits in total, quantity of audits per country and its results are reported on initiative level. There is no transparency on brand and supplier level.

Scope: BSCI addresses social conditions at suppliers and subcontractors but does not include homeworkers within its procedures.

Empowerment: BSCI is active in organizing training sessions in various countries for the management of suppliers and representatives of the brands. On BSCI headquarters seminars are organized to inform brands about BSCI policy and procedures. Through the participation in local round tables, BSCI tries to build networks with unions, governments and NGOs.

BSCI recognises SA8000 as best practice. Due to recent upgrades in the BSCI system the distance between BSCI and SA8000 has decreased. The content of the BSCI code is now almost similar to the content of SA8000. In the past BSCI did not prescribe a management system, now it does. The most important differences between the two initiatives can be found in the facts that BSCI is an industry code and not a multi stakeholder initiative, BSCI is a monitoring system and not a certification system, BSCI is transparent on initiative level not on supplier level, BSCI does not operate a complaint mechanism on initiative level.

3.2 Ethical Trade Initiative (ETI)

ETI was constituted in 1998 and is a multi-stakeholder initiative with members representing brands, unions and NGOs. ETI is active in the garment and footwear industry but also in the food industry. Leading brands participating are Chiquita, Gap, Inditex, Marks and Spencer, Sainsbury's, Tesco and The Body Shop.

Type: ETI is a multi stakeholder initiative representing brands, unions and NGOs. Each group selects three members in order to represent their interests in the ETI Board.

Content: The ETI Base Code is in its most important elements comparable to the JO-IN standard. JO-IN is however more progressive on a few issues especially those under discrimination. JO-IN more specifically addresses gender, birth control and planning and maternity issues.

Management system: A management system is used by the member brands of ETI.

Monitoring/certification: Though ETI defines itself as a research and learning group, member brands are required to monitor their supply chains. Member brands report to ETI on progress made.

Audits and verification: Member brands are required to monitor their supply chain in a frequency and manner depending on the capacity and choice of the brand. Most brands rely on external verification to some extent. ETI benchmarks its members on their brand management system and progress.

Transparency: ETI reports on initiative level not on brand and supplier level.

Scope: The ETI is the only initiative enabling brands to deal effectively with suppliers, subcontractors and home workers.

Empowerment: ETI is very active in running training programs. ETI organises round tables for members, seminars and trainings open to members and non members and international conferences. Studies are undertaken after various subject and shared with the outside world. ETI supports and is active in local multi stake holder initiatives. ETI shares information with a wide variety of stakeholders in order to come to best practice. ETI is active in the JO-IN program.

3.3 Fair Labor Association (FLA)

FLA was set up in 1997 and represents a multi-stakeholder coalition of companies, universities and NGOs. There are currently twenty companies participating in the FLA. These are among others Adidas, H&M, Nike, Nordstrom, Liz Claiborne, Puma, Nike and Reebok The FLA is also active outside the apparel industry.

Type: The FLA is a multi-stakeholder initiative based on the participation of companies, universities and NGOs. Each group holds six positions in the FLA Board of Directors.

Content: When compared to the code of the JO-IN initiative, the FLA is less strict on several issues. The FLA strives for wages on industry level or at level of local law, where JO-IN strives for living wages. Overtime must be paid at premium level as legally required but if local law does not exist on this topic the normal hourly rate is accepted. Under discrimination JO-IN more specifically addresses gender, birth control and planning and maternity issues. FLA is less strict on freedom of association and collective bargaining, forced labour, child labour and health and safety. FLA does not specify requirements on employment relationship.

Management system: The FLA method is built on using a management system. The companies who are member of the FLA run the management system.

Monitoring/certification: The FLA is a monitoring system. Member brands report to FLA on progress made in their supply chains.

Auditing and verification: The FLA has a credible complaints mechanism enabling workers to complain on brand and/or initiative level. Brands are required to audit their facilities every three years (internal audits). Per year about 4% of the facilities are unexpectedly audited by a third party.

Transparency: The FLA reports on initiative and brand level on audits performed. There is no transparency on supplier level.

Scope: The FLA method addresses the suppliers of the member companies. Subcontractors and homeworkers are not addressed.

Empowerment: The FLA organizes training sessions in diverse countries, is active in the JO-IN initiative and is active in consulting local stakeholders in the process.

3.4 Fair Wear Foundation (FWF)

FWF is an initiative of business associations, trade unions, and NGOs. FWF was founded in The Netherlands in 1999. 28 companies in company wear, promotional wear and fashion joined the FWF. Well known members are Hess Natur, Gsus and O'Neill. FWF is only active in the garment industry.

Type: FWF is a multi stakeholder initiative constituted as an initiative of business associations, unions and NGOs. Each party is represented in the FWF Board. The Board and staff are advised by a Committee of Experts formed by representatives from unions, NGOs and business associations.

Content: The content of the FWF Code of Labour Practices is in its most relevant aspects comparable to the JO-IN code of conduct. JO-IN is however more progressive on a few issues especially those under discrimination. JO-IN more specifically addresses gender, birth control and planning and maternity issues.

Management system: The FWF method of monitoring is based on a management system located at the brand.

Monitoring/certification: FWF is a monitoring system. Each member brand annually reports to FWF on the progress in the supply chain.

Auditing and verification: The FWF method consists of a complaint procedure for workers enabling to complain at brand and initiative level. The brands are required to audit all their suppliers within three years. External audits are performed announced and conducted in about 3% of the facilities per year. External audits are performed by local teams formed and trained by FWF. The teams are elected, following the advice of local partners.

Transparency: The FWF reports on initiative level regarding the amount of audits in total, per country and the type of non conformities. There is no transparency on brand and supplier level.

Scope: The FWF includes suppliers and subcontractors in its way of working. Home workers are not addressed.

Empowerment: The FWF is active in building its own monitoring teams in several countries, participates in local projects, organizes awareness raising sessions for brands, conducts and publishes background studies on country level, organizes workers rights training programs and participates in the JO-IN initiative.

In general one can say that the FLA and the FWF are similar initiatives. However FWF is stricter when it comes to the content of its code. The FLA is more transparent in its reporting. FLA and FWF are currently working together on the harmonization of standards. This is done within the perspective of JO-IN but also within the context of monitoring the supply chain of Mexx. Mexx is a subsidiary of Liz Claiborne. Liz Claiborne is a member company of the FLA. Mexx recently joined FWF but being a subsidiary of Liz Claiborne, Mexx for the moment is bound to FLA principles. FWF will however start monitoring a part of the factories of Mexx.

3.5 SA8000

SA8000 is a social standard drafted by Social Accountability International (SAI). SAI was founded in 1997. About 1200 facilities worldwide are SA8000 certified. 25% of the certified facilities are active in the apparel and textile industry. 75% is active in a wide variety of other industries and services.

Type: SAI is a multi stakeholder initiative. The Board of Directors has members from business, trade unions and NGOs, including some with a legal or a finance background. The Advisory Board, is made up of representatives of unions, NGOs and companies. The Advisory Board provides the president of SAI with advice regarding the drafting, operation, policy, and development of SA8000.

Content: The code of conduct of SAI and the code used in the JO-IN initiative are similar on the most crucial issues. JO-IN is however more progressive on a few issues especially those under discrimination. JO-IN more specifically addresses gender, birth control and planning and maternity issues. The SA8000 standard is being revised in 2007, in a broad stakeholder consultation process adhering to the ISEAL code for standard setting. In the process, the JO-IN code will be benchmarked.

Management system: A management system is used. The system is located at the supplier.

Monitoring/certification: SA8000 is a certification system. Facilities audited and compliant receive an SA8000 certificate.

Auditing and verification: A complaint mechanism enables workers to complain at certified facility and at initiative level. All audits are done by third parties. After certification, facilities are audited unannounced and announced. Audits are conducted once or twice a year.

Transparency: All SA8000 certified facilities are listed on the SAI website. On initiative level SAI does not provide a general oversight of non conformities or general results of audits and re-audits per country, region and/or industry. There is no transparency on brand level.

Scope: SAI addresses suppliers and subcontractors. A guidance section on homeworkers is drafted but not ready to be used yet. Members are advised to rely on the ETI guidance for homeworkers.

Empowerment: SAI is active in organizing training sessions and technical assistance in various countries on worker, management and brand level, organizes multi stakeholder, public/private partnership projects in different countries, involves brands and NGOs in its Corporate Programs. Its Guidance Document has been widely available for nearly a decade, and it is engaged in several research and pilot projects with the results made publicly available. SAI shares information with a wide variety of stakeholders, in order to agree best practice and share learning. SAI is active in the JO-IN initiative, the MFA Forum, and the ISEAL Alliance.

3.6 Worldwide Responsible Apparel Production (WRAP)

WRAP is the organization responsible for the Apparel Certification Program. Since 1998 about 600 facilities were WRAP certified. WRAP is active in the apparel sector only.

Type: WRAP is a multi stakeholder initiative. Though NGOs, university- and government-representatives are in the board, there is a dominant role in the initiative for companies and trade associations.

Content: Of the five described standards the content of the code of conduct promoted by WRAP is the weakest. When compared to the JO-IN code, WRAP is less strict on several issues. On wages, overtime and compensation of overtime WRAP settles for local law. WRAP does not explicitly protect young workers and is less strict on forced labour. JO-IN is also more progressive on issues under discrimination. JO-IN more specifically addresses gender, birth control and planning and maternity issues. WRAP does not specify requirements on employment relationship.

Management system: A management system is not required on brand and/or supplier level.

Monitoring/certification: WRAP is a certification system. After meeting the level required a certificate is issued to the supplier.

Audits and verification: There is no complaint mechanism operational at brand or initiative level. All audits are executed by third parties. After certification unannounced audits are scheduled once a year on average.

Transparency: WRAP does not list all suppliers on the website. Certification can be checked upon entering the name of a supplier. On initiative level WRAP does not provide a general oversight of non conformities or general results of audits and re-audits per country or region. There is no transparency on brand level.

Scope: WRAP addresses both suppliers and subcontractors in its procedures. Homeworkers are not addressed.

Empowerment: WRAP organizes factory training sessions in various countries.

4. Comparing codes to the MADE-BY Benchmark

After describing the above mentioned codes using the earlier defined characteristics, the same characteristics are used to compare the codes to the MADE-BY benchmark. It is important to note that this is a comparison of standards. Situations in the field can be different from the standards drafted.

Comparing the description of the codes per characteristic to the Benchmark leads to the overview on the next page. Per characteristic and sub-characteristic the codes are rated on a scale from 1 (lowest) to 5 (highest). The evaluation and weight per characteristic and sub-characteristic lead to an end evaluation per code.

		Weight	BSCI	ETI	FLA	FWF	SA8000	WRAP
Multi stakeholder	MSI on board level	1	1	5	5	5	4	4
	Sub evaluation	1	1	5	5	5	4	4
Content	FoA and CB	1	4	5	3	4	4	3
	Forced labour	1	4	4	3	4	4	3
	Child labour	1	5	5	3	5	5	3
	Non-discrimination	1	3	3	3	3	3	3
	Wages	1	3	5	3	5	5	3
	Working hours	1	5	5	5	5	5	3
	Health and safety	1	5	5	3	4	5	3
	Employment relationship	1	1	5	1	4	4	1
	Abuse	1	5	5	5	5	5	5
	Sub evaluation	2	3,9	4,7	3,2	4,3	4,4	3
Management System	MS on brand level	1	1	5	5	5	1	1
	MS on supplier level	2	5	1	1	1	5	1
	Sub evaluation	1	3,7	2,3	2,3	2,3	3,7	1
Monitoring/certification	Brand involvement	1	5	5	5	5	3	3
	Creating economic value	2	3	3	3	3	4	4
	Supplier empowering	2	3	3	3	3	4	4
	Sub evaluation	1	3,4	3,4	3,4	3,4	3,8	3,8
Audits and verification	Frequency	1	2	2	3	3	4	4
	Third party verification	1	5	2	3	3	5	5
	Complaint procedure	1	2	5	5	5	5	2
	Audit procedure	1	3	3	3	4	3	3
	Sub evaluation	1	3	3	3,5	3,8	4,3	3,5
Transparency	Initiative level	1	5	5	5	5	2	2
	Brand level	1	1	1	5	1	1	1
	Supplier level	2	1	1	1	1	5	3
	Sub evaluation	1	2	2	3	2	3,3	2,3
Scope	Supplier	2	5	5	5	5	5	5
	Subcontractor	1	5	5	1	5	5	5
	Homeworker	1	1	5	1	1	1	1
	Sub evaluation	1	4	5	3	4	4	4
Empowerment	Training and research	1	3	4	3	3	3	2
	Building local capacity	1	2	4	3	3	3	1
	Sub evaluation	1	2,5	4	3	3	3	1,5
End evaluation			3,0	3,8	3,3	3,6	3,9	2,9

5. Classifying codes

If looked at the end evaluation of the initiatives, the initiatives can be divided into three groups. ETI, FWF and SA8000 generally do better than FLA and BSCI followed by WRAP.

Of the higher evaluated initiatives, ETI outperforms on the characteristics scope and empowerment, FWF is a multi stakeholder initiative which forms and trains its own local audit teams based on its local partner network and SA8000 is the most transparent initiative and performs best on audits and verification.

FLA is not classified in the highest category mainly because of its relatively low evaluation on the important characteristic content. Except for content FLA is evaluated on approximately the same level as ETI and FWF. The relatively low end evaluation of BSCI is mainly due to the fact that BSCI is constituted as an industry code and not as a multi stake holder initiative and the relatively low emphasis on empowerment. The relatively low end evaluation of WRAP follows the weak content of the code, the absence of a management system, the low transparency and the low emphasis on empowerment.

The initiatives are classified as below (0 lowest, 3 highest):

<u>Code</u>	<u>End evaluation</u>	<u>Classification</u>
-ETI, FWF, SA8000	$\geq 3,5$	A
-BSCI, FLA	$\geq 3,0$ and $< 3,5$	B
-WRAP	$\geq 2,5$ and $< 3,0$	C
-Monitored/certified factories according to a standard rated lower than 2,5		D
-Non certified or monitored factories		0

Because of the importance of transparency, MADE-BY communicates the performance per member brand on environmental and social aspects and the level of transparency. This is done by a scorecard published in the MADE-BY year report and on the MADE-BY website. In order to be able to report on the level of social compliance of a brand, a score is build up taking into account the volume produced per supplier and the level of compliance per supplier. The level of compliance per supplier is established by looking at the certification or monitoring program running. Following the above described classification the status of each supplier is established. The status of a certified supplier is easy to verify using the regular updated lists of certified suppliers on the SAI and WRAP websites or checking the certificate of the supplier. The status of a supplier being monitored through a member brand of BSCI, ETI, FLA or FWF is more difficult since there is no transparency on supplier level and because a supplier might be in the beginning or the end of the improvement process. In order to establish the level of compliance, MADE-BY relies on (audit) reports issued by the brand, suppliers or initiator of the code. Suppliers in the beginning of the process are classified as non certified or monitored, suppliers at the end are classified in category 2 (BSCI and FLA) or 3 (ETI and FWF). Suppliers in the process of being certified (but not certified yet) are classified as non certified or monitored.

As described in the policy document regarding social policy in developing countries, factories in the defined developed countries are classified in the highest category (3).

6. Policy implementation and communication.

After approval of the policy by the MADE-BY Board, the complete policy has been shared with the described initiatives. BSCI, FWF and SAI gave their comments. If valid their comments have been taken in to account.

The policy will be implemented in retroaction starting 1st of January 2007.

The policy will be updated on a yearly basis in order to incorporate changes in the described codes and in order to include international recognized codes not yet described.

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