

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

Corporate Codes Of Conduct And Other Initiatives

EXECUTIVE SUMMARY

Paper prepared for HomeNet South Asia
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OCTOBER 2019



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

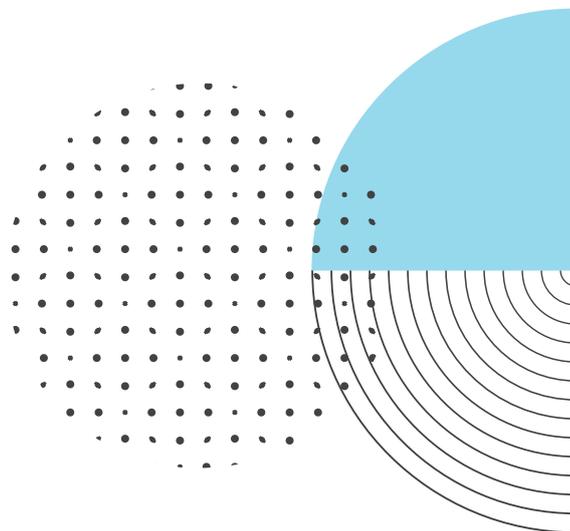
The paper starts with a brief description of the situation of homeworkers in global supply chains and sets out why the promotion of decent work for homeworkers is a win-win proposition for both the workers themselves and international brands. It then assesses the corporate codes of conduct of some major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

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

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

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

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



CORPORATE CODES OF CONDUCT IN GARMENT AND TEXTILE SUPPLY CHAINS

CORPORATE CODES AND THE PARTICULARITIES OF HOMEWORK

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

Many international garment and textile brands have adopted corporate social responsibility (CSR) codes of conduct and private compliance initiatives (PCIs) for the governance of their global supply chains. A code of conduct is integrated into a brand's sourcing and purchasing policy and represents part of the contractual agreement between the brand and its suppliers and buying agents in its supply chain. The impact of these codes on decent working conditions for homeworkers hinges on: transparency and traceability throughout all levels of the chain; who is recognized and treated as a

worker; whether the codes provide for the particularities of homework; whether there are effective due diligence mechanisms to ensure effective enforcement; and, importantly, on the participation of the workers and their representative organizations in the governance mechanisms along the entire chain.

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

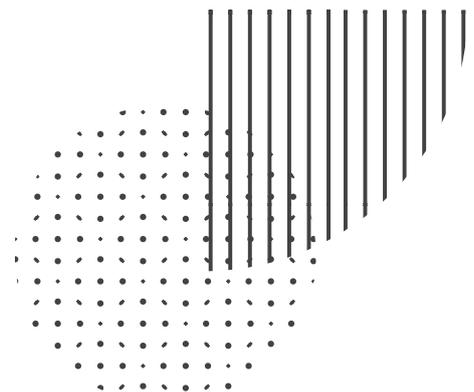
The coverage and treatment of homeworkers in codes vary. Firstly, brands can impose transparency requirements by stipulating that suppliers and subcontractors: must provide information on any homework in the supply chain in advance of production; are subject to audits and

unannounced visits; cannot further subcontract; and in all cases must first receive approval of the brand before using homeworkers.

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

would be a written employment contract, although many codes do not specify the need for a written contract.

The nature of homework within the domestic sphere raises difficulties to implement the code rules, for example relating to hours of work. But international brands could refer to the ILO Recommendation on Home Work, 1996 (No.184) which states that “a deadline to complete a work assignment should not deprive a homeworker of the possibility to have daily and weekly rest comparable to that enjoyed by other workers”. With regards to safety and health, brands obviously do not have control over private homes, but some codes provide that approval for the use of homeworkers should include verification that the location of work is safe, hygienic and appropriate for the type of work process to be undertaken. Work at home also complicates compliance with the code provision prohibiting the use of child labour; however, the brands place high priority on this provision and often emphasize that their suppliers should proactively prevent child labour and at the same time also safeguard young workers.

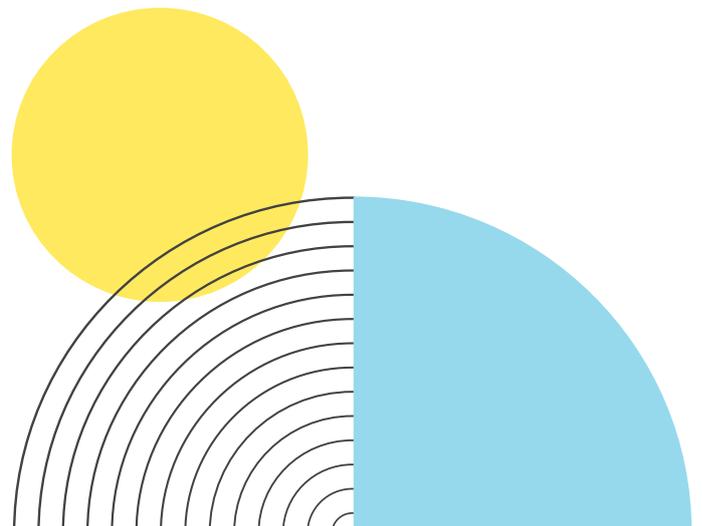


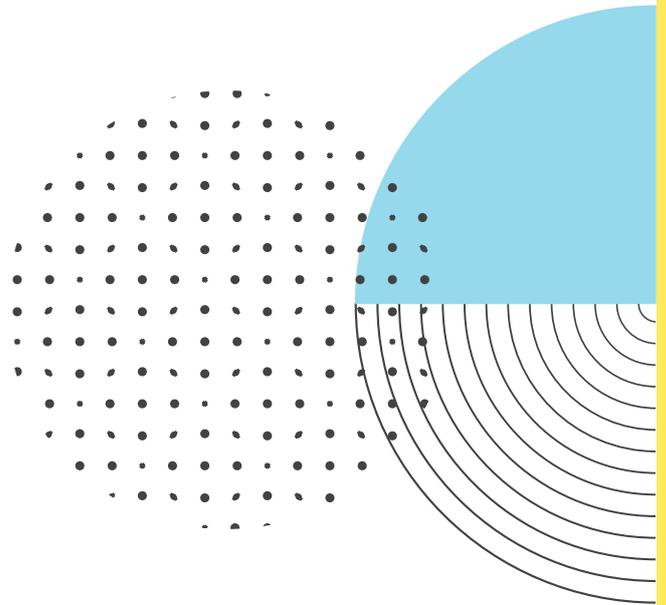
BEYOND BRANDS: NON-CORPORATE INITIATIVES

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

such as a supply chain hotline accessible to workers globally.

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





INDUSTRY-WIDE CODES OF CONDUCT

In addition to the codes of individual brands, there are also industry-wide codes of conduct established by garment and textile brands in certain countries. The Nordic, Swiss and German codes refer to member companies within the respective countries but these codes also stipulate that their guidelines apply to all the branch establishments and business units of the enterprise anywhere in the world. However, since they do not address how the requirements are to be implemented in the countries where production is actually taking place, these industry-wide codes have

been criticized as having little practical value. As another country-specific code, the Myanmar code is perhaps the first of its kind, developed by the suppliers themselves in a country with a rapidly growing apparel production industry. However, this code is totally reliant on the voluntary responsible behaviour of the supplier companies, with no form of redress or 'punishment' for non-compliance - this is less effective than the corporate codes which indicate that the international brand will cease purchasing from suppliers who have serious code violations.

BEYOND BRANDS: NON-CORPORATE INITIATIVES

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

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

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

Index which ranks brands according to the information they provide on their human rights and environmental policies and impacts.

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

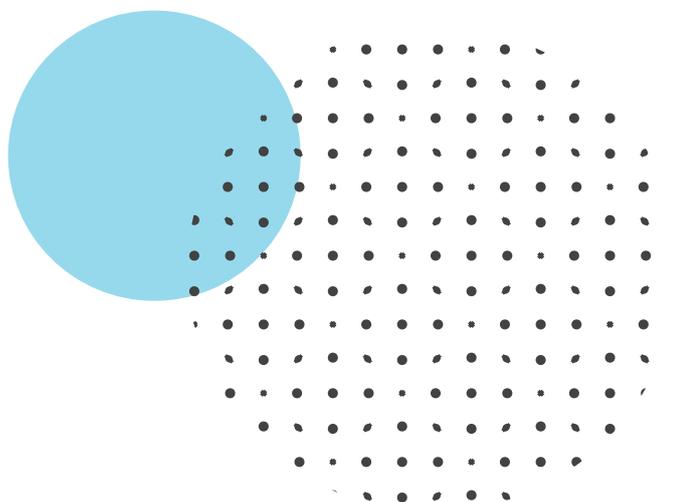
Although the international instruments are not legally binding and it is only the OECD Guidance that explicitly covers homeworkers, they are important for a number of reasons. They have a human rights framework that is based on the UN Universal Declaration of Human Rights and the ILO Declaration on Fundamental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

homeworkers as integral to supply chains and to promote their right to decent work. Recognition at the global level is often a precursor to securing recognition and rights at the national level. And last but not least, these instruments enable civil society to participate in national level implementation processes.

Of special significance at the national level is the ILO Home Work Convention, 1996 (No.177) which stipulates that the national policy on homework shall promote, as far as possible, equality of treatment between homeworkers and other wage earners, taking into account the special characteristics of homework and, where appropriate, conditions applicable to the same or a similar type of work carried out in an enterprise.

Codes are no substitute for national laws and regulations and, in fact, most codes indicate that suppliers and subcontractors are expected to comply with national and local laws and regulations at all times. Where

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



HOW HOMeworkERS CAN USE CODES AND OTHER INITIATIVES

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

- First and foremost, to have their voices heard, homeworkers need to come together and be organized. To overcome their characteristic invisibility due to isolation within their homes, women homeworkers need their own strong membership-based organizations. It is, of course, essential that homeworker organizations be legally recognized by the State and also by corporations as having the right to collective bargaining.
- Any kind of advocacy, particularly addressing lead firms in global supply chains, requires that there are channels or platforms for homeworkers and their organizations to have their voices heard. They can amplify their voices by making use of relevant corporate and non-corporate initiatives and instruments, such as corporate codes that support freedom of association and the right to collective bargaining. They can also refer to those MSIs that underscore the necessity of involving workers throughout the supply chain on the grounds that worker involvement improves supply chain transparency, the quality of social audits, the handling of complaints and strategies towards remediation. There are also multilateral instruments that emphasize that companies should seek to understand the concerns of potentially affected stakeholders by consulting them directly in a manner that takes into account language and other potential barriers to effective engagement.
- Advocacy requires making the case that decent work is a win-win proposition both for homeworkers and for supply chain sustainability. Fair and decent treatment of workers is not just an ethical imperative; it is good business. The business case for international brands is to be recognized by consumers, shareholders, investors, business partners as a socially responsible business centred on sustainable productivity and quality gains. It is also critical to make the case that a ban on homework is not the answer. Not only will the hard-won rights of factory workers further up the chain be compromised but homework will simply go underground; and international brands will face the pressures posed by the unregulated bottom end of the supply chain.
- It is not enough to advocate that corporate codes of conduct include homeworkers and accord them “equal treatment with other workers in the supply chain”. It is important that the particularities of homework which make homeworkers especially vulnerable to

unequal treatment and unfavourable conditions of work are recognized - even in the language of the code. The HomeNets can point to specific codes that are sensitive to these particularities and to the specific provisions and guidelines for the treatment of homeworkers.

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

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

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

