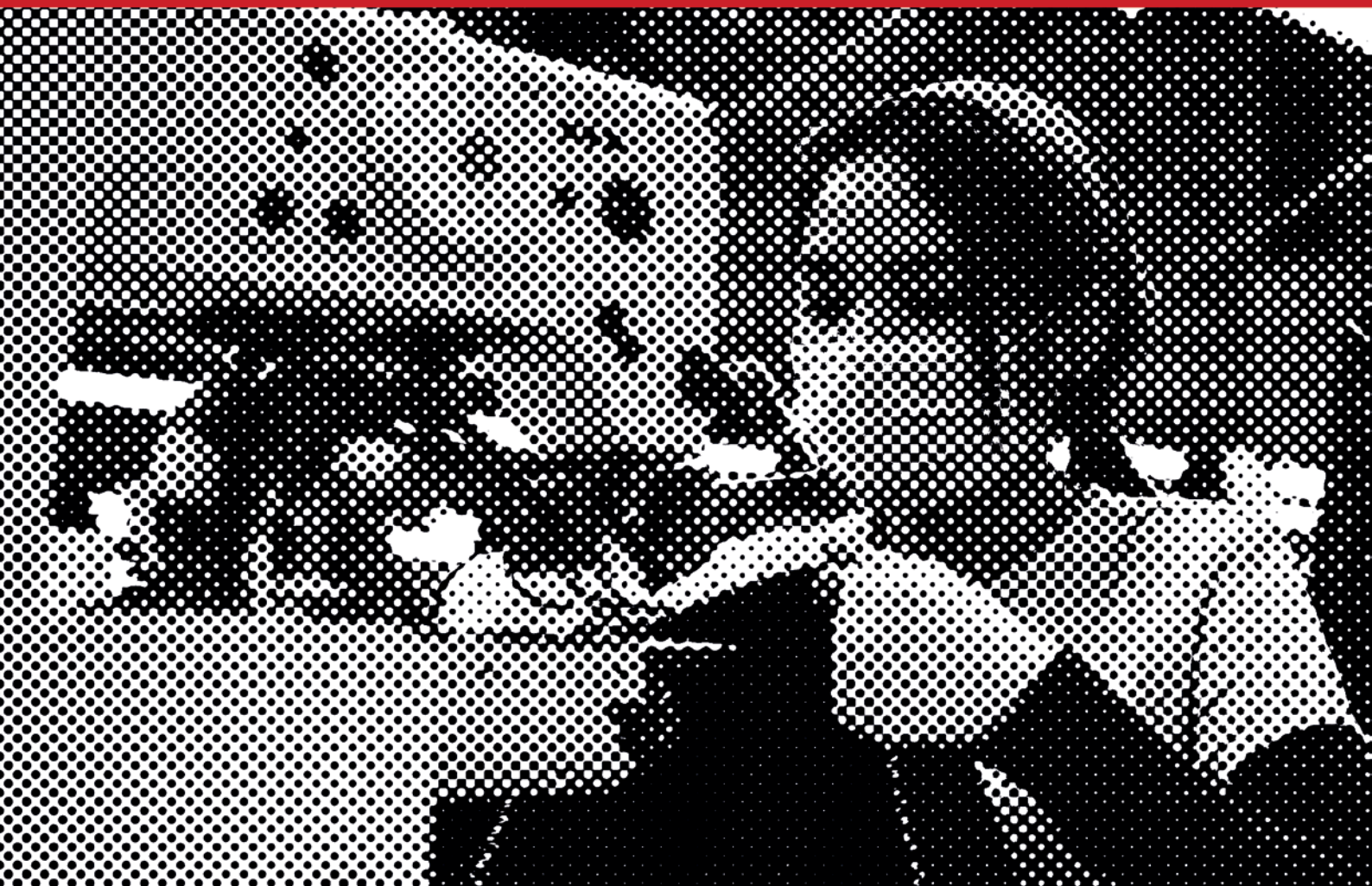




# FORUM

## FORUM LIVING WAGE NOW

SYNTHESIS REPORT



ORGANISÉ PAR

AVEC LE SOUTIEN FINANCIER DE



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# INTRODUCTION

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**The Living Wage Now Forum was organized in Brussels from 12 to 14 October 2015 by achACT, the Schone Kleren Campagne and the Clean Clothes Campaign (CCC). They invited militants, garment workers, brands and political decision-makers to discuss concrete proposals to provide a living wage for women and men working in the clothing industry.**

## **TRANSFORMING CORPORATE DISCOURSE INTO ACTIONS**

After three years of campaigning for a living wage, the time had come for an assessment, and above all for exchanges to improve existing channels for advocacy, or to identify new ones, targeting European businesses and political decision-makers, and to develop the cooperative efforts of NGOs, trade unions and consumer organizations within the Clean Clothes Campaign.

More than 392 persons, with 33 different nationalities, took part in the panels, workshops, film-debate and the Living Wage party. There were 265 Belgium participants, 36 representatives of the European Clean Clothes Campaigns and the International Office, 32 organizations representing garment workers in Asia, Eastern Europe and Central America, 13 representatives of organizations working with the Clean Clothes Campaign.

And for the first time in a public event in Europe, we convinced 12 clothing brands and chains to join us and contribute to the discussions, as well as representatives of the International Labour Organization (ILO), the Organisation for Economic Co-operation and Development (OECD), the European Commission, Member States and 13 Members of European Parliament.

## **THE LIVING WAGE NOW FORUM WAS NOT A GOAL IN ITSELF**

It notably opened doors to gaining recognition of the CCC's detailed contributions to the European Commission's flagship initiative on responsible management of the garment supply chain, to intensifying efforts for a living wage in Eastern Europe, and to promoting actions for solidarity with militant Cambodian workers demanding a monthly wage of \$177.

We felt it would be helpful to keep a record in the form of this report in order to contribute to the discussions and proposals that will no doubt be on the table in the near future.

# PANELS 1 AND 2

## **MOBILIZING FOR A LIVING WAGE**

12 OCTOBER 2015

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The testimonies given showed the persistence of wages below the vital needs of the workers and their families in many garment-producing countries and in the entire supply chain of major brands and distributors. This is well-known for Asia, but less so for certain countries within the European Union - Bulgaria, Romania, and Slovakia - and in Central Europe, like Ukraine, where wages are even lower than in the clothing sector in China.

In Turkey, despite the successful struggle to prohibit sandblasting jeans, the wage situation is not encouraging. Abdulahim Demir, local coordinator of the Clean Clothes Campaign, explains that two thirds of the wage is devoted to rent. Employers are now taking advantage of the wave of Syrian refugees to dismiss employees and to put pressure on wages.

The situation in Italy, where sweatshops are springing up, was used as a final demonstration that the garment supply chain is not simply a North-South issue. Conditions for the workers there, who are often immigrants and some of whom are Chinese, are simply medieval – in Tuscany, workers have died in fires and accidents in these workshops.

Moreover, migration is a characteristic of the economics of garment production. For example, in Sri Lanka, the conditions are so deplorable that local workers are deserting the sector and factories massively import labour force from Myanmar.

In Haiti, where wages are particularly low as well, Yamnick Etienne, coordinator of Batay Ouvriye, reports that the government looks askance at militants and trade unionists in the industry, accusing them of making the country vulnerable to relocation threats.

The Forum also reported on mobilization and struggles for decent wages, particularly living wages. The legal minimum wage, which is the norm in the sector, is lower, and often much lower, than a real living wage that must be paid to meet the vital needs of workers and their families. For Ashim Roy, chairman of the New Trade Union Initiative in India, many brands and distributors still cling to compliance with a shred of legality but we can put forward the legitimacy of a living wage.

# PANEL 3

## THE LIVING WAGE AS A FUNDAMENTAL HUMAN RIGHT

12 OCTOBER 2015

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*The focus of this session was the use and development of legal instruments and international mechanisms (including trade policies) as means of making the basic human right to a living wage a reality for workers employed in the international garment supply chain. Originating in the viewpoint that a living wage is a human right, the speakers' contributions drew inspiration from the UN Guiding Principles (UNGP) and considered the necessity for the promotion of binding and mandatory frameworks to support their implementation.*

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### PANELLISTS

**Ineke Zeldenrust**

International coordinator of the Clean Clothes Campaign International Office

**Phil Bloomer**

Executive Director of the Business & Human Rights Resource Centre

**Anannya Bhattacharjee:**

Founder and coordinator of the Asia Floor Wage Alliance, President of the Garment and Allied Workers Union (GAWU)

**Olivier De Schutter**

Law professor at the University of Louvain (Belgium) and at SciencesPo Paris (France), Member of the UN Committee on Economic, Social and Cultural Rights and United Nations Special Rapporteur on the right to food between 2008 and 2014

## PANEL DISCUSSION



### ***The EU should love people and protect Human Rights at least as much as Trees.***

**Phil Bloomer**, Executive Director of the Business & Human Rights Resource Centre.

Phil began his presentation by referring to EU legislation that currently applies to the importation of timber to Europe, which is designed to ensure due diligence in the sourcing of trees. He was focusing on the need for similar protections for the garment workers of the world, whose labour produces clothing intended for the European market, and whose human rights are routinely violated along the international supply chain.

A living wage is a living wage is an immensely powerful tool, which in itself embodies a whole range of human rights. When we consider when we consider what the drivers of poverty wages actually are – namely, inequalities and unbalanced power in the supply chain, the absence of collective bargaining and trade union rights, and the failure of states to deliver on their duty to protect the basic human rights that foster greater equality in society, we can see what the process of achieving a living wage represents in terms of changing this scenario. The evidence is there, and basically we know the solutions we need to pursue, but conditions are insufficient for change. We need a broader movement to increase the drive for change and we will also need to look to unexpected actors for assistance – we will need to be ready to accept the contributions of progressive governments and companies.

In order to mount an effective challenge in support of a living wage, we first need credible reporting, benchmarks and rankings that clearly demonstrate who is operating well in this area. Essentially, we need to be able to identify who is providing a living wage and who is not. We also need an

international framework agreement. We are starting to see some progress on issues like freedom of association and collective bargaining, but we need a supply chain where corporations operate with transparency on human rights risks and due diligence plans to mitigate those risks. In this respect, we need corporations to be obligated to demonstrate these measures before the states in which they originate and source from.

In making further progress, we will have to build on the advancements that are being made at the moment, for example, we need to strengthen the bond between voluntary initiatives and regulatory initiatives. Companies often act voluntarily because of public pressure. Public trust in companies and brands is dangerously low and corporations need to take action to be able to demonstrate that they deserve public trust and a social license to operate. Several companies, like H&M and M&S are taking on the role of leadership in championing voluntary initiatives, even if reality on the ground suggests they don't fully deliver<sup>1</sup>.

In addition, several nation states have made advances in respect of human rights transparency. For example, transparency is a focus of the Californian Supply Chain Act and there is also the example for the UK Modern Slavery Act. These legislative provisions will surely generate a huge amount of information, but if this information is not comparative and a meaningful tool of analysis, it will not be useful as part of the process of creating a race to the top. Dangerously, this may be the case for the non-EU Financial Reporting Directive. So, in current developments, although we can see some progress, there is still a lack of ambition, both in terms of mitigating risks – insisting on mitigation – as well as in creating the analytical engine needed to compare

<sup>1</sup> For more information, «Do we buy it? A supply chain investigation into living wage commitments from Marks & Spencer et H&M» - Labour Behind the Label, 2016 - <http://www.cleanclothes.org/resources/national-cccs/do-we-buy-it/view>

and contrast the actions of the companies operating in this sector. It is clear that as part of changing this situation, governments need to know that it may be electorally dangerous for them not to act. It is the citizens' pressure that creates a drive for change.

In conclusion, if we genuinely want to create an EU legal framework and appoint an ombudsman with the powers to demand access to remedy, then we must have sanctions specifically linked to the access to the EU market. This is exactly what was done for trees. Today Europe is in a strange situation. We impose due diligence regarding the sustainability of timber that enters Europe, but we can't impose the same obligation of due diligence regarding the payment of living wages for the poorest on our planet who produce the clothes we consume in Europe. So, it is time, if we love people at least as much we value trees, to work on initiatives to enhance and improve their lives and their situation.



### ***The Living Wage struggle needs both bargaining and benchmark!***

**Annanya Bhattacharjee**, founder and coordinator of the Asia Floor Wage Alliance, President of the Garment and Allied Workers Union (GAWU).

The Living Wage is a fundamental human right and has been the cornerstone of Asia Floor Wage Alliance's fight. Living wages have considerable impacts on other fundamental rights and decent wages are enablers of other human rights. Crucially, being in receipt of a living wage is not only the fundamental right that all individuals should enjoy, but is something that enables families to survive in this world.

Why try to establish a standard, a benchmark, for the Living Wage? Because we are living in a world with unequal distribution of power where we cannot allow only employers and brands to determine what represents a fair wage. In this sense, having an independent benchmark against which to judge the comparative value of the most important income generation mechanism – a person's wage – is therefore very important.

The garment industry is operating within a global economy and a global production network. It follows that a living wage cannot be defined for a global network at a national level. In the Asia Floor Wage Alliance, we say that the living wage has to be defined according to the political economy of the global supply chain. So we need to define it, to give access to information and to make brands accountable for it on the global stage.





In our analysis of the global production network, the brands are the “real” employers and therefore they have to implement living wages, freedom of association and whatever fundamental rights that should be respected in the global supply chain.

What is it that makes a living wage a human right? There are three tests:

- First, it should meet a rational and a logical standard. To this end, we should contrast poor wages with people’s right to development, in the context of which we place our call for a minimum living wage. Thus, we need the ILO to define the criteria for decent, living wages in the context of this right to development.
- Secondly, we must find it emotionally and culturally attractive. There are not many people in this world that would say it is okay not to have a living wage. employers will say, ‘we are paying a living wage’ or ‘we are moving towards a living wage’, but they do not want openly to say ‘I am happy not to pay it and not to change anything’.
- Finally, it must be translatable into enforceable actions. If we want to enforce the living wage as we conceive it in the Asia Floor Wage Alliance, then the objects of enforcement are the Brands, through a mix of mechanisms. This starts with robust recommendations from ILC 2016 on how the global supply chain could be regulated to have an enforceable minimum living wage.



***UN Guiding Principles on business and human rights are first addressed to States, which have a duty to protect Human Rights.***

**Olivier De Schutter**, Law Professor at the University of Louvain (Belgium).

We are currently discussing the General Comment to interpret Article 7 of the UN Economic, Social and Cultural Rights Covenant on the right of just and fair conditions of work, that includes the right to a retribution that provides all workers “fair wages and equal remuneration for work of equal value” and “decent living for themselves, the workers, and their families”. In our work, we insist on the fact that living wages have to allow access not only to food, water, sanitation, housing, clothing, transportation, but also the right to social security for workers themselves and their families.

It is very strange that most of the fights are with brands and local companies, because states have a very central role to play in enforcing the human right to a living wage. According to the UN guiding principles on business and human rights, states have a duty to protect the rights from being violated by the conduct of corporations and to provide remedy to victims, including access to justice.

In many cases this access to justice exists in theory. For example, if M&S imports clothing from, let’s say, Cambodia, the UK must ensure that if there are violations in the British brand’s supply chain, victims of such violations have access to justice in the UK. By these means, UK law should allow victims to claim compensations from M&S under appropriate conditions.

But while today we have a theoretical possibility that we can file actions against companies domiciled in Europe when they have not done enough to ensure that no human rights violation takes place along their supply chain, these possibilities remain largely underexplored by lawyers in Europe.

The implications of these legal instruments for pursuit of a living wage:

In the EU, the “Brussels I Regulation”(its reference being 1215/2012) allows for any victim of a civil wrong to file a claim in damages against any person domiciled in the European Union. However, in enforcing such a claim, the “Rome 2” Regulation states it is the law of the country where the damage occurred which will be observed. This principle established, it is nevertheless the case that if the domestic legislation of the location of the violation does not protect the right to a living wage, that domestic legislation, being insufficiently protective of the rights of the victims, can be over-ridden. The judge shall have the duty to protect the basic human rights of victims. The question becomes, “is a corporation under a duty to monitor the supply chain to ensure that all labour rights are being complied with, including the payment of a living wage by their suppliers?”. The civil liability rules include a very drastic notion, which is that of “fault”, and this notion is evolving on the basis of societal expectation.

In effect, the UN Guiding Principles on human rights have established new societal expectations that companies should act with due diligence in all their operations. Companies not acting with due diligence may be said to commit a fault that may have caused prejudice to a victim of that fault, and this may therefore lead to reparation being due to them. The only way to know whether it works is to try, and to try before the most progressive courts using the most grievous cases to create a precedent. However, in testing the law, it is a fact that access to justice is extremely difficult to exercise in practice. This is because states have not examined and removed the legal and practical obstacles victims face when seeking to enforce their rights. In the Report *The Third Pillar*<sup>2</sup>, we have identified most of these obstacles. Yet, despite the difficulties we can see that some states are moving in the right direction. The *Assemblée Nationale* in France is discussing a law proposal on a duty of vigilance on French multinationals. And in Switzerland, we have a popular initiative on the same issue.

The other route we need to explore, is trade policy. Today, we have the EU GSP scheme and this potentially affords us some room for action. If one country benefits from the GSP+ schemes and violates the right to a living wage, it can be denied privileged access to the EU market as it

violated the terms of the covenant. Such measures are possible, even though they may be difficult and sensitive to operationalise, and this approach could be used more than currently is being done. We could also use labelling schemes to encourage the companies who have the best practices to import into the EU. We could encourage them by allowing them to benefit from lower tariffs and preferential access to the market. Alternatively, we could sanction the companies who are not living up to the expectations of the UNGP and tolerate human right violations in the supply chain. This sort of strategy can be put into practice, and it is legally fully compatible with WTO rules as long as we respect three main conditions:

- First, we must be very careful to monitor respect labor rights by reference to internationally agreed standards, rather than allowing the EU to impose its own standards.
- Second, we should respect the principle of non-discrimination. All countries should be treated equally.
- Third, any use of the linkage between trade policies and labour rights should not be protectionist. The revenue of such tariff barriers can for example go to a fund to finance development and social protection in developing countries.

2 Olivier De Schutter et al, *The Third Pillar. Access to Judicial Remedies for Human Rights Violations by Transnational Business*, ICAR, CORE, ECCJ, 2013 - <http://icar.ngo/wp-content/uploads/2013/02/The-Third-Pillar-Access-to-Judicial-Remedies-for-Human-Rights-Violation-by-Transnational-Business.pdf>

## CONCLUSIONS

**Ineke Zeldenrust**, CCC IO Coordinator

With our CCC campaign strategies, we have had some victories, but we are still encountering difficulties in bridging the gap between minimum and living wages. For this reason, we need to create links and build new strategies. We need to improve our bargaining strategies along the supply chain and to have a change at the regulatory level to bring standards closer to our objective. We also need global and regional strategies instead of being limited to the national and local level, and our strategies towards states, governments and towards companies must be combined.

The question is, how can we harvest this sense of ambition in a way that allows us to have an actual gain at the worker level that can be sustained? The Living Wage Now Forum would lead to us focussing and defining our strategies together, so that in a few years we will be able to look back and see that we somehow created a tipping point which helped to increase the wages of workers.

# PANEL 4

## FROM VOLUNTARY TO BINDING

13 OCTOBER 2015

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*The failure of voluntary corporate social responsibility and governmental regulation that has been too limited in scope and enforcement to bring about lasting change to workers' rights and working conditions, means that other strategies are needed. The case of Cambodia, where trade unions have been struggling for a higher minimum wage since 2010, is just one example which shows the need for a new strategy. One strategy of the global labour movement has been to explicitly seek to engage with garment and sportswear brands and retailers in enforceable brand agreements (EBAs). In this panel, we will explore what we learned from the Bangladesh Accord and the FoA Protocol and we will ask, what could an EBA on living wages look like? In the light of the current negotiations around wage between unions and brands, we will consider how can we support the efforts of IndustriALL and their national affiliates to win strong binding brand agreements on wage.*

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### PANELISTS

**Jyrki Raina**

General Secretary IndustriALL Global Union

**Jeroen Merk**

Research Associate at International Institute of Social Studies (ISS) of Erasmus University Rotterdam

**Carin Leffler**

CCC Norway

**Athit Kong**

Vice President of the Coalition of Cambodian Apparel Workers' Democratic Union (CCAWDU)

**Aleix Gonzalez Busquets**

C&A Global Head of External Stakeholder Engagement



### ***IndustriALL's living wage strategy.***

**Jyrki Raina**, General Secretary IndustriALL Global Union.

IndustriALL's living wage strategy is based on three pillars:

- To support the minimum wage campaigns of IndustriALL's affiliates in different countries.
- To build capacity for national and local unions to be able to mobilize and formulate their demands. In this regard, there is a need for more unity amongst union affiliates at the local level and the need to involve the suppliers in the process.
- The brand strategy based on the Memorandum of Understanding IndustriALL signed with the group of ACT brands. This statement of principles will be used as a framework for national negotiations, starting with Cambodia.



### ***Companies' commitments evolution.***

**Jeroen Merk**, Research Associate at International Institute of Social Studies (ISS) of Erasmus University Rotterdam.

Jeroen Merk used his speech to look into the evolution of different types of agreements, moving from voluntary to binding undertakings. Jeroen described the history of the debate on corporate accountability and engaged with the debate over the accountability of corporations for working conditions in the global supply chains. The adoption of codes of conduct and standards was set against a discussion of the implementation, verification and monitoring of corporate codes of conduct. The focus on voluntary codes of conduct had led to the foundation of several multi-stakeholder initiatives, but also to the creation of the 48 billion dollar industry in social auditing. As well as the evidence we gain from our lived experiences, academic studies have shown that the results of social auditing are very weak. It is estimated that 80% of the audits undertaken don't lead to improvement in working conditions.

In this context, a relatively new strategy of the global labour movement has been to explicitly seek to engage with garment and sportswear brands and retailers in enforceable agreements. Within the CCC network, such agreements have been referred to as 'Enforceable Brand Agreements' (EBAs).

There are different pathways to an EBA, based on two different starting points: bottom-up and top-down.

- The bottom-up approach originates in a particular case raised by labour rights organisations, which then escalates into an international campaign. In this way, a 'grassroots campaign' can eventually lead to an agreement with the brand and the supplier. Typically, though, grassroots campaigns on specific cases can be difficult to lift and convert into a sectoral, structural level agreement.
- The top-down agreement, on the other hand, is negotiated between a global union federation and a multinational corporation. It can take the form of a general type of agreement on broad principles, and the main challenge of this approach is to translate it into real, tangible results at workplace level.

EBA's can be agreed between a single global union and corporation, or alternatively may be an agreement that is negotiated between several brands and trade unions on a particular issue. The Freedom of Association Protocol in Indonesia and the Bangladesh Accord on Fire and Building Safety are examples of this strategy.

What are the criteria by which we measure the effectiveness of EBA's?

- The agreement is negotiated between local unions and companies. The involvement of local trade unions is crucial to ensure local ownership.
- The agreement has workplace-level application to address the root causes of violations.
- The agreement is transparent, enforceable and implementable.
- The agreement empowers workers.
- The agreement is supported by a broad alliance of global trade unions and other workers' rights organisations.



### ***Cambodia minimum wage evolution, a story of mobilisation.***

**Athit Kong**, Vice President of the Coalition of Cambodian Apparel Workers' Democratic Union (CCAWDU).

Athit Kong described the history of the Cambodian wage struggle, beginning the story in 1998 when the minimum wage was 25 USD. After two national strikes, in 2002 and 2004, the minimum wage increased to 40 USD per month. The struggle continued and there was a general strike in 2010, after which more than 2000 trade union members were dismissed from their jobs. In 2013, which was a year of political tension between the ruling party and the opposition, the trade union coalition pushed for an increase of the minimum wage to 160 USD. When the Cambodian government denied any such increase, protests ensued and workers went on strike for a living wage. The police and military forces cracked down on the strikers with violence, causing 4 deaths. Through this history of strikes, the trade unions in Cambodia learned how to use international pressure and solidarity to push for higher wages.



### **C&A strategy on wages and working conditions.**

**Aleix Gonzalez Busquets**, C&A Global Head of External Stakeholder Engagement.

Aleix Gonzalez described the role and strategy of the C&A corporation in relation to voluntary or binding agreements on wages and working conditions. Collaboration among brands and among the key stakeholders is crucial for success. The brands need to refine their purchasing practices, taking account of all areas, from securing orders, to good planning, training for buyers and designers and paying suppliers more per piece. Key aspects of production like efficiency and productivity should be included in the discussion around wages and conditions of employment, and the role and the involvement of government and of suppliers is crucial. Our efforts will not result in wage increase for workers unless the brands take the suppliers into account.

Therefore, the discussion about a employment conditions as part of a binding process or not is a secondary question. The primary and most important objective is to change things on the ground, and this will need the involvement of suppliers in general. With this in mind, Aleix explained that he was not in favour of the 'top-up' strategy, whereby brands paying more to specific suppliers to allow them to close the gap between the minimum wage and the living wage in their workplaces. This strategy is unsustainable and therefore incapable of delivering significant or long-term change.

### **The ACT process.**

**Jyrki Raina**, General Secretary IndustriALL Global Union.

Jyrki Raina spoke again to briefly explain the history of the ACT process and IndustriALL's involvement. ACT began with a group of brands who committed to enabling principles regarding living wages. IndustriALL began engaging with them and went on to negotiate a Memorandum of Understanding (MoU) with each of the brands involved. The objective of the MoU is to set up enforceable, industrial level collective bargaining structures in several countries, starting with Cambodia. The Cambodian government should facilitate this process, and make a trade union law that enables workers to join a union and make collective bargaining agreements legally enforceable. For their part, the brands need to commit to long-term sourcing from their suppliers. In 2014, the brands promised to reflect increased wages in their FOB prices, taking also into account productivity and efficiency gains and the development of the skills of workers. Yet, this undertaking is in question, as according to the Cambodian Employers' Association G-MAC, 63% of the Cambodian suppliers reported an FOB decrease, while only 16% got higher prices from the brands.

**Kong Athit** wished to comment at this point, to state clearly that the trade unions will not accept another CSR initiative, without evidence of any results on the ground. He said that local unions should take part in the decision-making process of the ACT-process.

**Aleix Gonzalez** expressed his agreement with this point and said that the fact that the MoU was signed by the CEOs sends a clear message empowering this initiative.





## ***Brands responsibility to respect human rights.***

**Carin Leffler**, CCC Norway coordinator.

By this definition, the corporation's responsibility to act in accordance with the principles exists independently of states' willingness to fulfil human rights obligations. The CCC's objective is therefore to target specific brands and retailers to sign an EBA on living wages. The UNGPs also offer processes for companies to know how they should do things and show that they are meeting their responsibility. Furthermore, an agreement on social responsibility should be made public. This transparency is needed to hold the brands accountable to their undertakings. We have seen the importance of transparency on implementation in the case of the Bangladesh Accord.

## **CONCLUSIONS**

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All the panellists agree that a different and new strategy is needed to ensure better working conditions for garment workers, with a focus on living wages in Cambodia. The differences of opinion clearly lie in defining the role and responsibilities of the brands in ensuring a living wage for Cambodian garment workers, and the relationship between compulsory mechanisms and enforceability. With regards to the role of the brands, the opinions vary from refining purchasing practices, facilitation of collective bargaining and training (C&A) to giving local workers and their organisations a more central role in the negotiations (C.CAWDU and CCC).

In the discussion on the enforceability of agreements, IndustriALL stressed the role of the government, while CCC persisted on the need for a binding agreement between brands and trade unions. Both IndustriALL and C&A consider the suppliers as an important party in the process.

Despite these important differences, the organisations represented by the panellists all appear to be convinced that cooperation is crucial and that the ACT process should deliver results on the ground.

# PANEL 5

## DUTY OF CARE ALONG THE GARMENT SUPPLY CHAIN

13 OCTOBER 2015

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*This panel discussed the broader concept and practical implementation of the UN Guiding Principles on due diligence and related responsibilities, with a focus on the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, as well as initiatives around legislation on the responsibilities of companies and the role of states around due diligence and the duty of care. Additional issues to be raised in this panel discussion included CCC and trade union positions in regard to the need for transparency on the part of companies, the European Commission and national governments.*

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### PANEL

FACILITATOR

**Jean Jenkins**

Industrial relations academic researcher, Cardiff University, UK

PANELISTS

**Jennifer Schappert**

OECD

**Felix Poza et Indalecio Pérez**

Inditex

**Jean Lambert**

British MEP (Greens) and chair of the delegation for relations with the countries of South Asia

REPOONDENTS

**Dwight Justice**

ITUC

**Dominique Muller**

CCC International Office





## **The OECD is developing Guidance on Due diligence.**

**Jennifer Schappert**, OECD.

The OECD guidelines for multinational enterprises incorporate an expectation of due diligence. Due diligence is a process through which enterprises identify, prevent, mitigate and account for the ways in which the adverse impacts of their actions are addressed. The OECD's role, in the last couple of years, has been to clarify what due diligence means in practice, and how it applies in different sectors. The principles of due diligence do not vary, but how due diligence is applied for different sectors does vary.

One of the biggest questions is "in what way does due diligence really need to differ from compliance?" In answer, we can begin by saying that it is very clear that traditional compliance mechanisms have not been effective in adequately preventing, mitigating and addressing failings and transgressions that occur within the supply chain. In addition, there are a number of core components of due diligence that are different from the traditional compliance mechanisms that we are trying to incorporate into this guidance.

The first difference is that due diligence takes a risk-based approach. This means that enterprises are expected to evaluate and assess all the risks in their supply-chain and prioritize risks where the severity of adverse impacts is the greatest. Core to this approach, is understanding and recognizing that while assessment is important, assessment alone does not equal prevention or mitigation, and that our goal is to move towards prevention and mitigation of these adverse impacts.

Thus, we want to move towards risk management, which we would consider both as prevention and mitigation. In this respect, Jennifer said that the OECD approach to due diligence is distinctive. The approach that the OECD is trying to promote, is that prevention and mitigation requires a multi-faceted approach, to include three general components: first, to be engaged with the supplier directly, looking at internal practices and evaluating how internal practices affect risks, second, looking at systemic risks as some of these are longer-term factors which contribute to adverse impacts, and last but not least, through the National Contact Points (NCPs), civil society, such as yourselves, trade unions and others can bring complains against enterprises when they are not in line with the OECD guidelines for multinational enterprises. Therefore, by clarifying expectations of due diligence for this sector, for wages, for example, you also have the possibility to hold companies responsible and accountable for conducting due diligence in accordance with the UNGP and the OECD guidelines through the NCP.



## **Inditex CSR Strategy.**

**Felix Poza et Indalecio Pérez**, Inditex.

In 2014 Inditex bought more than 1 billion units, sourced in over 50 countries and put to work more than 1.2 million workers. To manage this huge supply chain, Inditex has a CSR strategic plan that covers the years from 2014 to 2018. Here are the key objectives and options:

The first step is 'traceability' – identifying the actors is the first step. That is why we have developed a system of traceability that covers, not just the first Tier of suppliers, but also the subsequent Tiers. The second step is the evaluation process. It is not credible just to rely on a system of audits

alone, but to some extent we still have to use audits and where we think audits are still necessary, we have also tried to involve workers through the agreement that we have with the IndustriALL Global Union. The third step would be optimization of resources and investment. We want to develop ongoing projects with factories, not just buy some pieces of technology and then to move to another factory and another country. We want to invest in a factory. The last step in the strategic plan for CSR is the sustainability of this process. How can we engage stakeholders as governments, as trade unions, as NGOs to develop leverage?

Finally, remediation is critical, because we are still confronted with many problems in the garment sector. We are surely going to see progress in the future, but at the present time we need to see how we can prevent problems and, in the case of bad situation, how we can remedy it.

OECD guidelines and UN Guiding principles are very good theoretical tools, and we have to see how we can put these into practice. At Inditex, we cover all demands from the sourcing countries with our local teams. They try to collaborate with the local stakeholders. We also collaborate with the ILO on specific programs in different countries, and we work with other brands.

But, maybe the most important tool is the International Framework Agreement with IndustriALL. Three points constitute the most important parts of this framework agreement. The first is transparency between the trade unions and the company (exchange of information). The second is to create a mechanism to establish a collective bargaining in the supplier companies. And the third would be the increase of power and the capacity building of the local actors.



## **European Parliament debate on Voluntary CSR versus mandatory regulation.**

**Jean Lambert**, British MEP (Greens) and chair of the delegation for relations with the countries of South Asia.

At the European Parliament, there is always discussion about how far CSR should be voluntary, as opposed as what would be necessary to put in place to make it mandatory. Respect for human rights, due diligence and transparency are necessary precursors to putting CSR into effect along the whole supply chain. We have been asking the EU Commission for a new and ambitious strategy, and we have managed to get brands' responsibilities for due diligence written down in some of the legislation, like that applying to anti-money laundering, timber regulation (FLEGT) and conflict minerals regulation.

Due diligence is a difficult issue raising a lot of questions like "what is the impact on business?", "how is this going to be assured" or "what about competition in the internal and international market?" What is very clear, however, is that companies should ensure all along their supply chain that full respect is given to the ILO core labour standards. They should also ensure that they work within the OECD's guiding principles, UN Guiding Principles and ILO Tripartite Declaration.

In conclusion, the European Parliament welcomes the Flagship Initiative from the Commission. For the European Union and the European Parliament there is a job to do in actually putting in place the right structures of work and ensuring that due diligence is there in the legislation that we pass. It is necessary to adapt to the sort of industry you are working with. And to ensure that due diligence is required across borders, and applies not just in what we are looking at in terms of working with countries outside the European Union, but also those inside the European Union – we need a similarity of standards everywhere, which should, hopefully, increase the wellbeing of so many workers.

## PANEL DEBATE

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### RESPONDENT

**Dwight Justice**, ITUC.

I am very interested in trade unions and collective bargaining. The problem is, what happens when the state doesn't protect workers who exercise their human right to form and join a union to bargain collectively? What is the obligation of business? I think that it is quite possible that in some cases the obligation of businesses is to recognize the unions anyway, even if they are not required to by law. It is the same with collective bargaining. Generally, collective bargaining is dependent on a legal structure, but you can engage in collective bargaining outside that structure, even if it doesn't exist. So, we need to recognize that fighting unions, opposing unions by frightening people, disciplining people, shutting down plants... are human rights violations. We need to level up the expectations of what sourcing companies and brands do when their suppliers are fighting unions in this way.

*The clothing sector is complex and structured with different Tiers. My question for Inditex is therefore "how do you look at the Tiers?" Do you see them as being something that somehow limits your responsibility? Or does it increase the amount of due diligence that you have to engage in?*

**Inditex:** The idea is that we are responsible for the whole supply chain, but at the same time, the supplier is responsible for its supply chain. So we share responsibility in terms of activities that we are doing in the CSR field. We have a system which incorporates a prior risk assessment before a company joins the Inditex supply chain and at the same time, we have a lot of different types of audits. We have not only the social audit, but also the traceability audit. We not only go randomly to check these factories, we also develop activities related to the work processes. So, in the end, our objective is to share the responsibility for due diligence with the suppliers.



*And your responsibility is based on how the adverse impact on human rights is linked to your activity, whether you are directly contributing to the adverse impact, or because your business associate is involved in such activity. The question for Jennifer Schappert (OECD) then, is "Does due diligence distinguish between links in the supply chain links when it analyses adverse impacts?"*

**Jennifer Schappert:** Does due diligence distinguish between contributing link and contributing factor? When we are using the word linked in this context, we take it to mean that if you have a brand or a retailer, for example, in the supply chain which is connected to another enterprise, then they are linked. Whether or not they are directly contracted – for example, they could be contracted to one another through intermediates, it could be raw material production or anything – if it is in the supply chain, then they are linked.

When we talk about "contributing to", it really involves looking at the impact itself, and assessing what has been contributing to an adverse impact in the supply chain, and so it follows that due diligence actually covers all cases. Enterprises have a responsibility to conduct due diligence - identify, prevent, mitigate and account for adverse impact - for all of the adverse impacts in all organisations in the supply chain that are linked to them. The expectations placed on companies to exercise due diligence are greater under the UN guiding principles and the OECD guidelines, because they apply to all circumstances where you have caused or contributed to an adverse impact, not simply because you have directly caused or contributed to that adverse impact.

**And the question for Jean Lambert is** *“When the government gets involved in CSR, is this simply a way to put the government’s responsibility on the businesses?”*  
*“How do you preserve the distinction between the state’s duty and the business responsibility?”*

**Jean Lambert:** There is a shift of responsibility from state to company, and I think it is risky. We need to be aware that companies have a role to play, but it is the governments who should be setting up legal frameworks within which companies operate. I think this is important when you look at issues of accountability and remediation.

**Dominique Muller, CCC IO**

*My first question is on the role of the NCP. Jennifer Schappert mentioned they are the teeth of the OECD. A lot of people would say they are rather blunt teeth at the moment. I was wondering how the OECD sees the UN guiding principles as a way to really sharpen those teeth and also, especially, in the light of the focus on remediation, the right to remedy in the UN guiding principles.*

**Jennifer Schappert:** It is fair to say, that many perceive the National Contact Points to be blunt teeth. This is something we are really working on now. The NCP’s responsibility is to promote the effectiveness of the OECD guidelines and one of their core responsibilities is to mediate cases between the different parties, to achieve an acceptable outcome. We do recognize that there are some NCPs that are operating really effectively, and some that are not. We recognize that, and we are working to increase the effectiveness of the NCPs through peer learning and reviews. There is talk about more external processes to hold the NCPs more accountable, and we do hope to really push for very strong NCPs in the future to promote this accountability and promote the OECD guidelines and the UN guiding principles.

*It is the company’s responsibility to be accountable for how they take due diligence forward. But often, SMEs are given dispensation because they would not be able to cope with it. In the end, they are not any less responsible under the UN guiding principles. And, obviously, they fulfil all their obligations in terms of consumer safety laws. So, surely they could manage to apply some due diligence?*

**Jean Lambert:** There’s no reason, from my point of view, that companies which can deal with all the accounting mechanisms required of them can’t deal with some other dimensions related to human rights abuses. I think there is a question here about “what is the training and support that goes into those who set up those businesses”. They can surely be able to learn to say, ‘That is human rights abuse; let’s make sure such practices are abolished’.

*Then for Inditex: “How, in order to have a real change along the supply chain, will you work with your suppliers, to ensure change?” “How do you see Inditex and other companies changing their behaviours not only in term of purchasing practices but also in terms of reliance on concepts like fast fashion, in a way that does help to alleviate any of the systemic human right violations in the garment industry?”*

**Inditex:** Regarding the changing of behaviours, this is the most important thing. At present, we are talking about really changing the model of CSR in the garment sector. We are developing initiatives to really focus on the way the brands work, targeted on how the brands are deciding the prices and negotiating them with the suppliers. So, CSR teams are becoming more technical, getting much closer to the buying and sourcing. In this respect, putting ideals into practice is really on the table.

In conclusion, we also wish, as was mentioned during the presentation, to give power to the worker, to give them capacity. It is going to be a critical development, but of course putting this into practice is on the agenda of all the brands.



# PANEL 6

## A LIVING WAGE FOR GARMENT WORKERS IN EUROPE

13 OCTOBER 2015

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*The aim of this panel was to discuss the EU's responsibility vis-à-vis garment workers in Europe itself. In 2014, the Clean Clothes Campaign published an eye-opening report: "STITCHED UP - Poverty wages for garment workers in Eastern Europe and Turkey"<sup>3</sup> in which CCC revealed that at the doors of Europe, the gap between the actual wage and a living wage tends to be bigger than in Asia.*

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### PANELISTS

**Raisa Liparteliani**

Head of the Legal Department, Georgian Trade Union Confederation (GTUC)

**Bettina Musiolek**

CCC coordinator for Europe's low wage countries

**Agnes Jongerius**

MEP, Vice-Chair of the Employment and Social Affairs Committee of the European Parliament

**Rudi Delarue**

European Commission, DG Employment, Social Affairs and Inclusion, Deputy Head of Unit "External Relations, Neighbourhood Policy, Enlargement

**Mario Ivekovic**

Chairperson of the New Union in Croatia

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<sup>3</sup> [HTTPS://WWW.CLEANCLOTHES.ORG/RESOURCES/PUBLICATIONS/STITCHED-UP-1](https://www.cleanclothes.org/resources/publications/stitched-up-1)



## **Georgia's legal minimum wage is 8 EUR per month.**

**Raisa Liparteliani**, head of the Legal Department, Georgian Trade Union Confederation (GTUC).

GTUC struggles for the reinstatement of basic worker protection systems in Georgia. This struggle started in 2005, when a new, extreme right, neo-liberal government came into power. In 2006, it ruined all existing safeguards for workers and labour rights. Since that time, until now, there is no labour inspection, no labour law and no labour court in existence in Georgia. Instead new legal provisions equipped employers with all rights to hire and fire, to extend working hours and ignore unions. This of course disregards the core conventions of the ILO – all of which are ratified by Georgia. Thousands of union members were dismissed without notice. It was made legal to dismiss workers because of union activities. The GTUC has appealed to the ILO and to the European Court of Human Rights and the cases are still pending. The ILO has issued strong statements criticising the Georgian government. In 2013, a new government introduced some some basic provisions of a labour code, but as the country still does not have labour inspection, these provisions are useless, because they are not monitored.

With all this in mind, Georgians couldn't believe it when they saw that the EU extended their country's GSP+ status, despite the absence of any labour rights protection in Georgia<sup>4</sup>.

Georgia was granted preferential trade status by the EU (GSP+) and by the US (GSP). These schemes should theoretically take labour and human rights into consideration when granted or extended. The European Commission's progress report of 2008 and 2009 clearly stated that Georgia had problems with the implementation of labour standards. However, despite many clear criticisms by international organizations – the ILO, the US State Department, the UN Commission on Freedom of Association and the European Council of the European Social Charter – GSP+ was prolonged. The GSP+ mechanism could be made more efficient and more useful if the EU has more direct consultations with trade unions. When the EU sends delegations which have systematic high level meetings with the Government of Georgia, trade unions are never present, and they are given no information on how their complaints are raised during the consultations with the government.

Now, that the government has signed an association agreement with the EU, it is even more important for the EU to start consulting and begin dialogue with GTUC and other labour and human rights actors in Georgia. The pressure from the EU should be stronger than it currently is. We, of course, don't want Georgia to lose GSP+, but we would like a stronger pressure from the EU to achieve better labour standards in Georgia.

After a CCC meeting last March in Istanbul with representatives from 14 brands, those sourcing from Georgia together with the Fair Labour Association FLA came to our country and recommended to the government that it should revise the legal minimum wage and to create a labour inspectorate. So far there is no reaction from the government.

<sup>4</sup> Georgia has also GSP status from the US



## **Stitched UP report show poor wages in EU garment industry.**

**Bettina Musiolek**, CCC coordinator for Europe's low wage countries.

Europe's 3 million garment workers are toiling for high street fashion. It appeared that Europe's garment workers from the borders of Slovakia to Turkey are earning as little as 10% (Georgia), 14% (Bulgaria, Ukraine and Macedonia) or 36% (Croatia, Poland, Czech Republic) of an estimated minimum living wage. Brands like Hugo Boss and Adidas have made news for profiting from the impoverishment of whole regions in some of Europe's production countries of garments. The fact is that garment production in Europe creates poverty, instead of enabling workers and their families to escape poverty.

The average take-home monthly wage of workers interviewed in Georgia was 114 EUR.

Workers elsewhere in Europe normally earn the legal minimum wage and there is no researched European country where the legal minimum wage reaches the poverty threshold of 60% of the national average wage. In fact, the minimum wage in all researched countries is far below this threshold. Therefore CCC recommends that the industry should immediately pay the poverty threshold and brands should set buying prices to enable this to happen. Governments should also raise minimum wages. For Georgia, the EU Commission must act to safeguard the reinstatement of labour rights.

Journalists often ask us: 'Can't the EU make sure that at least the garment workers in the EU are treated well?'

In fact, EU's actors are striving for the opposite. The EC and the IMF are extremely influential players in the region. Their interventions are targeted at lowering or freezing minimum

wages. Countries depend on international loans, but along with the loans they get policy interventions which include minimum wage restrictions. Within the new framework of EU's economic governance, under the Macroeconomic Imbalance Procedure, the systematic surveillance of national wage settings became a normal feature of EU's policy. Freezing and reducing legal minimum wages are the usual prescriptions that come from this surveillance.

This type of policy and action bluntly contradicts EU's "Europe 2020" strategy, where the EU obliges itself to reduce poverty by lifting at least 20 million people out of the risk of poverty or social exclusion by 2020.

## **EU has tools to tackle this issue.**

**Agnes Jongerius**, MEP, Vice-Chair of the Employment and Social Affairs Committee of the European Parliament.

For a long time, everybody has known about miserable working conditions in the fashion industry. But usually this is associated with countries like China or Bangladesh, not Europe. It is very important to make it known to people in Brussels and elsewhere that these conditions prevail in Europe.

It is shocking to learn that working people in Europe can earn less than 150 EUR per month.

As a trade unionist, Agnes Jongerius supports the benchmark of 60% of the average wage. What are the tools MEPs have in hand? Inside the EU, social affairs are seen as a national matter; however the European Commission does feel free to suggest recommendations for the labour markets in its country specific recommendations. The issue is that they are not always in favour of workers. Currently the Commission has presented a set of social indicators for its economic governance; however none of the proposed indicators within the European Semester include the quality of work or the relative wages. That is why Agnes's political group – the Socialists and Democrats – requested, during a recent Employment Committee, meeting that all those indicators on quality jobs and relative wages should be made transparent in the process. Improving the European Semester could be a first tool. Secondly, there is the Charter of Fundamental Rights of the European Union, which is binding for all Member States. Workers' rights are included in article 31 on fair and just working conditions. Under article 31 Member States have a clear obligation to protect workers from exploitation by private employers.

Georgia and Moldova are part of the EU Eastern Partnership of the European Neighbourhood Policy. The EU applies an incentive-based approach, which could be used addressing the issue of labour law in Georgia. Moreover, the European Parliament has for each GSP+ country a monitoring group. Bettina said that she would be taking the CCC STITCHED UP report to the monitoring group in the International Trade Committee, so that they will be able to use it in their discussions with the Georgian government and put some pressure.

However, ultimately, the most effective tool in the box is political pressure through public campaigns. If we don't want inhumane working conditions in China and Bangladesh, why would we want that in our own family, or in our own backyard? Why not calculate a living wage for the European countries in question and on this basis pressure the European Commission to approve this benchmark.



### ***The EU is already active on the issue.***

**Rudi Delarue**, European Commission, DG Employment, Social Affairs and Inclusion.

The EU Commission is working on proposals for relative minimum wages to be expressed as percentages of national average wages. There is also commitment to discussing the issues in Georgia with the EU delegation to Georgia. The information provided by the CCC will also be useful for the Commission's report to the EU Parliament on the GSP+ implementation. GSP+ is a trade scheme that allows zero-tariff access to the EU market, but in order to be granted that status, the countries have to sign that they will apply the core labour standard conventions.

Wage issues, safety at work, decent working conditions are today increasingly becoming part of discussions on trade agreements. With Turkey, the Social Affairs and Inclusion Unit has worked for several years in order to change the social dialogue regulations and the trade unions recognition. Overall, the Commission tries to link trade, development and external assistance in order to be more consistent in the future.

On the issue of binding vis-à-vis voluntary commitments of companies, Rudi stressed that through including labour and health and safety issues in trade agreements, the Commission seeks to make labour issues binding. It wants a state system which is able to adopt, to apply and to control labour standards. Private initiatives can compensate to a certain extent for the lack of governance, but the state's responsibilities remain.



## Debate

**Mario Ivekovic**, Chairperson of the New Union in Croatia commented: A living wage is a human right, but not for garment workers in Eastern Europe! Our workers, as you can see, are at about 36% of a living wage. So, my question is: how is it possible that we accepted all the rules of the European Union, but still we haven't even half of a living wage for garment workers. Our legal minimum wage is not enough for a family and not even enough for one person!"

**Mr. Delarue** responded by repeating that there is no EU regulation on salaries due to the pressure of unions at the time of EU treaty negotiations. However, he mentioned the European Semester, and said that there was recently a clear statement that wages should reflect productivity, but also prevent poverty. Moreover, he stressed President Juncker's quest for a "social pillar".

## HANDING OVER OF THE LIVING WAGE NOW PETITION

by **Anna Mc Mullen**, Coordinator of Labor behind the label – CCC UK

Today, in the garment industry, in production countries, more and more workers are fighting for their right to earn a living wage. Recently in Bangladesh, in Cambodia and Indonesia, thousands of young women and men have taken to the streets demanding wage increases and denouncing the systematic abuse of their basic human rights by their employers, by their governments and by companies.

Today, we are pleased to be here alongside you to hand over the signatures of almost 150 000 citizens and consumers around Europe. In fact the number is 149, 251, which is a lot of people. So, although we are here on behalf of the European citizens, we want to give a special mention also to our friends and partners who have been relentlessly struggling for better working conditions and a living wage in garment producing countries. It is they who went to the streets and picketed in front of the factories and risked their jobs, and sometimes their lives, for better pay, and it is because of them that we are here today.

The Clean Clothes Campaign has been supporting their cause and raising awareness in Europe and garment producing countries about the real cost of high street clothes, and this is something we are committed to continue to do. By signing our petition and joining our street actions, people all over the world have been telling fashion brands, policy makers and governments to make sure that a living wage is paid to garment workers, because a living wage is a human right.

A number of companies have committed to paying a living wage in the future. Others have taken the first small steps to ensure that workers' human rights are protected throughout their supply chain, although this has not yet resulted in a living wage for garment workers. We will not rest until this is a reality.

Thank you very much today for receiving the petition. We ask you to take this back, to your companies, to your colleagues and your peers and to keep pushing this agenda of a living wage, because we feel that it is really, really important.

The Clean Clothes Campaign will keep at this issue until we see a living wage for all the garment workers all around the world.

# PANEL 7

## CHALLENGES OF THE EU FLAGSHIP INITIATIVE FOR A RESPONSIBLE MANAGEMENT OF THE GARMENT SUPPLY CHAINS

13 OCTOBER 2015

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*As the largest consumer market in the world, the European Union has the leverage and the duty to act now and to be a global champion of supply chain responsibility. Does the EU Flagship initiative represent a real opportunity to lead this transformation of the business model? Based on the Clean Clothes Campaign's contribution to the EU flagship initiative, we will discuss the options needed, such as the building of a regulatory framework to sustain a long term commitment to investigate and to remedy to violations of workers' rights in the supply chain of European brand name companies.*

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### PANELISTS

**Klaus Rudischhauser**

Deputy Director-General of DG Development and Cooperation

**Jean-Marc Caudron**

achACT – CCC Belgium

**Michel Cermak**

CNCD-11.11.11

**David Seligson**

ILO

**Wendela Huisman**

Dutch Ministry of Foreign Affairs

**Danielle McMullan**

Business & Human Rights Resource Center



### ***The European Commission Flagship initiative on garment supply chain: state of affairs and orientation.***

**Klaus Rudischhauser**, Deputy Director-General of DG Development and Cooperation.

European citizens have been largely unaware that a lot has already been going on to try to make the garment industry more sustainable, more socially acceptable and more environmentally acceptable. So what we want, first and foremost, with our flagship initiative, it is that the European citizens get the message that the EU is doing something to make garment supply chain more responsible. The idea is not to change totally the political agenda.

We called several stakeholders' meetings in order to find out what it is that we should aim at, precisely. Obviously, what we want to do is to make sure that the situation in producing countries improves. In order to do that, we want to scale up existing initiatives and good practices, we want to scale up EU actions. As such, several services are working on this. We want to increase the transparency of the process and to address consumer awareness.

We are currently considering how to best organize such a process, because it is not necessarily legislative initiatives that represent the most efficient means. Our current thinking at the Commission is to launch a multi-stakeholder platform that will allow initiatives to show what they do, that will allow countries to show what they do, that will allow the private sector to show what they do, and that will also bring together all the questions that need to be addressed, such as what kind of standards or audits could be accepted. The objective of such a platform could be to bring together the cumulative expertise and experience of all parties, and obviously, to define very clear targets and very clear expectations. That would be the best way to actually make sure

that everybody part of the platform takes commitment for what they can do in order to bring the situation forward. Ultimately, if in certain areas, we come to think that regulatory approaches are necessary, we can identify them.



### ***EU should mandate an ombudsperson on Human Rights violations in the garment sector.***

**Jean-Marc Caudron**, achACT – CCC Belgium.

The Clean Clothes Campaign welcomed the invitation to contribute in the identification of this initiative. The Clean Clothes Campaign's contribution has been guided by its conviction that a positive EU response in the field of developing responsible management of the supply chain, needs to deliver effective and long lasting solutions to the workers who have been killed and injured, those who are living in deep poverty and all those whose rights are denied today.

From this perspective, the Clean Clothes Campaign's contribution is based on the proposal to set a long term and efficient mechanism, such as an ombudsperson, whose work should be sustained by having sufficient resources, operating within an appropriate legal framework and with improved coherence in the policies developed by the concerned DGs (Trade and Employment, for instance). This ombudsperson would be mandated to undertake independent inquiries, bring concrete answers to concrete problems – such as the compensation for victims of industrial accidents – and with the power to take necessary steps to initiate the development of a framework ensuring traceability of the supply chain, require due diligence of European companies regarding the respect of human rights along their supply chain and allow access to justice and remediation for the workers who are victims of human rights abuses.



## ***We need product norms on garment as it exists on timber.***

**Michel Cermak**, CNCD 11.11.11.

The FLEGT initiative is designed to fight against illegal timber and unsustainable timber. The trimming covenants are bilateral agreements with producing countries, agreements that are negotiated directly with (of course) the governments of the producing countries, but also with civil society. The initiative has a deep civil society involvement. Since the beginning of the negotiations, the initiative has been monitoring the application of the implementation of the agreement, and that is of course key to what we are trying to achieve here, for the garment sector. I think that any helpful initiatives should involve workers from the countries where garments are produced, every step of the way.

Forty years ago, there was a direct relationship between worker and employer. Today, this relationship has been diluted by the choice of brands that now claim that they don't have a responsibility or the capacity to monitor activities along the supply chain. We are now asking the European Union to reinstate this relationship of responsibility. The citizens of Europe and of the world clearly say they don't want to have a choice between a blood shirt and a clean shirt. When, in Belgium for instance, we managed by social struggles to forbid children to go into mines, we didn't give the consumers a choice between children-free coal and dirty coal.



## ***Challenges and opportunities of the ILO Conference 2016 regarding the supply chain .***

**David Seligson**, ILO.

Decent work in global supply chains will be the general discussion of the International Labour Organisation's Conference in June 2016. This discussion will focus on strategies that are built on complementary and multiple approaches to achieve workplace compliance. The conference may also discuss opportunities for cross-border social dialogue, and also how the multinational enterprises could promote decent working in the global supply chain. We want to better understand under what conditions the global supply chains contribute to inclusive development.

Organising this conference in 2016 doesn't mean the ILO has ignored the global supply chain up to now. For example, the ILO and the International Finance Corporation developed the Better Work program, a big program in the garment sector that is improving the working conditions of thousands of workers in 8 countries.

But decent work in global supply chains is a very controversial item. The different governments, the employers and workers will all arrive to the conference with very different views of this issue. We hope to ensure a meaningful discussion and help the stakeholders bend their different views, to ensure they can discuss matters openly and that the conference could then arrive at some conclusions. The ILO is a member driven organisation, so the members – the governments, the employers and the workers – will be the people who decide what policies the organization should undertake. Then, after the conference, our governing body will discuss the conclusions and decide whether to undertake more research, programs or activities.



## ***Priorities of the Dutch Presidency of the EU regarding the garment supply chain.***

**Wendela Huisman**, Dutch Ministry of Foreign Affairs.

The Dutch government has always been an active contributor to improvements in the garment supply chain and is now moving towards a more regional approach. This means, for example, that we are supporting and funding ILO programs for improvement of the Public Labour Inspectorates in Vietnam and Pakistan; we are supporting the Fair Wear Foundation, the Sustainable Trade Initiative and Solidaridad on multiple textiles programs in many garment countries, ranging from Myanmar to Ethiopia, in which living wage and freedom of association are crucial themes; and we are organizing the Asian Living Wage Conference (ALWC) in Pakistan in February 2016, with Germany and the ILO.

The Netherlands believes in EU-wide multi stakeholder sectoral cooperation. We believe that this approach provides leverage and a level playing field for businesses in global value chains that respect the principles of corporate social responsibility, and seeks to enhance the coherence of EU trade and development policies and their contribution to sustainability in global value chains.

The EU Flagship Garment initiative is an excellent example of an initiative on an EU level that will enable stakeholders to collaborate, coordinate and to learn from each other. Our government supports the ambitions of the EU Flagship Garment Initiative but we don't believe that one size fits all. The Bangladesh Compact has proven to be a successful instrument, but that does not mean it will be the most effective instrument in all RMG markets. Finally, the initiative requires that all stakeholders start thinking on a European level, instead of mainly putting forward our own ideas and initiatives.



## ***The limits of the Voluntary corporate responsibility and the need for a regulatory framework.***

**Danielle McMullen**, Business & Human Rights Resource Center.

From our perspective at the Resource Centre we have seen the number of voluntary initiatives increase exponentially. However, while some progress has been made, these initiatives have failed to bring about systemic change for workers in global supply chains on issues like health & safety, freedom of association, and the living wage. This is why regulation from national governments and particularly the EU is a crucial part of driving change.

What are the limitations of voluntary initiatives in tackling these problems? The single biggest problem with voluntary corporate initiatives is that they are simply ... voluntary. You simply can't bring about the kind of long term sustainable change we are talking about, because you are not engaging enough companies. So while some leaders will improve their systems and practices through such initiatives, what about the others – the majority – who are not engaged or implementing the necessary practices? What about the workers in these supply chains?

Responsible companies, that take the management of business risks seriously, already carry out due diligence. Those that don't, or won't, are creating problems for the rest. EU action to bring about a base level of acceptable action on these issues, by prescribing mandatory due diligence in legislation, would – I think – be welcomed by companies that are trying to take these issues seriously.

On the issue of the Flagship initiative, freedom of association and workers' voices need to be absolutely central. The lack of worker voices within many corporate led initiatives is one of the main reasons we see for the failure of these initiatives. The other aspect of the CCC submission that I think is very important to be integrated into the Flagship, is the emphasis on access to remedy and particularly its recommendation for the appointment of an independent Ombudsman with powers to investigate allegations. CSR initiatives are characterised by poor enforcement and that undermines the entire credibility of an initiative. The Flagship can really make a contribution here, both by requiring companies to have Guiding Principles compliant grievance mechanisms and also by ensuring the establishment of an independent mechanism with real teeth.



### ***What is needed is transparency along the supply chain.***

**Ineke Zeldenrust**, CCC IO coordinator.

What is needed is not more transparency around CSR initiatives, but more transparency on what is happening in the global supply chain. That is why CCC is requesting to set up a transparent system, where actually legislation would make sure that we would have the information on which factories are producing for which brands. That is not information that can be provided at the moment by workers or their organizations, because we don't have access to it. Such a system already exists, for example, for the imports into the US and Canada, and has done for many years. There, you can actually go into databases and you can find a number that corresponds to labels on the garments of the brands. It would be good to have specific types of legislation, for example, around transparency, which are concrete, doable and actually build on existing legislation, either in other countries, or in other sectors.

**Klaus Rudischhauser:** It can be done, but I am not sure how well the system in the US works. You can have legislation, but it doesn't mean it immediately resolves everything. For the rest of the points raised, I think that the question of origin of garments is certainly one of the things that is the easier to move forward.



## CONCLUSION

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### THE END OF CODES OF CONDUCT AND SOCIAL AUDITS

Voluntary codes of conduct and “Corporate Social Responsibility” (CSR) have shown their limits, and there is considerable pressure today to shift to more binding systems: these would draw on the UN and OECD guidelines on human rights that companies must respect in their activities. “Due diligence” - or in other words the obligation to take reasonable action to settle serious problems in the sector - means identifying the problems, preventing them and assessing risks. This is all fine, but trade unions and NGOs are getting impatient – the effort must also include reducing and eliminating those problems.

### BINDING AGREEMENTS ARE ON THE WAY

The Bangladesh Accord on Fire and Building Safety and Freedom of Association Protocol in Indonesia no doubt comprise major steps on the path from purely voluntary action to a law which obliges and protects. These are promising, innovative international agreements tackling concrete causes of specific problems, safety in workshops in the first case, freedom of trade unions in the second. But more are needed, and they need to be increasingly mandatory, transparent, verifiable and very concrete, with broad, direct participation of the workers concerned and with international support.

C&A and Inditex are showing increasing commitment in this direction. The OECD representative stressed the importance of continually reviewing purchasing practices of major brands because, even if wages and working conditions could be improved, they are still threatened by the abrupt, massive, rapid demands of distributors, particularly for rapid renewal of collections that must be ready in a short time.

But, other than modifying their purchasing practices – about which the audience was still sceptical – what are brands and distributors prepared to do in order to promote a living wage that is considerably higher than the miserable salaries paid today? Asia Floor Wage Alliance considers that brands should finance part of this rise, since, alongside the large distributors, they are the ones that gain the lion’s share of the value of the products manufactured by the entire supply chain. But that is still a long way off. A representative of IndustriAll, an international trade union, considered that brands could also dive into their pockets – they can hardly argue the relation between wages and productivity when salary levels are so low.

Companies responded saying that they cannot impose everything on their suppliers, and that first and foremost, workers’ organizations should be promoted so as to have stronger correspondents to face suppliers and local governments, which should also be involved. Everyone of course agreed, particularly since in the countries in question, trade unionism is often repressed. But is this just another way of getting around the problem, of shirking responsibility? (It is interesting to see brands promoting trade unionism...) No, say representatives of the Inditex group (Zara, etc...), who stated that they want to develop long-term relationships and consider that the future lies in the growing power of better trained and organized workers. We couldn’t agree more ...

In that case, “major international groups should accept to be involved in direct negotiations with us” responded the Cambodian trade unionists who are hoping for a firm, permanent negotiation framework involving all players, suppliers, governments, local trade unions, international trade unions, brands and distributors.

## TIME FOR LAW

The discussion of the European Commission's flagship initiative centred on the need for strong, binding legislative restrictions recommended by some, while the Commission preferred to promote voluntary initiatives, before possibly moving on to legislation, "if it turns out to be indispensable". To reduce stalling, Ineke Zeldenrust (CCC) recalled that progress could be made immediately in certain fields, such as transparency of the supply chain, for example, which has already been organized in the United States and Canada. A transparent supply chain is a prerequisite for identifying and assessing risks.

### ... and for major clean up ...

Finally, the European Union should clean up its own backyard, since the situation of garment workers in certain Member States is as bad as it is in Asia: we saw this, both in testimonies and in the presentation of the CCC study on Eastern Europe, the quality of which was lauded by MEPs and representatives of several institutions. The study contradicts the oversimplified view of globalization in the garment industry as a North/South issue. Given the disastrous situation of garment workers in Bulgaria, Romania and Slovakia, the European Union itself is one of the black zones of the global economy in the clothing industry.

Paradox: since the European Union cannot penalize Member States resorting to the access to markets with the same conditions imposed on non-European partners, it is not directly in a position to impose a living wage in these countries. The Commission representative nevertheless adheres to the idea defended by the CCC – a living wage must be reached that is at least 60% of the average wage.

Among the Union's close neighbours, Georgia was also mentioned as a country where the clothing industry is very present. Workers' rights have been literally stampeded by the total deterioration of labour law, and the repression or disappearance of trade unions, labour inspection and collective bargaining structures.

## IMMEDIATE PERSPECTIVES

The Clean Clothes Campaign now plans to increase political pressure on the European Union to get a firmer commitment to improving the position of workers in the garment industry in the world and in Europe. This will be a priority for the future CCC agenda.

Another important rendezvous will be the session that the ILO will devote to global supply chains in June 2016. This will be an opportunity for trade unions and the CCC to try to obtain stronger commitments in favour of schemes that protect workers in the clothing industry and significantly improve their condition.











## APPENDIX

### LIST OF LIVING WAGE NOW FORUM PARTICIPANTS



FIRST / GIVEN NAME	LAST / FAMILY NAME	COUNTRY	ORGANISATION
Corina	Ajder	Romania	CCC Romania
Karamat	Ali	Pakistan	PILER
Syarip	Aripin	Indonesia	LIPS
Charlie	Aronsson	Sweden	Fair Trade Center
Iratxe	Arteagoitia	Spain	SETEM
Joseph Leon	Arulvasagam	Sri Lanka	National Free Trade Union
Palitha	ATUKORALE	Sri Lanka	Progress Union
Philippe	Beck	Luxemburg	FTI
Anannya	Bhattacharjee	India	AFWA
Shikha	Bhattacharjee	India	Society for Labour and Development
Phil	Bloomer	UK	B&HR Resource Center
Sergio	Chavez	El Salvador	Equipo Investigacion Laboral SV
Fernanda	Couñago Otero	Spain	CCC Spain
Liana	Dalton	Cambodia	CCAWDU
Poonam	Datar	UK	MEP Assistant
Christa	de bruin	Netherlands	Schone Kleren Campagne
Tanne	de Goei	Netherlands	CCC International Office
Rudi	Delarue		DG Employment, Social Affairs

FIRST / GIVEN NAME	LAST / FAMILY NAME	COUNTRY	ORGANISATION
Abdulhalim	Demir	Turkey	CCC Turkey
Adriana	Espinosa		ECCJ
Yannick - Yvane	Etienne - Castera	Haïti	ESPM-BATAY OUVRIYE
Jenny	Fagerlin	Sweden	H&M
Lisa	Fairclough	UK	PHS
Sabine	Ferenschild	Germany	Suedwind
Liana	Foxvog	USA	International Labor Rights Forum
Kalesha	Gibson	UK	Topshop Topman
Theresa	Haas	USA	Worker Rights Consortium
Julien	Hagelstein	Belgium	translator
Christina	Hajagos-Clausen	Switzerland	IndustriAll
Ofelia	Harms Arruti	Germany	Journalist
Cédric	Hellemans	Belgium	achACT
Berndt	Hinzmann	Germany	INKOTA
Natalia	Hirtz	Belgium	Gresea
Christine	Höbermann	Germany	ENS
Ruth	Hoekstra	Belgium	European Commission
Bart	Holvoet	Belgium	Wereldsolidariteit
Laurence	Hugues	France	Assistante Parlementaire
Wendela	Huisman	Netherlands	Ministry of Foreign Affairs
Huib	Huyse	Belgium	HIVA
Ann	leven	Belgium	
Mario	Ivekovic	Croatia	Novi sindikat
François	Jadoul	Belgium	Gresea
Annemie	Janssen	Belgium	WSM
Robert	Jeffcott	Canada	Maquila Solidarity Network
Jean	Jenkins	UK	Cardiff University
Agnes	Jongorius	Netherlands	MEP
Sandra	Juncu	Belgium	ECCJ
Ante	Juric Marijanovic	Bosnia and Herzegovina	Youth Communication Centre Banja Luka
Dwight	Justice	Belgium	ITUC
Gijs	Jutaert	Belgium	WSM
André	Kiekens	Belgium	Wereldsolidariteit
Daniela	Kistler	Switzerland	CCC Switzerland
Tanja	Kjeldgaard	Denmark	CCC Denmark
Athit	Kong	Cambodia	CCAWDU
Michaela	Königshofer	Austria	CCC Austria
Rossitza	Krueger	Germany	FTI
Denis	Lambert	Belgium	achACT
Jean	Lambert	UK	MEP
Delphine	Latawicz	Belgium	CNE

FIRST / GIVEN NAME	LAST / FAMILY NAME	COUNTRY	ORGANISATION
Solange	Lecomte	Belgium	Stylist
Sarah	Lecoq	France	ARTE
Andrea	Ledo	Spain	SETEM
Carin	Leffler	Norway	CCC Norway
Katrien	Liebaut	Belgium	Wereldsolidariteit
Christine	Liefsoens	Belgium	Wereldsolidariteit
Arne	Lietz	Germany	MEP
Raisa	Liparteliani	Georgia	GTUC
Inez	Louwagie	Belgium	Gent Fair Trade
Helle	Løvstø Severinsen	Denmark	CCC Denmark
Christa	Luginbühl	Switzerland	CCC Switzerland
Samantha	Maher	UK	Labour Behind the Label
Han	Mannaert	Belgium	Fashion Designer
Petr	Mareš	Czech Republic	NaZemi
Danielle	McMullan	UK	B&HR Resource Center
Anna	McMullen	UK	Labour Behind the Label
Monia Beatriz	Mello da Cunha		ILO
Klaus	Melvin	Denmark	CCC Denmark
Jeroen	Merk	Netherlands	International Institute of social studies
Delicia	Millahual	Argentina	18 de Diciembre cooperativa
Francoise	MILLECAM	Belgium	DEVCO
Ana	Miranda	Spain	MEP
Filip	Misplon	Belgium	Algemene Centrale-ABVV
Peter	Moehinger	Belgium	FTAO
Marc	Molitor	Belgium	Writer
Filip	Molnár	Czech Republic	"MEP Assistant Kateřina KONEČNÁ"
Jean Michel	Muhire	Belgium	
Dominique	Muller	Netherlands	CCC International Office
Johanna	Mulumba	Belgium	Jeunes CSC
Bayu	Murnianto	Indonesia	FSBI Union Federation
Bettina	Musiolek	Germany	ENS
marianne	nerinckx	Belgium	H&M
Kate	Nolan	Ireland	CCC Ireland
Clarisse	Noury-Binder	Belgium	Entrepreneure
Elke	Oeyen	Belgium	ACV-CSC
Wouke	Oprel	Belgium	Schone Kleren Campagne
Andriko Sugianto	Otang	Indonesia	Trade Union Rights Centre
Anna	Palmqvist	Sweden	H&M
Florence	PALPACUER	France	University of Montpellier
Anna	Paluszek	Poland	CCC Poland

FIRST / GIVEN NAME	LAST / FAMILY NAME	COUNTRY	ORGANISATION
Irene	Patricia Lourdes	Malaysia	CAW
Geeraard	Peeters	belgium	FGTB
Indalcio	Perez	Spain	Inditex
Katarina	Perkovic	Croatia	Novi sindikat
Noémie	Picavet	Belgium	achACT
Anton	Pieper	Germany	Suedwind
Leslie	Pierrard	Belgium	DEVCO
Tim	Pilch	UK	Pentland
Laura	Pinault	Belgium	Oxfam-Magasins du Monde
Felix	Poza	Spain	Inditex
Ramanath	Prathibha	India	GATWU
Jyrki	Raina	Switzerland	IndustriALL Global
Deepika	Rao	India	Cividep India
Radboud	Reijn	Belgium	Justice & Peace
Tamara	Reisig	Germany	MEP assistant Arne Lietz
Melona	Repunte Daclan	Philippines	Defend Job Philippines
Els	Reyniers	Belgium	Translator
Alba	Riobo Souto	Belgium	DEVCO
Lidia Senra	Rodriguez	Spain	MEP
Anita	Roetzer	Austria	CCC Austria
Ashim	Roy	India	New Trade Union Initiative
Véronique	Royen	Belgium	CTB
Klaus	Rudischhauser	Belgium	DEVCO
Namrata	Sandhu	UK	Arcadia Group
Jennifer	Schappert	France	OECD
Henk Jan	Scholten	Nederland	Hiil Innovating Justice
David	Seligson	Switzerland	International Labour Office
Maria	Serban-Temisan	Netherlands	CCC International Office
Victor	Serrano	UK	NewLook
Emelia Yanti	Siahaan	Indonesia	GSBI Unions Federation
Fabienne	sichien	Belgium	Wereldsolidariteit
Martua Raja	Siregar	Indonesia	Garteks
Erica	Smiley	USA	Jobs with Justice
Tibbe	Smith	Denmark	CCC Denmark
Sabine	Solvyns	Belgium	Foreign Affairs Ministry
Yang	Sophorn	Cambodia	Garment and Textile Workers
Lauriane	Systemans	Belgium	Reporter
Sophie	Tack	Belgium	Oxfam-Magasins du Monde
Axel	Tardieux	France	ARTE
Claire	Terlinden	Belgium	Solidarité Mondiale
Frédéric	Thibaut	Belgium	

FIRST / GIVEN NAME	LAST / FAMILY NAME	COUNTRY	ORGANISATION
Julia	Thimm	Germany	Tchibo
Ram Kishore	Tripathi	India	Hind Mazdoor Sabha Union Federation
Emilie	Troquette	Belgium	achACT
Subathra	Vaidhuiyanatha	UK	NewLook
Sylvie	Van Acker	Belgium	H&M
Valérie	Van Belle	Belgium	ANMC
Jessie	Van Couwenberghe	Belgium	ACV-CSC
Jacques	Van der Borght	Belgium	Wereldsolidariteit
Jennifer	Van Driessche	Belgium	Solidarité Mondiale
Chris	Van Droogenbroeck	Belgium	LBC-NVK
Jef	Van Hecken	Belgium	Wereldsolidariteit
Mirjam	van Heugten	Netherlands	CCC International Office
Léonard	Van Oost	Belgium	achACT
Pierre	Van Sprolant	Belgium	Translator
Bruno	Van Steenberghe	Belgium	Stanley & Stella
Christian	Vancoppenolle	Belgium	ABVV-FGTB
Aurélie	Vandekasteel	Belgium	FGTB (syndicat)
Mia	Vandenberghe	Belgium	Wereldsolidariteit
Ben	Vanpeperstraete	Switzerland	UNI / IndustriALL Global Union
Breixo	Vázquez Rodriguez	Spain	CCC Spain
Patrick	Veillard	Belgium	Oxfam-Magasins du Monde
Anne	Verbruggen	Belgium	ACP
Bart	Verstraeten	Belgium	Wereldsolidariteit
Jacques	Vervier	Belgium	achACT
Pauline	Victor	Malaysia	PSWS
Don Marcus	Waharana Liyanage	Sri Lanka	FTZ & GSE union
Chamila Thushri	Wijesinghe	Sri Lanka	Dabindu Collective
Hilde	Willems	Belgium	Algemene Centrale-ABVV
Peter	Williams	UK	FTAO
Maryse	Williquet	Belgium	achACT
Fabienne	Winkler	Germany	ENS
May Yuet	Wong	Hong Kong	Globalization Monitor
Monina	Wong	Hong Kong	ITUC
Mei Lin	Wu	Hong Kong	HKWWA
Lynda	Yanz	Canada	Maquila Solidarity Network
Blandine	Yernaux	Belgium	
Thiruvalluvar	Yovel	Netherlands	CCC International Office
Ineke	Zeldenrust	Netherlands	CCC International Office



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