



People Guideline

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The focus of our actions are people and nature, always in the balance of social responsibility, ecology, and economy. Our Policy Statement is based upon this premise and outlines the most important principles and rules for all our activities – transparently, openly, and bindingly.

Protection of the environment and compliance with social standards has become vital not only for the Outdoor Industry, but the whole Textile Industry with all parts of their its supply chain. We are responsible for our products and must not only satisfy the legal safety requirements and safety values for harmful substances, but also want to actively reduce their impact on a social & global level. Our aim therefore is to perform better than the legally required minimum. We intend to create more transparency in our production processes and want to support and empower our partners and their supply chains to pursue that goal by introducing a range of helpful tools.

As a brand we bear responsibility towards people. To our customers: We want to provide high-quality, long-lasting products. To our employees: We aspire to be fair to everyone involved in the development of our products. And fair to everyone in the society to which we belong.

This document is specifically geared toward the needs of deuter’s supply chain, including raw material & chemical suppliers, mills, dye houses, trim & packaging suppliers, screen-printers, factories, and any other entity involved in the manufacturing of our finished goods. In addition to the Promise Policy, it is intended to be a guideline as well as training document for a successful implementation of a management system handling the deuter policies and standards.

All suppliers in deuter’s supply chain have the responsibility to ensure that all minimum legal requirements concerning labour, operational health & safety, environmental and product safety are fully complied with. However, our standards partly exceed the legal requirements of the national laws of the countries. We expect that all suppliers pursue only business relationships with subcontractors that are in compliance with this guideline and directive. We also want to draw your attention to the point, that you will be liable for damages, in fact your information given to deuter is not correct or incompliant with deuter’s standards.

It is a living document and will be updated regularly to keep up with future developments and to consider feedback we will receive from our business partners and other stakeholders.



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1. BUSINESS PRACTICES

1.1. LAW AND COMPLIANCE

All suppliers are expected to comply with and will be monitored to: (1) all relevant and applicable laws and regulations of the country in which workers are employed, including those at the federal, state/provincial, and local community levels, (2) our Promise Policy, and (3) where applicable, Collective Bargaining Agreements.

Social Management System (Social compliance)

A Social Management System (SMS) is the set of policies, processes, and procedures that allow a business to manage its social performance on a continuous basis to track improvements. An effective SMS will help a business to:

- Demonstrate its business maturity as a responsible enterprise
- Consolidate reputation vis-à-vis clients, customers, and investors
- Early detect, monitor, and remedy any adverse impact of its business activities

Basic Principles:

Engagement - The development and implementation of an effective SMS cannot be made in isolation but require a regular engagement of several functions within a business enterprise.

The crucial functions it engages with are: Human resources, Occupational health and safety, Quality and compliance

Cyclical - A SMS is not static but needs to be continuously adjusted based on the verification of its effectiveness. This approach can be summed up as:

- **Plan:** Identify the practices in the business enterprise that may need improvements to be socially responsible
- **Do:** Identify and implement necessary changes. This may require appointing responsible individuals or teams to implement the necessary changes.
- **Check:** Monitor the success of the implementation in relationship to possible improvements.
- **Adjust:** Move towards agreement and take the necessary corrections to continue the improvement process.

Systemic - an SMS is meant to interconnect areas within a business, thus preventing individuals working and acting in isolation. This interconnection will stimulate cost efficiencies and overall synergy within the business. Setting up an effective SMS is not an aim in itself, but a tool to support business enterprises in their endeavor to boost their social responsibility.

Setting a Social Policy - An effective SMS must be supported by a credible social policy and internal and external functioning procedures. A social policy acts as a compass within the business enterprise. It sets the vision, the position, and in some cases even the strategy that a business has about its responsibility towards human and labour rights. A social policy does not need to be a long and technical document, but rather a policy that is easy to understand by both internal and external stakeholders.

Good Record Keeping System - An effective SMS must be supported by a good record keeping system. A good record keeping system should be compliant, responsible, implemented, reliable and available.

Internal monitoring - Do conduct checks, adjust, check the intent, implementation, and effectiveness of your SMS.

Further Information & guidance:

https://www.amfori.org/sites/default/files/Annex%203%20How%20to%20Set%20Up%20a%20Social%20Management%20System_0.pdf

1.2. TRANSPARENCY

We aim at full transparency over our complete supply chain. There are multiple reasons for this goal:

- It is important for us to have a better understanding of our supply chain, to implement and monitor our guidelines.
- The new supply chain law in Germany makes it a legal requirement to have more transparency in our supply chain.
- We are member of multiple organizations, like the Fairwear Foundation, the Partnership for sustainable textiles and the Green Button, they all also aim at increased transparency.

It is required for us to have this process in place and gather this information. **No information and details will be shared with third parties**, unless needed in our certification processes.

Only through transparency sustainable procedures can be implemented and supported.

Therefore, suppliers are expected to share information about their supply chain. deuter expects transparent disclosure about the suppliers used during periodic requests.

Please fill out the supplier registers below. The document is available for download on the e-learning platform.



Supplier Register for
download.xlsx

Note: We are using the HIGG Index and transparency can also be provided by sharing the HIGG FEM & FSLM modules. (HIGG ID: 152342)

1.3. CORRUPTION

Why does preventing corruption matter?

Corruption is the abuse of entrusted power or a position of authority, by a person or organization, to acquire illicit benefits for one's private gain. Corruption may involve many activities which include bribery and embezzlement, and it may also involve practices which are legal in many countries. Corruption erodes trust, weakens democracy, hampers economic development, and further exacerbates inequality, poverty, social division, and the environmental crisis.



deuter's Promise Policy state: "deuter has zero-tolerance against corruption. Suppliers are not allowed to provide for, request or receive anything that can be defined as corruption. All suppliers shall agree to condemn and act against corruption in all its forms, including extortion and kickbacks. However, no actions should put lives at risk due to strict adherence to the guideline and regulation for anti-corruption."

What actions may cause or contribute to adverse impacts?

Corruption can take many forms:

- Public servants demanding or taking money or favours in exchange for services
- Politicians misusing public money or granting public jobs or contracts to their sponsors, friends, and families
- Corporations bribing officials to get lucrative deals or other advantage

For further info on corrupt behaviours: <https://www.transparency.org/en/corruptionary>

Corruption can happen anywhere: in business, government, the courts, the media, and in civil society, as well as across all sectors from health and education to infrastructure and sports.

Corruption can involve anyone: politicians, government officials, public servants, businesspeople, or members of the public.

Corruption happens in the shadows, often with the help of professional enablers such as bankers, lawyers, accountants and real estate agents, opaque financial systems and anonymous shell companies that allow corruption schemes to flourish and the corrupt to launder and hide their illicit wealth.

Corruption adapts to different contexts and changing circumstances. It can evolve in response to changes in rules, legislation and even technology.

How do you prevent, mitigate and remedy adverse impacts?

One of the most important points in fighting corruption is transparency. Transparency is all about knowing who, why, what, how and how much. It means shedding light on formal and informal rules, plans, processes, and actions. Transparency helps us, the public, hold all power to account for the common good. To reach that goal an internal risk assessment might be a useful tool.

The primary objective of the corruption risk assessment is to better understand the risk exposure so that informed risk management decisions may be taken. A structured approach for how enterprises could conduct an anti-corruption risk assessment is outlined in the steps below.

Risk Assessment:

1. Get key stakeholders involved and establish a process
2. Identify the risks
3. Rate the inherent risk
4. Identify and rate mitigating controls
5. Calculate residual risk
6. Develop an action plan

Further Information & guidance:

<https://www.oecd.org/corruption/Anti-CorruptionEthicsComplianceHandbook.pdf>

2. LABOUR PRACTICES

All suppliers must comply fully with all legal requirements relevant to the conduct of their businesses and must adopt and follow practices which safeguard human rights, workers' employment rights & safety.

deuter is committed to respecting human rights¹ and the ILO International Labour Standards² and will refrain from any activity or relationship with any company that assists, solicits, or encourages others to violate human rights. deuter expects its all its suppliers to do the same and, in the event of a perceived risk of a human rights violation, to properly inform us of this and of the steps being taken to prevent or mitigate such violation and, where this is not possible, for the supplier to ensure that the negative human rights impact is remedied where they have caused or contributed to it. For the purposes of these People Guideline, human rights and labour standards are a set of rights that recognize the inherent dignity, freedom, and equality of all human beings, as expressed in the United Nations International Bill of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

2.1. FORCED LABOUR

Why does protecting against forced Labour matter?

The 2018 Global Slavery Index estimates that today there are more than 40 million victims of modern slavery. As a work intensive sector, the textile and apparel industry are at high risk of forced labor,

Forced Labour encompasses the risk posed by any involuntary work or exploitation, including prison labour, indentured labour, bonded labour, debt servitude, state imposed forced labour and human trafficking, where coercion, threats or deception are used to intimidate, penalize, or deceive workers. Forced Labour may also be associated with the worst forms of child labour.

Forced Labour implies the use of deception or coercion, either by the state and public agencies, or by private individuals and enterprises, to force people to enter work or service against their will, to work in conditions they did not accept and to prevent them from leaving the job by using any form of punishment or threat of penalty.

Forced Labour is almost universally banned, and two ILO Conventions - the Forced Labour Convention, 1930 (No. 29) and Abolition of Forced Labour Convention, 1957 (No. 105) - are the most widely ratified of all international labour conventions. Specific prohibitions of forced labour have also been incorporated in the labour codes or general employment legislations of many countries.

At deuter, we treat forced labour, human trafficking, and slavery as zero-tolerance issues. Business relationships can be impacted if such issues are found and can lead to enforcement action, warning letters and, if timely remedies are not offered, to termination.

deuter's Promise Policy state: "There shall be no form of forced or compulsory labour. Forced or compulsory labour is any form of service that is required of a person under threat of any penalty and for which the person has not volunteered. No employee may be compelled to work through force or intimidation of any form, or as a means of political coercion or as punishment for holding or expressing political views. Human trafficking is prohibited. (ILO Convention 29, 105 and 182)"

¹ United Nations - Universal Declaration of Human Rights (2015)
https://www.un.org/en/udhrbook/pdf/udhr_booklet_en_web.pdf

² International Labour Organisation - International Labour Standards
<https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12000:0::NO::>

What actions may cause or contribute to adverse impacts?

The eleven ILO forced labour indicators as outlined below are based upon the definition of forced labour specified in the ILO Forced Labour Convention, 1930. The presence of a single indicator in a given situation may in some cases imply the existence of forced labour. However, in other cases the factory may need to look for several indicators which, taken together, point to a forced labour case. Overall, the set of eleven indicators covers the main possible elements of a forced labour situation, and hence provides the basis to assess whether an individual worker is in a situation of forced labour.

Abuse of Vulnerability

- × Anyone can be a victim of forced labour. However, workers who lack knowledge of the local language or laws have few livelihood options, belong to a minority religious or ethnic group, have a disability, or have other characteristics that set them apart from the majority population are especially vulnerable to abuse.
- × When a factory takes advantage of a worker's vulnerable position, for example, providing employment contracts that are not in a language understood by the workers and those that bind or prohibit voluntary resignation can amount to a situation of forced labour.
- × **Migrant worker vulnerabilities** - Migrant workers, especially in upstream supply chains, face unique vulnerabilities. E.g., Recruitment fees, which prospective employees sometimes pay to secure work, may leave workers in debt bondage.

Abusive Working and Living Conditions

- × When work may be performed under conditions that are degrading (humiliating or dirty) or hazardous (difficult or dangerous without adequate protective gear), and in severe breach of labour law.
- × Workers who are subjected to substandard living conditions, made to live in overcrowded and unhealthy conditions without any privacy.

Deception

- × Deception relates to the failure to deliver what has been promised to the worker, either verbally or in writing, for example through ambiguous and unregulated employment terms and conditions.
- × Deceptive recruitment practices can include false promises regarding working conditions and wages, but also regarding the type of work, housing and living conditions, acquisition of regular migration status, job location or the identity of the employer.
- × Children may also be recruited through false promises, made to them or their parents, concerning school attendance or the frequency of visits by or to their parents.

Debt Bondage

- × Providing unpaid labour, in particular child workers, in payment of a debt owed to the factory by another person, usually the worker's parent or relative.
- × Reaching an agreement with the head of a local community to use locals as unpaid workers in return for goods or services which the factory can provide, for example, accommodation, food, protection, or weapons.
- × Charging fees or costs incurred in the recruitment process for workers to secure employment or placement, resulting in workers being forced to work to pay off debts incurred to cover recruitment costs.

Excessive Overtime

- × Forcing workers to work hours in excess of the legal maximum limit or standards set by deuter.
- × Forcing workers to work overtime compulsorily against their will.
- × Forcing workers to work overtime at the risk of dismissal.
- × Increasing the production targets during peak season and forcing workers to work overtime without pay to reach production quotas.
- × Workers work overtime due to financial hardship because their wages do not meet the legal minimum.

Intimidation and Threats

- × Workers who suffer intimidation and threats when they complain about their conditions or wish to quit their jobs.
- × In addition to threats of physical violence, other common threats used against workers include denunciation to the immigration authorities, loss of wages or access to housing, sacking of family members, further worsening of working conditions or withdrawal of “privileges” such as the right to leave the workplace.

Isolation

- × Preventing workers from communicating with family or friends as a means of isolating them in the work situation.
- × Workers may be isolated by being kept behind closed doors or having their mobile phones or other means of communication confiscated, to prevent them from having contact with their families.

Physical and Sexual Violence

- × Subjecting workers or their family members to actual physical or sexual violence to have greater control over them.
- × Violence can also be used to force a worker to undertake tasks that were not part of the initial agreement, such as to have sex with the employer or a family member or, less extreme, to undertake obligatory domestic work in addition to their “normal” tasks.
- × As violence is not acceptable as a disciplinary measure under any circumstances, it is a very strong indicator of forced labour.

Restriction of Movement

- × Using any form of threat (to self and/or family) to force a worker to remain in a factory against their will.
- × Preventing workers from exiting production areas or unreasonably restricting movement around and out of the factory grounds.
- × Use of military or other public security forces to guard the factory or the workers’ dormitories.
- × Restricting or unreasonably regulating workers’ access to basic facilities such as bathrooms, drinking water or the factory canteen.

Retention of Identity Documents

- × Retaining workers original identity, travel and work permit related documents.
- × Requiring workers to pay the factory to gain access to their original identity, travel and work permit related documents.

Withholding of Wages

- × Systematically and deliberately withholding wages to force the worker to remain and deny him or her of the opportunity to change employer.
- × Use of apprentices or trainees who work without pay or receive less than the minimum wage under training agreements.

How do you prevent, mitigate and remedy adverse impacts?

The United Nations Guiding Principles (UNGPs) provide a useful approach for companies to prevent and address the risk of business-related human rights abuses, including forced labour, trafficking, and slavery.

Drawing on the UNGPs approach, here are six steps for your factory to take when tackling forced labour, human trafficking and modern slavery in your business operations and supply chain.

1. **Commit:** Make a public commitment to tackle all forms of forced labour
2. **Assess:** Understand the risks of forced labour in your business operations and supply chain
3. **Implement:** Implement an action plan to tackle forced labour
4. **Remedy:** Provide solutions for workers who are victims of forced labour
5. **Monitor:** Monitor the progress addressing forced Labour
6. **Communicate:** Communicate publicly the steps you have taken

Some possible solutions:

Prevent Abuse caused by Vulnerability

- ✓ Pay special attention when employing vulnerable workers such as migrant workers, refugees, ethnic/minority groups, women, unskilled and illiterate young workers.
- ✓ Worker's vulnerability should not be used to offer employment conditions below the legal minimum, and factory should refrain from using any practices that restrict a worker's ability to terminate employment.
- ✓ Ensure regular employment is provided to all workers including vulnerable workers
 - with standard labour contracts (supplied by the local labour department) in a language the worker understands.
 - if the person is illiterate, that the contents of the contract has been explained to them in a language that they understand.
 - under a collective bargaining agreement which has been endorsed by the union and the local labour department.
 - by agreement with the factory where the terms and conditions of employment, such as wage payments and working hours, are in accordance with the local labour laws.

Remove Abusive Working and Living Conditions

- ✓ Ensure workers are provided with safe, adequate, and decent living and working conditions.

Stop Deception

- ✓ Provide workers with clear employment terms and contracts in advance of the recruitment process.
- ✓ Only make agreements regarding the employment of a worker directly with that worker, and not another party.

Prevent Debt Bondage

- ✓ Ensure there is a clear policy stating that recruitment fees should be paid by employers for finding workers, not by workers for findings jobs.
- ✓ Ensure that systems are in place to identify, understand and stop illegal third-party recruitment fees paid by workers to third party agents.

Eliminate Excessive Overtime

- ✓ Ensure that there is a clear policy which states that all overtime must be voluntary. Educate workers and supervisors on the policy.
- ✓ Establish reasonable and clear production targets which can be met within regular work hours.
- ✓ Any overtime work necessary to reach production quotas or meet orders should be paid according to proper overtime rates (i.e., based on legal or government standards) and must be performed on a voluntary basis.

Prevent Intimidation and Threats

- ✓ Have a clear company policy on violence, harassment, and intimidation in the workplace.
- ✓ Provide training to all staff, including workers and supervisors on the policy requirements.

Stop Physical and Sexual Violence

- ✓ To constitute fair disciplinary practices, they must be clear, documented and well communicated. They must also be progressive and include channels for appeal and the resolution of grievances
- ✓ Physical and sexual violence must be avoided and is a zero-tolerance issue.

Address Isolation & Restriction of Movement

- ✓ Allow workers to freely exit the factory at any time. Create a system for tracking workers if they leave without explanation during regular work hours.
- ✓ Allow workers to communicate with family and friends and do not confiscate mobile phones; an exception being the controlled use of mobile phones in restricted areas of the factory, such as product development.
- ✓ Ensure that there is a policy preventing supervisors and guards from using force against workers or restraining workers to prevent them from leaving production areas or the factory grounds.
- ✓ Provide unrestricted access to bathroom facilities, drinking water and other basic facilities.
- ✓ Ensure that no form of debt or threat is used to force a person to remain in a factory against their will.

Retention of Identity Documents

- ✓ Withholding worker identity documents or other valuable items, including work permits and travel documentation (e.g., passports) is strictly prohibited.
- ✓ Keep photocopies of personal ID documents on file and not the original documents.
- ✓ Provide workers with access to any of their personnel records or files.

Stop Withholding of Wages

- ✓ Provide all wages and other benefits directly to workers and not to any other person.
- ✓ Pay trainees and apprentices at least the legal minimum wage.
- ✓ Provide remuneration to workers in cash, or where there is agreement with the worker, by cheque or direct transfer and not 'payment in kind', i.e., other goods or services.
- ✓ If payment of wages is by bank transfer, workers should have their own accounts which they may access free of interference from the factory.

Provide Grievance Mechanisms

- ✓ Establish an effective grievance mechanism to ensure that any worker, acting individually or with other workers, can submit a grievance without suffering any prejudice or retaliation of any kind.

Never use Prison Labour

- ✓ Subcontract work only to suppliers whose facilities you have visited, and which guarantee that no prison labour in any form is being used.
- ✓ Look closely at the terms of any local community work programs that the factory or your subcontractors become involved in.

ILO 10 Principles for Business Leaders to Combat Forced Labour and Trafficking

1. Have a clear and transparent company policy, setting out the measures taken to prevent forced labour and trafficking. Clarify that the policy applies to all enterprises involved in a company's product and supply chains.
2. Train human resource, compliance officers, and auditors in means to identify forced labour in practice and seek appropriate remedies.
3. Provide regular information to shareholders and potential investors, attracting them to products and services where there is a clear and sustainable commitment to ethical business practice including prevention of forced labour.
4. Promote agreements and codes of conduct by industrial sector (as in agriculture, construction, and textiles), identifying the areas where there is risk of forced labour, and take appropriate remedial measures.
5. Treat migrant workers fairly. Carefully monitor the agencies that provide contract labour, especially across borders, blacklisting those known to have used abusive practices and forced labour.
6. Ensure that all workers have written contracts, in language that they can easily understand, specifying their rights regarding payment of wages, overtime, retention of identity documents, and other issues related to preventing forced labour.
7. Encourage national and international events among business actors, identifying potential problem areas and sharing good practice.
8. Contribute to programs and projects to assist, through vocational training and other appropriate measures, the victims of forced labour and trafficking.
9. Build bridges between governments, workers, law enforcement agencies and labour inspectorates, promoting cooperation in action against forced labour and trafficking.
10. Find innovative means to reward good practice, in conjunction with the media.

Documentation, Procedures and Systems - Evidence of Good Management

Factory Document Checklist

- Employment Advertising
- Recruitment Agent management system (e.g., List of Reliable Recruitment Agents, Standard Agreement with Recruitment Agent, policy on recruitment fee)
- Worker Employment Contract or Collective Bargaining Agreement
- Forced Labour Policy and policy regarding freedom of movement in and out of the factory
- Overtime management system (e.g., policy, procedure, records such as voluntary overtime form)
- Payroll Records
- Personnel Files
- HR/Personnel forms such as annual leave applications and disciplinary measures/warning letter
- Training records related to Forced Labour Standards
- Local laws/regulations related to Forced Labour Standards.

Definitions:

Debt bondage

A situation in which workers are bound in debt to a person or institution resulting from inherited debt, wage advances or loans to cover recruitment or transport costs or from daily living or emergency expenses, such as medical costs.

Forced Labour

“Forced or compulsory labour” is defined by the International Labour Organization (ILO) Forced Labour Convention, 1930 (No. 29), Article 2.1, as “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily”.

Political Coercion

To compel a person by force, intimidation, or authority to act or think in a certain way, for political purposes. For example, placing individuals in state labour camps to silence them or as punishment for their political opinions is a form of political coercion.

Prison Labour

Work which one is compelled to perform due to lack of options, by choice while in prison, or outright against one's will, while in a condition confinement or slavery.

Trafficking in Persons

The Palermo Protocol defines “trafficking in persons shall mean the recruitment, transportation, transfer, harboring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation.”

Worst Forms of Child Labour

ILO Convention No. 182 defines the worst forms of child labour as slavery, debt bondage, prostitution, pornography, forced recruitment of children for use in armed conflict, use of children in drug trafficking and other illicit activities, and all other work harmful or hazardous to the health, safety or morals of girls and boys under 18 years of age.

Further Information & guidance:

United Nations

- > [UN Guiding Principles on Business and Human Rights](#)
- > [Universal Declaration of Human Rights 1948](#)
- > [International Covenant on Civil and Political Rights 1966](#)
- > [Protocol to Prevent, Suppress and Punish Trafficking in Persons especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime 2004](#)
- > [United Nations \(UN\) Code of Conduct for Law Enforcement Officials 1979](#)
- > [Supplementary Convention on the Abolition of Slavery, the Slave Trade, and Institutions and Practices Similar to Slavery, 1957](#)

ILO

- > [Forced Labour Convention 1930](#)
- > [Abolition of Forced Labour Convention 1957](#)
- > [Protocol of 2014 to the Forced Labour Convention, 1930](#)
- > [Forced Labour \(Supplementary Measures\) Recommendation, 2014](#)
- > [ILO Topic page: Forced Labour, modern slavery, and human trafficking](#)
- > [ILO Checkpoints Forced Labour](#)

2.2. CHILD LABOUR

Why does protecting against child labour matter for the workplace?

Children are a vulnerable group in society and must be protected from all forms of exploitation and harm. This is reflected in international labour standards and human rights law.

There are two fundamental ILO conventions dealing with child labour. The ILO Minimum Age Convention 1973 prohibits child labour and provides a minimum age for work which corresponds with the age for completing compulsory schooling. The Convention on the Worst Forms of Child Labour 1999 addressing the worst forms of child labour, including slavery and modern forms of slavery.

The UN Convention on the Rights of the Child 1989 seeks to protect the rights and interests of children in respect of their education and health. It states that in all actions concerning children, the best interests of the child must be a primary consideration. It requires that children are protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development.

deuter's Promise Policy state: "No child younger than 15 years of age or under the age of compulsory school attendance may be employed, whichever is greater. Youth workers (15-17 years of age) may not perform work that, given their circumstances, is detrimental to health, safety, or morale. (ILO Convention 138 and 182)"

What actions may cause or contribute to adverse impacts?

Child Labour

- × Hiring workers less than 15 years old, or less than the age for completing compulsory education in the country of manufacture where such age is higher than fifteen (15), for **any** job in the factory.
- × Factory lacks systems/procedures for identifying underage workers during the recruitment process (for example, not requiring proof of age documentation from job applicants; lacking an age verification process to confirm an applicant's age).
- × Use of home workers or allowing factory workers to work out of their home on a part-time basis. Home workers may receive help from their children to make products at home. Regardless, the use of homeworkers is prohibited by deuter, and irrespective of the fact if homework is allowed and regulated by local labour laws. Similarly, if a factory uses a subcontractor or outsources services without any effective monitoring of the ages of their workforce.
- × Engage with vocational school internship programs involving students, under the minimum age, to perform work in factory.

Childcare Facilities

- × Failure to observe local laws requiring the establishment and/or proper management of an on-site childcare facility.
- × No clear separation/delineation between a factory's childcare facilities and production areas (i.e., childcare facilities are located in, or are easily accessible to, the factory's production areas, placing children at serious risk of injury, illness or chronic disease and death).

Juvenile Workers

- × Using juvenile workers outside the parameters established by legal protections and restrictions for those workers. For example, local laws may require specific legal benefits, protection, and regular monitoring for juvenile workers such as periodic health checks.
- × Employing juvenile workers in conditions that are hazardous to, or jeopardizes, their physical and mental development. For example, assigning juvenile workers to a factory's chemical mixing rooms or apparel press/steam sections.
- × Employing juvenile workers in a way that prevents or hinders them from completing their education. For example, assigning juvenile workers to shift or weekend work, or not allowing them to leave work to complete their schoolwork/exams.
- × Employing juvenile workers in a manner that denies them access to additional educational opportunities, such as vocational training or multi-skills training provided to older workers.
- × Factory does not provide the same level of pay and benefits to juvenile workers that it provides to its adult workers.

How do you prevent, mitigate and remedy adverse impacts?

Based on international standards there are five major approaches to deal with child labour:

1. Setting a minimum age for work - 15 years old, or older as defined by the specific country's laws
2. Suppression of the worst forms of abuse of children by employers: slavery, armed conflict, creation, or dissemination, of child pornography, production of illegal drugs and any work likely to harm the health, safety, or morals of children
3. Prohibiting evening/night and overtime work for juvenile employees
4. Providing proper/routine health examinations for juvenile employees
5. Protection from hazardous work conditions or circumstances for juvenile employees.

Systems & Documentation

It is not possible for a factory to comply with the standard for Child Labour unless the factory implements an appropriate management system in its daily operations. This approach should extend to the factory's Human Resources (HR) and Personnel' policies and procedures, in particular: recruitment, organization of employee files, assignment of juvenile workers to certain production areas, limitations on total hours of work and health checks for juvenile workers, and training of supervisors regarding local laws on juvenile workers.

Child Labour

- ✓ **Verify the minimum age** requirements for the country/province/etc. where the factory is located. If the minimum age is higher than 15, this is the minimum age standard. In all other cases, the minimum age is 15 years old, per deuter policy.
- ✓ Establish a **policy on the minimum age** and effectively communicate and train the factory's employees on the policy.
- ✓ Establish a system for assessing the age of new recruits/job applicants and implement a procedure for cross-checking this information against legal documentation verifying a person's age (e.g., ID Card, Driver's License, Passport, etc.).
- ✓ As required, develop procedures for identifying false IDs or forged age documentation. If ID or age documentation appears false and cannot be sufficiently cross-referenced to establish the correct age of the job applicant, do not hire the applicant.
- ✓ In the event that child labour is discovered in the factory, consult the child and the child's parents or guardians regarding:
 - the circumstances of the child and his or her family (for example, what led the child to seeking a job at the factory, initially, and who influenced that decision).
 - identify educational opportunities that exist both within and outside the factory; or
 - whether a parent or adult relative might be hired in place of the child while the child completes their education.
- ✓ Communicate the "no child labour" requirement to all subcontractors and outsourcing companies engaged with the factory's operation. Conduct risk assessment and periodic monitoring on their systems and implementation to comply with the policy.
- ✓ Carefully review any vocational school internship program that the factory engages in and conduct an age verification process for all students involved in the program. Additionally, students should not be allowed to be involved in factory's production processes.

Childcare Facilities

- ✓ Identify all legal requirements related to the operation of a childcare facility at a factory, including any legal permits and supporting documentation that needs to be provided on behalf of the factory or the childcare facility, if it's separate from the factory's premises.
- ✓ Childcare facility should be clearly separated, both by distance and physical barriers (e.g., walls), from the factory's production areas, be fully supervised by qualified individuals during its operation.

Juvenile Workers

- ✓ Follow all legal requirements for employing juvenile workers.
- ✓ Many manufacturing companies with active compliance program have raised the minimum age for admission to employment, under their own internal standards, to 18 years old. However, refusing juveniles employment, where the local law allows it, may constitute unlawful discrimination.
- ✓ Prohibit overtime or night shift work for juvenile workers, and ensure they have regular working hours that accommodate their educational needs/requirements.
- ✓ Assign juvenile workers to non-hazardous work. Develop regular risk assessments and monitor the working conditions in their workplace to ensure it causes the juvenile workers no harm be it physical or mental.
- ✓ Conduct regular health check-ups to ensure the health condition of juvenile workers.
- ✓ Provide the same pay levels and access to benefits to juvenile workers that are provided to adult workers doing the same job.
- ✓ Provide the same training and education opportunities to juvenile workers that are provided to adult workers.

Definitions:

Child Labour

Any worker less than 15 years old, or less than the age for completing compulsory education in the country where such age is higher than fifteen (15).

Juvenile Labour

Any worker between the ages of 15-18 years old.

Childcare

Any on-site facility provided for the care of workers' children from post-maternity leave onwards, where maternity leave is defined and provided under the local law, until the child reaches legal school age. (Note: Where local law does not provide maternity leave, children may attend the childcare facility from the time the mother returns to work after giving birth.)

Homeworkers

Work process being done at a worker's home, either because of the factory mandating homework, or the worker doing it by their choosing.

Further Information & guidance:

United Nations

- > [UN Guiding Principles on Business and Human Rights](#)
- > [Universal Declaration of Human Rights 1948](#)
- > [International Covenant on Civil and Political Rights 1966](#)
- > [Protocol to Prevent, Suppress and Punish Trafficking in Persons especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime 2004](#)
- > [United Nations \(UN\) Code of Conduct for Law Enforcement Officials 1979](#)
- > [Supplementary Convention on the Abolition of Slavery, the Slave Trade, and Institutions and Practices Similar to Slavery, 1957](#)

ILO

- > [Minimum Age Convention, 1973](#)
- > [Minimum Age Recommendation, 1973](#)
- > [Worst Forms of Child Labour Convention, 1999](#)
- > [Worst Forms of Child Labour Recommendation, 1999](#)
- > [ILO Topic page on child labour](#)

2.3. Discrimination, sexual harassment, gender specific violence

Why does the fair recruitment and employment of workers matter?

deuter believes all employees have the right to work in a safe, fair, and respectful environment that promotes equal opportunities and prohibits harassment and discrimination. Only by maintaining a positive, inclusive workplace can we all benefit from the full potential of our fellow employees' capabilities, creativity, and talent.

deuter's Promise Policy state: "Each person shall be treated with respect and dignity. In all aspects of the employment cycle, from recruitment to the conditions they work under, to the end of their employment, no employee shall be the target of physical, sexual, psychological, or verbal harassment or abuse, monetary penalties, or degrading actions as a disciplinary measure. No person shall suffer discrimination in any aspect of employment, including recruitment, hiring, compensation, benefits, work assignments, access to training, advancement, disciplinary action, termination, or retirement on the basis of race, religion, color, sex, pregnancy, birth age, national origin, ancestry, sexual orientation, physical or mental impairment, medical condition, disease, genetic characteristics, family support, marital or socioeconomic status, political opinion, union membership, ethnic group, and all others protected under the law. All hiring decisions must be based on the principle of equal employment opportunity and shall include effective mechanisms to protect migrant, temporary or seasonal workers against any form of discrimination. (ILO Convention 100 and 111)"

What actions may cause or contribute to adverse impacts?

During Recruitment

- × References in recruitment notices or advertisements to age, marital or parental status, military service, gender, or other personal characteristics which are not related to the job specifications.
- × Requests for information on application forms or during interviews which is not related to a person's ability to perform the job or to satisfy the job's requirements.
- × Decision not to recruit based on a candidate's trade union affiliations or other characteristics, i.e., 'black-listing'.

Post-Hiring

- × Providing less favourable contract terms or work conditions based on a personal characteristic. For example, not providing equal pay for equal work to women based on their gender.
- × Providing less favourable work terms or conditions to trainees, contract workers or migrants which is a potential form of indirect discrimination based on age ('trainees' are often younger, though not necessarily less skilled) or race/national origin, as in the case of many contract workers and/or migrant workers.
- × Transfer or demotion based on a personal characteristic, such as trade union membership.
- × Sexual, physical, or verbal harassment or any other types of activity which create an intimidating, hostile, or offensive work environment.

Pregnancy Testing / Medical Conditions

- × Testing workers for pregnancy during recruitment or post-hiring.
- × Unnecessary medical tests, i.e., carrying out medical tests which are not required by law.
- × Using the results of any medical tests which are required by law to dismiss a worker or otherwise treat the worker unfavourably.

Migrant Workers

- × Treating migrant workers in a generally less favourable manner than local workers, in relation to employment terms and conditions, such as wage payments or work assignments, or to their living conditions, e.g., segregating migrant workers in dormitories which are more crowded, do not provide proper access to water and power, or to air and light, etc.

Termination

- × Dismissing a worker for anything other than job performance, breach of factory rules or general improper or illegal behaviour.
- × Dismissing a worker for becoming pregnant or disabled.
- × Dismissing a worker for attempting to establish a trade union or other worker association in the factory.
- × Dismissing a worker for participating in a legal strike or stoppage.
- × Dismissing a worker because he or she has contracted an illness or disease which either does not present a risk to other employees or can be reasonably contained so as not to pose any risk or harm to the health of other employees.

How do you prevent, mitigate and remedy adverse impacts?

Recruitment

✓ Policies and procedures should focus on ability to do the job - Recruitment policies and procedures should focus on a worker's ability to do the job, expected performance levels and employment terms and conditions.

Post-Hiring

✓ Workers of the same experience and job classification should receive similar conditions - Any differences in pay might relate to seniority, special skills, actual hours worked, degree of job difficulty or exposure to hazards, but not, for example, to gender, age, or nationality.

Pregnancy & Medical Testing

✓ Pregnancy testing should not be conducted unless required by law or by the local authorities - If employees become pregnant in the course of their employment, they should be provided with all legal protections and benefits. The choice to work during the pregnancy (within the limits of the law), or to return after the birth of the child, is the employee's choice.

✓ Medical testing may be conducted only if it forms part of the health/medical surveillance program at the workplace and is in accordance with the local law, or in the event of factory specific outbreaks of disease or illness - the type of testing must relate entirely to the health hazard being assessed. Where the employer provides, at its own cost, regular medical examinations or testing as a benefit, employees should be informed of the items that will be examined and consent to the examination.

Migrant Workers

✓ There must be no difference in treating migrant workers and other workers, with specific reference to freedom of movement, working conditions, freedom of association, access to information

Termination

✓ The ultimate decision to dismiss an employee must be based on work-related matters such as job performance or a breach of factory rules - there should be clear documentation that shows the cause for the dismissal and the procedures followed.

Systems & Documentation

✓ Establish policies and procedures for all recruitment, post-hiring, medical testing, and termination processes - relevant staff should be trained in the policies and procedures.

Definitions

Association Membership

Includes membership with a trade union, worker committee, or any other workplace group or organization.

Discrimination

Any distinction, exclusion or preference based on a personal characteristic which deprives a person of access to equal opportunity or treatment in any area of employment.

Health Surveillance

A program of periodic medical examinations and relevant tests used to track the health status of an employee and/or the impact of any occupational risks, such as frequent exposure to noise or chemicals.

Migrant Worker

The United Nations define 'migrant worker' as a person who is engaged or has been engaged in a remunerated activity in a state of which he or she is not a national, meaning anyone who moves between countries or locations for work. This definition does not include refugees, displaced persons and other persons who leave their country.

Post-hiring

Includes any procedure, process, activity or terms and conditions in connection with employment after a person has been recruited. For example, training, promotion, transfer, or disciplinary action.

Further Information & guidance:

United Nations

- > [UN Guiding Principles on Business and Human Rights](#)
- > [Universal Declaration of Human Rights 1948](#)
- > [International Covenant on Civil and Political Rights 1966](#)
- > [International Covenant on Economic Social and Cultural Rights 1966](#)
- > [International Convention on the Elimination of all Forms of Racial Discrimination 1966](#)
- > [Convention on the Elimination of all Forms of Discrimination Against Women 1979](#)
- > [International Convention the Protection of the Rights of Migrant Workers, Members of Their Families 1990](#)

ILO

- > [Training Toolkit on Establishing Fair Recruitment Processes](#)
- > [Maternity Protection Convention 2000](#)
- > [Night Work \(Women\) \(Revised\) Convention 1990](#)
- > [Employment Services Convention 1948](#)
- > [Migration for Employment Convention \(Revised\) 1949](#)
- > [Equal Remuneration Convention 1951](#)
- > [Discrimination \(Employment and Occupation\) Convention 1958](#)
- > [Migrant Workers \(Supplementary Provisions\) Convention 1975](#)
- > [Workers with Family Responsibilities Convention 1981](#)
- > [Termination of Employment Convention 1982](#)
- > [Vocational Rehabilitation and Employment \(Disabled Persons\) Convention 1983](#)
- > [Night Work Convention 1990](#)
- > [Private Employment Agencies Convention 1997](#)
- > [Violence and Harassment Convention 2019](#)

2.4. WAGES/LIVING WAGES

Why does fair wages, benefits & compensation matter?

All legal requirements relating to wages and benefits must be met. Wages must equal or exceed the minimum wage required by law or the prevailing industry wage, whichever is higher. In addition to compensation for regular working hours, employees must be compensated for overtime hours at the rate legally required in the country of manufacture or, in those countries where such laws do not exist, at a rate exceeding the regular hourly compensation rate.

deuter's Promise Policy state: "Every worker has the right to be paid sufficiently for a regular work week to meet the basic needs of workers and their families and to provide some disposable income. Where compensation does not meet workers' basic needs and provide some disposable income, suppliers must take appropriate actions to progressively raise employee compensation and living standards through improved wage systems, benefits, welfare programs and other services. (ILO Convention 26 and 131)"

What actions may cause or contribute to adverse impacts?

Basic Wage

- × The factory pays workers less than the minimum wage or fails to implement increases in the minimum wage 'on time'
- × The factory does not pay the correct regular or overtime piece-rates
- × The factory delays payment of wages to workers
- × The factory does not provide clear and detailed wage statements to workers

Fair Wage

- × The factory does not develop an improved wage-setting system
- × The factory does not review its wages and benefits system annually
- × Employee representatives are not involved in setting production quota and/or piece-rates
- × Workers are not paid for all hours spent in the factory in production or job-related activities
- × Any work performed on a rest day, national holiday or outside the usual factory schedule, due to unusual circumstances, is not compensated according to the proper legal overtime rates

Benefits

- × The factory does not pay into retirement, social security, or medical insurance funds, or does not pay such legally required benefits on time
- × The social security, retirement or medical insurance fund contributions are not calculated correctly
- × Temporary or probationary workers do not receive the same basic benefits as permanent workers
- × Workers are dismissed without notice and/or do not receive the legally mandated termination payments
- × Workers are not provided sufficient breaks, as required by law
- × Workers do not have rest days on national or public holidays, as required by law
- × The food that the factory's canteen provides is of a poor or sub-standard quality

Maternity & Parental Leave

- × Female workers are not provided maternity leave or other maternity benefits as required by law.
- × Workers are not provided with parental leave, following the birth of a child, where it is required by law.

Deductions

- × The factory requires workers to pay for: their uniforms, missing goods, work visas, recruitment fees, deposits on tools and equipment, or non-specified items from their own wages
- × The factory lends money to workers, but there are no proper repayment procedures
- × The factory requires workers to pay a substantial fine if they resign before the end date of the employment contract
- × Factories deduct penalties from wages if workers are late to work or make mistakes on production items
- × The factory deducts wages when a worker is absent due to sickness or in the event of an emergency or other necessary leave from work
- × The factory sets unrealistic production targets for workers and then makes deductions from wages if the targets are not met

Training Wages

- × The factory's training wage is below the legal minimum wage.

Homeworkers

- × The use of homeworkers is prohibited by deuter in any circumstance.

How do you prevent, mitigate and remedy adverse impacts?

Basic Wage & Reasonable Savings

- ✓ Pay at least minimum wage or the prevailing industry wage, whichever is higher
- ✓ Calculate all regular and overtime hourly rates, and any piece-rates, and detail both within the payroll and wage statement or pay slip which is provided to employees
- ✓ Itemize other amounts, such as efficiency bonuses or special allowances clearly in both the payroll and wage statement/pay slip
- ✓ Bonuses or other items should be clearly separated out from basic wages in the payroll
- ✓ Wages must be paid in cash, by cheque or by direct transfer into the employee's account. If special deposit or savings accounts are set up by the factory for migrant or other workers, access to, and control over, the account must be given to the employee
- ✓ Document wage payments; all payment information must be recorded and provided to workers in a form and language that they understand
- ✓ Wages must be paid in a timely and reasonable manner, and always within the amount of time specified by local law. A best practice would be to pay within 7-10 days after the end of the month

Wage-Setting Mechanisms

- ✓ Wage-setting mechanisms are transparent and have direct input from the workers, ideally through negotiation or collective bargaining, or through alternative legal means, such as a workers' council or welfare committee



- ✓ Acknowledge and reward workers for productivity gains and benchmark basic pay at a level that is higher than the local minimum wage and consider data on general cost of living and workers' needs
- ✓ Represent part of a broader and improved human resources management system
- ✓ Meet all legally mandated benefits
- ✓ Where practical, promote and support the development of worker cooperatives

Overtime

- ✓ For all workers without a legally fixed wage, pay for all overtime hours worked regardless of whether the factory pays an hourly rate or piece-rate
- ✓ Any work performed on public holidays or Sundays should be paid at the premium legal rates (e.g., usually 200% or 300% of the worker's regular wage)
- ✓ Work-related activities such as meetings, trainings and cleaning must be paid as overtime

Benefits

- ✓ Provide any social security, insurance, or medical benefits as required by law. Any contributions which are based on and deducted from, workers' monthly wages, must be detailed in the payroll and workers' pay slips
- ✓ Probationary workers must receive the same entitlements and benefits as regular workers
- ✓ Considering legal requirements, trainees, contract, and migrant workers should receive the same entitlements as regular workers
- ✓ Workers who leave the factory or are dismissed must receive termination pay-outs or packages as required by law
- ✓ Employees must receive sufficient breaks, national or public holidays, and any other leave to which they are legally entitled
- ✓ Female workers must be provided proper maternity and nursing benefits
- ✓ Factory canteens should provide good and safe food
- ✓ Any transportation provided should be safe and reliable

Definitions:

Discretionary Expenditure

An amount of money remaining once basic needs have been met, which may be used by employees as they choose, for example, toward education costs, purchase of a home or the development of a small business.

Prevailing Industry Wage

A wage level specific to an industry and dictated by the market. In the case of the sports footwear and apparel industries, the prevailing industry wage is often higher than the legal minimum wage.

Documenting Wage Payments

For the purpose of this Guideline, the process of recording all wage payments in an efficient and transparent manner and developing methods for providing workers with evidence of correct payment of wages by the factory.

Legally Mandated Benefits

Those benefits, such as annual leave social insurance and medical care which must be provided to employees by law.

Maternity/Paternity Leave

The period during which a worker takes leave to give birth and/or care for an infant. In most jurisdictions, maternity leave is defined and usually ranges from 3 months to 1 year. In some countries paternity leave may also be permitted.

Back-payment

To pay workers money that is owed to them, due to non-payment, delayed payment, or underpayment of wages.

Fair compensation

Is a concept that promotes wage setting whereby an employee working a standard working week, without overtime or other additional income, can meet their basic needs, the needs of their immediate dependents, and allow for the worker to have disposable income.

Further Information & guidance:

United Nations

- > [UN Guiding Principles on Business and Human Rights](#)
- > [Universal Declaration of Human Rights 1948](#)
- > [International Covenant on Economic Social and Cultural Rights 1966](#)

ILO

- > [Protection of Wages Convention 1949](#)
- > [Maternity Protection Convention 2000](#)
- > [Social Security \(Minimum Standards\) Convention 1952](#)
- > [Equality of Treatment \(Social Security\) Convention 1962](#)
- > [Employment Injury Benefits Convention 1964](#)
- > [Invalidity, Old-age and Survivor's Benefits Convention 1967](#)
- > [Medical Care and Sickness Benefits Convention 1969](#)
- > [Minimum Wage Fixing Convention 1970](#)
- > [Maintenance of Social Security Rights Convention 1982](#)
- > [Employment Promotion and Protection against Unemployment Convention 1988](#)
- > [Protection of Workers' Claims \(Employer's Insolvency\) Convention 1992](#)

2.5. OVERTIME

Why does having a set hours of work matter?

In 1919, the ILO's "Hours of Work (Industry) Convention 1919" set the standard work week at 48 hours. Two years later, the ILO's "Weekly Rest (Industry) Convention 1921" established a minimum of 24 hours of consecutive rest for all workers, on a weekly basis. Since then, in many countries where deuter does business, the average work week has been reduced by law to 40 hours per week. Laws regulating overtime and shift work have been introduced at the local level to ensure proper protection for the health and productivity of employees. Excessive working hours can cause fatigue and contribute to higher incidences of accidents and injuries as well as decreased productivity and quality.



deuter's Promise Policy state: "The working time of employees may not exceed the regular working time plus overtime allowed by law. The regular working time may not exceed 48 hours per week, or the maximum given by law, whichever is lower. In a seven-day week, employees must receive at least one break of at least 24 consecutive hours. All overtime must be mutually agreeable. The total of regular and overtime hours may not exceed 60 hours in a week, or the maximum allowed by law, whichever is less. Overtime shall not be required on a regular basis and shall be compensated at a premium rate. (ILO Convention 1)"

What actions may cause or contribute to adverse impacts?

Regular Hours

- × The factory does not have a reliable time recording system, such as mechanical time clocks (punch card time records), electronic or magnetic card time keeping, or a scanner system.
- × The factory does not have an established weekly work schedule or does not inform the workforce of the schedule in advance.
- × Supervisors manually record the working hours of workers, and this information is transferred to the payroll department. There is no way for workers to verify their work hours.
- × Even where there is a mechanical or electronic time recording system, supervisors or line chiefs punch or swipe workers' cards. Workers are not responsible for filling out their own time sheets, punching their own work cards or scanning/swiping their electronic cards to record work start and finish times.

Overtime Hours

- × The factory's time recording system does not accurately distinguish between regular and overtime working hours.
- × The factory does not have a proper system for supervisors to request overtime work and inform the workforce in advance.
- × The factory does not obtain the permission of, or keep copies of exemptions from, the local government authority permitting overtime work in excess of the local legal limits.
- × The factory does not obtain permission from the union to work overtime in excess of the factory's usual schedule.
- × Workers do not feel free to refuse overtime, and supervisors do not receive any training regarding voluntary overtime policies.
- × Work-related activities such as morning exercises, pre-work or lunch-time meetings, clean-up after production has finished are not recorded as part of the working hours, specifically as overtime.

Excessive Overtime

- × Workers work more than 60 hours per week on a regular basis.
- × The factory does not provide proper breaks as required by law, which contributes to the excessive number of hours being worked.
- × Production targets are based on excessive working hours and not on the amount of production which can be achieved in a regular workday.
- × The factory increases the production targets during peak season and workers are forced to work long hours.

- × Workers work more than one shift or in excess of the local laws on overtime, and the factory uses two sets of timecards to conceal the excessive working hours.

Extraordinary Circumstances & Swapping Days

- × Workers are required to work on rest days and public holidays, or perform excessive overtime, to make up for lost time due to regular power outages. For example, the factory claims the power shortages constitute 'unusual circumstances', even though they occur frequently during the summer months, and the factory often receives advance notification from the local authorities.
- × The factory does not distinguish between extraordinary circumstances and business-related problems which interfere with the production schedule and, as a result, has no proper policies and procedures in place for dealing with such cases.
- × The factory has no clear system in place for managing the swapping of rest days with workdays around national and/or religious holidays, and as a result there's no clear policy on the payment for work on those swapped days, leading to confusion among the workers, and non-compliance with the Standards regarding wage payments and working hours.

Rest Day

- × Workers do not have one full day of rest per week (24 consecutive hours).
- × Workers do not receive a replacement rest day for exceptional overtime.
- × The factory regularly swaps the weekly rest day with a normal workday due to material delays or to suit other production needs, but the work is not paid at the rest-day rates.

Annual Leave/Public Holidays

- × The factory fails to provide annual leave to workers; or refuses requests for annual leave that do not coincide with periods of a factory-wide closure without a strong reason behind the refusal such as urgent tasks to accomplish.
- × The factory provides annual leave on request or during periods of factory closure, but it is not paid.
- × The factory encourages workers to take a pay-out of their annual leave instead of providing time off from work.
- × Factories do not give workers all national holidays off as required by law.
- × Alternatively, the factory swaps the national holidays with normal workdays to suit production needs but does not pay the proper national holiday rates.

How do you prevent, mitigate and remedy adverse impacts?

Regular Hours

- ✓ **All employees should be responsible for recording their working hours** - This means that workers should 'clock on' and 'clock off' for themselves. Additionally, they should be given a chance to review the total number of hours worked in a pay period. Therefore, work hours should be detailed in the payroll and on the worker's pay slip.
- ✓ **Use a reliable, automated time recording system**, such as mechanical time clocks (punch card time records), electronic or magnetic card time keeping, or scanning systems. The automated system should be linked directly to the payroll and establish a weekly work schedule which all employees are advised about.

Overtime Hours

- ✓ **The automated time recording system should distinguish between regular and overtime hours.** If this is not possible, the payroll department and HR personnel must have proper systems in place for calculating and double-checking the regular hours and overtime hours worked by the factory's employees.
- ✓ **Supervisor overtime request forms or other hand-written** documents relating to working hours should be cross-checked against the time records, which are collected electronically.
- ✓ **Obtain any necessary permits from the local labour authorities to work in excess of the legal limits,** where the local legal maximum number of hours is less than deuter's weekly maximum of 60 hours.
- ✓ **Communicate with any unions present in the factory** about the work schedule and seek consent to any overtime outside the normal work schedule.
- ✓ If required by local law, or where there is no effective union, workers should demonstrate that they are willing to work overtime by **signing a voluntary overtime work form.**
- ✓ **The voluntary overtime policy** should be clearly stated in the worker handbook and included in orientation training and repeat training on basic workplace practices for supervisors.
- ✓ The factory should have a mechanism under which:
 - o workers can report any case of forced overtime, and the mechanism should ensure that there is no retaliation against workers.
 - o Workers should be clearly instructed to record their start times before any morning exercises, pre-work meetings or after work cleaning so that these hours are recorded and paid as overtime.
- ✓ If the factory swapped a regular workday with a weekend day or holiday, the workers should be compensated with the premium rates. Factories should implement the same approach for hourly swapping.

Excessive Overtime

- ✓ **Evaluate factory capacity and productivity** of the current workforce at the time orders are confirmed. Production targets should be set at reasonable levels and able to be met within a 60-hour work week.
- ✓ **Ensure that employees use their breaks properly** and do not undertake unauthorized lunch time or dinner time work, the factory can shut down the electricity in production areas, close production room doors and provide alternative rest and recreation areas for workers.
- ✓ **Ensure the health and safety of employees** by not allowing multiple shift work.

Definitions:

Extraordinary Circumstances

Events which are extremely unusual, including earthquakes, floods, fires, riots, and demonstrations, and in some cases severe power failures. Events which happen frequently, such as interrupted electrical supply or late delivery of materials, do not constitute extraordinary circumstances. May also be referred to as unusual or emergency circumstances.

Overtime

Most countries specify a 40 - 48-hour work week. Any work which is performed after the regular working hours during the week or on Saturdays and Sundays or on mandatory holidays is considered to be overtime.

Annual leave

A certain number of paid days per year given to a worker, as time off from his or her occupation, for the purpose of rest or recreation.

Further Information & guidance:

United Nations

- > [UN Guiding Principles on Business and Human Rights](#)
- > [Universal Declaration of Human Rights 1948](#)
- > [International Covenant on Economic Social and Cultural Rights 1966](#)

ILO

- > [Hours of Work \(Industry\) Convention 1919](#)
- > [Weekly Rest \(Industry\) Convention 1921](#)
- > [Protection of Wages Convention 1949](#)
- > [Maternity Protection Convention 2000](#)
- > [Social Security \(Minimum Standards\) Convention 1952](#)
- > [Equality of Treatment \(Social Security\) Convention 1962](#)
- > [Employment Injury Benefits Convention 1964](#)
- > [Invalidity, Old-age and Survivor's Benefits Convention 1967](#)
- > [Medical Care and Sickness Benefits Convention 1969](#)
- > [Minimum Wage Fixing Convention 1970](#)
- > [Maintenance of Social Security Rights Convention 1982](#)
- > [Employment Promotion and Protection against Unemployment Convention 1988](#)
- > [Protection of Workers' Claims \(Employer's Insolvency\) Convention 1992](#)
- > [Q&As on business and working time](#)

2.6. HEALTH AND SAFETY

Why does Health and Safety matter?

Factories in the textiles industry can be very dangerous places with machines that are designed to cut, pierce and press fabric. Chemicals which are harmful are also used frequently. Factories and workplaces need to prevent injuries from occurring.

deuter's Promise Policy state: "Employers are required to provide safe and healthy working conditions to prevent accidents or adverse health effects resulting from work or the work environment. This includes protection from fire, accidents, and toxic substances. Lighting, heating, and ventilation systems must be adequate. Employees must always have access to sanitary facilities which should be adequate and clean. Employers must proactively address health and safety issues and implement effective policies, systems, and trainings to prevent accidents and injuries and protect workers' health. (ILO Convention 155)"

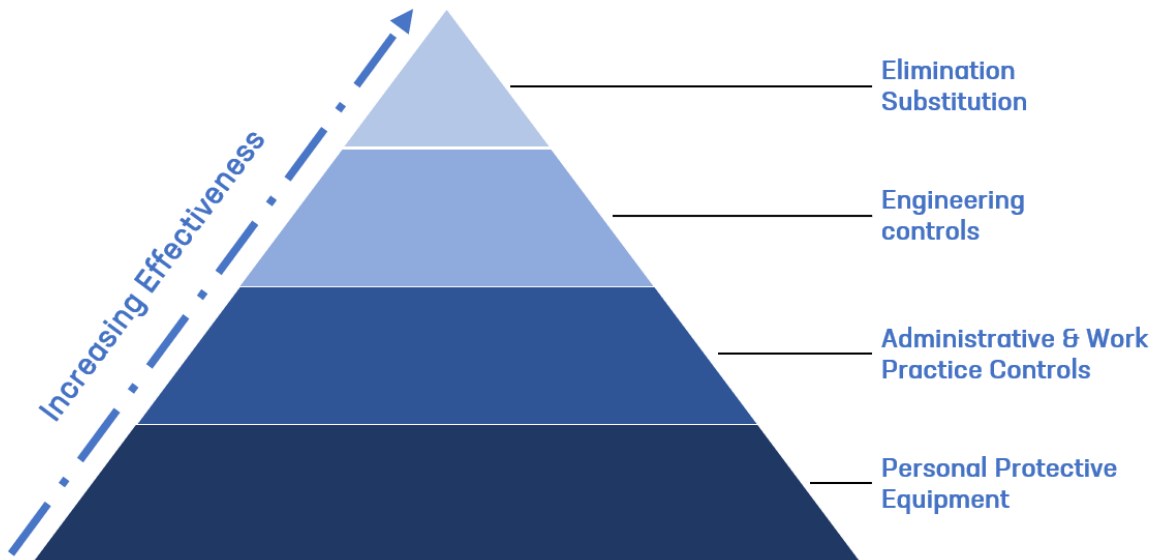
What actions may cause or contribute to adverse impacts?





- × **Electrical Hazards** are common and can come from many sources, including faulty wiring, overloaded electrical outlets, and unprotected live wires. The dangers include electrocution as well as fires.
- × **Fire Hazards** exist in every factory. Common sources of fire include hot processes like welding, any open flame process, cooking materials, smoking, and faulty electrical equipment.
- × **Structural Hazards** include anything that weakens the structural integrity of a building. This can be cracks in walls, overloading on upper floors, stressed columns, foundation cracks, and more.
- × **Machine Hazards** exist whenever there are machines with moving parts. Hazards come from a lack of machine guards, or from drive belts and rotating pieces of the machine.
- × **Chemical and Dust Hazards** may come from chemicals used in the work process or from pesticides or cleaning products used in the workplace. Other sources may be building materials like asbestos, or fumes from welding
- × **Ergonomic Hazards** are hazards caused by the way a workstation is set up, the overall environment of a workstation and by how a worker needs to move to do her job.
- × **Physical and Environmental Hazards** are hazards caused by the environment that workers work in. That environment may be too noisy, or too hot or cold, or too wet. Any of these conditions poses a hazard and can lead to injury.
- × **Biological Hazards** can exist even in Ready Made Garment Factories. Biological hazards may include insects and pests, contaminated water, viruses and diseases, bacteria, and mold
- × **Hazards leading to accidents** exist everywhere, and because of that these hazards can be easily overlooked. They include slippery or uneven floors, poorly lit stairways, and blocked aisles or exits. These kinds of hazards are a major source of workplace accidents and injuries.

How do you prevent, mitigate and remedy adverse impacts?

Knowing the hazards that exist in your factory is only the first step in reducing the hazards at work. Some hazards can be totally eliminated, and that is obviously the best approach to take with hazards. But many hazards cannot be totally eliminated, so we need to reduce or control those hazards. There are four levels of hazard control, as shown in this illustration, called the Hazard Control Pyramid.

Hazard Control Pyramid



| | |
|---|--|
|  | <p>Even if you have never seen this pyramid before, you can be sure that your factory is using at least some of these levels of control. The best level of control is at the top - elimination of the hazard in question. This control removes the hazard completely from the workplace. It's easiest to understand this kind of control when dealing with chemicals or hazardous materials at work. You can stop using certain chemicals or materials, or more likely, find substitutes for the dangerous chemicals or materials being used. If a solvent that causes eye and skin irritation is being used to clean machinery at work, you should look for a solvent that does not cause these problems</p> |
|  | <p>The second-best level of hazard control is engineering controls. Engineering controls reduce hazards by making physical change in the workplace, creating a barrier between the hazard and the worker.</p> |
|  | <p>The next level of hazard control is administrative or work practice controls. This kind of control requires the worker or management to do something to reduce hazards. A simple example would be training workers on the correct and safe use of a machine or sharing with workers information about the hazards they will be exposed to from certain chemicals. Rules about not smoking in certain areas of the factory are another example of an administrative control.</p> |
|  | <p>The final kind of hazard control is Personal Protective Equipment (PPE). This is a type of control that requires a worker to wear some sort of protective equipment, like a mask or respirator or gloves or a face-shield to protect the worker from hazards.</p> |

It is important to realize that these types of hazard control **are not equal** in their effectiveness to protect workers from hazards. That's why the controls are presented in the form of a pyramid. The best, most effective controls, are at the top - elimination and substitution. The least effective controls are at the bottom of the pyramid - personal protective equipment. Management and Safety Committees should always be looking for the **best way** to control hazards, using the top two kinds of controls whenever possible.

- ✓ **Electrical Hazards:** look out for the 3 most common electrical hazards:
 - Bad and faulty wires; old wires, wires left uncovered, wires hanging over machines
 - Live wires - exposed wires left uninsulated or ungrounded
 - Overloaded electrical outlets and boxes
 - ➔ When a risk is identified, it must be eliminated as quickly as possible.
- ✓ **Fire Hazards:** Look out for these 5 possible sources of fire:
 1. Open flames and flammable liquids used during work
 2. Bad electrical wiring
 3. Built-up of dust and dirt
 4. Smoking in restricted areas
 5. Trash and unused materials lying around
 - ➔ When a fire starts, the alarm must go off
 - ➔ Exit doors must be known, unlocked and free of obstacles.
 - ➔ Factory should have fire drills.
- ✓ **Structural Hazards:** Look out for these 3 common signs, that the factory building may have structural problems:
 1. Cracks in columns, walls, or foundations
 2. A sagging floor
 3. Crumbling walls
 - ➔ If any of these signs are detected, a structural engineer must be hired to make an accurate assessment and determine if the building needs repair. If so, this must be done.
- ✓ **Machine Hazards:** Look out for these 5 potential causes of injuries when operating a machine:
 1. A lack of machine guards to protect workers
 2. Poor maintenance of machines
 3. Bad electrical connections or exposed wiring
 4. A lack of training for the machine operator
 5. A lack of personal protective gear (PPE)
 - ➔ Machine guards must be provided
 - ➔ Regular maintenance of machines is necessary
 - ➔ Machine operators must be trained
 - ➔ Adequate PPE must be provided
- ✓ **Chemical Hazards:** Chemicals can cause health problems if they are not properly stored and properly used. If somebody works with chemicals, he/she should receive training about possible dangers they pose. Look out for risks like:
 1. Eye irritation, Skin burns, respiratory problems from chemicals such as H₂O₂, Hypochlorite, Caustic soda, Ammonia, Acids, Solvents.
 2. Dusting (causing asthma), carcinogenic amines, allergens from dyes, reducing agents, acids, and alkalis.
 3. Flammability and long- term health hazards from solvents, resins, softeners, etc.
 4. Respiratory problems from gas fumes, small fibers from singeing process.

- There are three basic steps for managing risks of chemicals:
1. Identify the chemicals you have in your workplace and the hazards associated with them.
 2. Assessing the risks from chemicals used in processes and workplace.
 3. Control measures to mitigate risk: Include various recognized control measures to eliminate or reduce the risks.

The control measures are required to be implemented in a factory to ensure chemical safety. The recommended hierarchy of control measures is given here a guideline:

- Eliminate the hazardous chemical
- Substitute with less hazardous chemical
- Install engineering controls
- Put administrative controls in place
- Use personal protective equipment

Where can you find information about chemical hazards?

Labels: It should be ensured that any chemical is supplied with a label attached on container. The label gives information on the chemical or product name, the chemical hazards, and the precautions you should consider ensuring safe handling and use.

Safety Data Sheets (SDS): It is must to have a SDS for each hazardous chemical that is used in the process and workplace. It is your duty to ensure that chemical supplier provides you an SDS for chemical product. These SDSs should be kept at identifiable place where it can be accessed from employees and emergency services in case of chemical accident.

See more in our Planet Guideline Section 1. Chemical Management

✓ **Ergonomic Hazards:** Look out for these 3 common ergonomic problems:

1. Long hours of work, inadequate breaks
2. Poor lighting, causing eye strain, headaches, and fatigue
3. Working positions or repetitive work causing undue bodily stress
 - Ensure breaks
 - ensure adequate lighting and adequate working temperature
 - provide ergonomic chairs, mats etc., and train workers

✓ **Physical and Environmental Hazards:** Look out for these 2 main problems:

1. Lack of ventilation, excessive heat or extreme cold, causing headaches, illness, or skin irritation
2. Noisy working environment
 - Ensure adequate working temperature, provide ventilation or AC
 - Control the noise level, if it cannot be controlled, workers should be provided with earplugs so that exposure to noise can be reduced

✓ **Biological Hazards:** Look out for these risks:

1. Existence of mold in the factory
2. Contaminated water
3. Insects and pests

- Fight mold, insects, and pests in the factory
- Check water quality regularly
- Provide clean sanitary facilities

✓ **Hazards leading to accidents:** Look out for these 3 common problems:

1. Slippery floors
 2. Obstacles on the work floor (e.g., fabric, wires, equipment, trash)
 3. Poor or broken lighting reducing visibility
- If observed, fix these issues immediately.
 - workplaces should be kept clean and tidy

Further Information & guidance:

- > [HSE - Getting started with health and safety in the textile industry](#)
- > [Everything Textiles - Health & Safety](#)
- > [Checklist - Common health & safety problems](#)
- > [Accord - Handbook for safety committees](#)
- > <https://www.youtube.com/watch?v=xyANahuhGs0>

2.7. FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Why does Freedom of Association and Collective Bargaining matter?

Freedom of association is the right to join a formal or informal group to take collective action. This right includes the right to form and/or join a group. Conversely, it includes the right not to be compelled to join an association. Everyone has the right to freedom of association and this right cannot be limited based on race, color, sex, language, religion, political or other opinion, national or social origin, property, birth, or any other status.

deuter's Promise Policy state: "Workers must be granted the right to join independent organizations of their choice. Freedom of association and collective bargaining must be recognized and respected. An effective grievance mechanism must be available to all employees to resolve internal disputes, employee grievances and to ensure effective, respectful, and transparent communication between employees, their representatives and management. (ILO Convention 87, 98 and 135)"

Why does effective communication facilitate the right to freedom of association and why is it essential for the success of any business enterprise?

Worker-management communication is vital for the success of any business enterprise. Workers must have access to effective communication channels with their employers and managers, both as a means of exercising their social and economic rights and to help them resolve workplace issues and disputes. Our Promise Policy is clear that factories must recognize and respect the right of their employees to join associations of their own choice and to bargain collectively. Factories are expected to develop and implement mechanisms for resolving industrial disputes and employee grievances and ensure effective communication with employees and their representatives.

What actions may cause or contribute to adverse impacts?

- × Factory management restricts or prohibits workers from joining trade unions, associations, committees, or other forms of worker groups.
- × Management fails to recognize, or obstructs, attempts by employees to form alternative unions in favor of the majority union, or gives preferential treatment to the majority union.
- × Management refuses to facilitate or join in the discussions or meetings between different worker organizations and unions which exist in the factory.
- × Workers who participate in legal union activities are punished or discriminated against. For example, they are required to clean toilets, denied access to the canteen or clinic, transferred randomly between departments, or dismissed with no valid cause.
- × Management prevents workers from participating in legal strikes.
- × Management dismisses workers who lead strikes.
- × Management fails to consult with, or report to, the union in the factory matters which management is required to disclose by law. For example, factory closure, mass layoffs, restructuring of the business.

Factories should take all steps necessary to avoid causing or contributing to any of these non-compliances.

How do you prevent, mitigate and remedy adverse impacts?

For factories, the starting point is full legal compliance. We insist that factories recognize and respect the right of employees to join and organize associations of their own choice, to bargain collectively and, when necessary, to participate in lawful strike action. Where national laws restrict freedom of association, factories should take steps to create parallel mechanisms to find an open and effective means of communication for employees and their representatives to discuss issues and express concerns in a positive environment.

Effective Communication

- ✓ Never refuse to meet with worker representatives who have grievances or concerns to share.
- ✓ Establish worker committees which can deal with specific issues, such as health and safety, supervisor-worker relations, setting of production targets, social activities. For further guidance, please refer to our 'Guidelines for Establishing and Running Worker-Management Committees'.
- ✓ Any meetings, including informal discussions, which are held between management and union or worker representatives, should be recorded and minutes should be provided to all participants to ensure common understanding and agreement.
- ✓ Establish suitable training programs for supervisors. Provide tools and information for supervisors on how to establish and maintain proper communication with workers. Identify their needs, such as local language lessons, instruction on the local law and deuter's Workplace Standards regarding freedom of association and collective bargaining, as well as the operation of the factory grievance system.
- ✓ Invest in programs which enable and support communication between management and workers, such as on-the-job training, skills development programs, job performance assessments, and social activities.
- ✓ Identify and develop tools for direct contact with the workforce, such as newsletters or magazines to which workers can contribute, production meetings and focus groups, lunchtime discussions between management and workers.
- ✓ As a minimum, place suggestion/complaint boxes in appropriate places such as restrooms, canteens, or dressing rooms to provide a confidential atmosphere for workers to raise their suggestions/complaints. Please refer to our 'Guidelines for Establishing and Managing Suggestion Boxes' for further guidance.



- ✓ Make use of electronic means like smart phone applications or SMS lines to create user friendly and commonly used alternative communications to reach employees

The Right to Organize (Trade Unions and Associations)

All workers have the right to organize and collectively bargain. Effective communication in the workplace is a cornerstone of social compliance efforts. Therefore, it is essential that employees exercise their right to freely communicate and engage with the management. A worker's right to organize must be respected and no employee should be discriminated against because of their trade union affiliations.

- ✓ At a minimum, deuter requires the factories to adopt a neutral approach and not interfere with trade union activities in a factory
- ✓ Adopt a proactive and positive approach to union activities in the factory
- ✓ Involve union representatives in decisions concerning production outputs and training of the workforce. Management will find it easier to implement its decisions and programs and will benefit ultimately from the constructive comments of the union.
- ✓ Meet informally with union representatives to seek the union's input on problem solving and improving workplace standards. Listen to, and act on, the items which they raise as workers' concerns.
- ✓ Provide an office area in the factory to the unions where they may leave their information and materials, and conduct meetings in a well-managed environment.
- ✓ Be prepared when necessary to deal with more than one union or workers association in the factory. Management must deal with all unions and associations fairly and equally.
- ✓ Legal strikes and demonstrations should be dealt with as labour disputes and should not involve the police or armed forces. Labour disputes should be resolved by management, unions, and labour authorities. Please refer to our 'Guidelines for Managing Strikes' for more information.
- ✓ Treat union officers with respect. They must be allowed to operate lawfully and free from obstruction and discrimination.

Collective Bargaining

In the area of industrial relations, collective bargaining has continued to gain greater importance. 'Collective bargaining' is the process where employers and employees engage in and finalize a collective bargaining agreement (CBA). CBAs are common, and once registered with government, they become legally binding agreements reached between employers and employees, relating to workplace terms and conditions.

Based on consensus between representatives of both employers and employees, collective bargaining agreements may be more favorable to employees than individual employment contracts.

- ✓ Any formal discussions, such as CBA negotiations, should be recorded formally and endorsed by the labour authority where required by law.
- ✓ Any CBA reached by management and union representatives should be processed in a timely manner to make it effective and lawful.
- ✓ Collective bargaining should apply to all employees, whether they are a trade union member, unless otherwise stipulated by law or national practice.
- ✓ Honour the terms of any CBA, which has been negotiated and agreed.
- ✓ CBAs replace the terms of individual labour contracts, except where the terms of the individual contract are more favourable.

- ✓ Collective bargaining should be progressively extended to cover all matters in respect of workplace conditions, terms of employment, and the relationship between employers and employees.
- ✓ A CBA cannot remove, reduce, or replace an employee's or the employer's fundamental rights and duties, where these are established by law.

Negotiations in Good Faith

The principle of good faith in collective bargaining implies recognizing representative organizations, endeavoring to reach an agreement, engaging in genuine and constructive negotiations, avoiding unjustified delays in negotiation, and mutually respecting the commitments entered into, considering the results of negotiations in good faith (Collective Bargaining: ILO Standards and the Principles of the Supervisory Bodies 2000).

Further Information & guidance:

United Nations

- > [UN Guiding Principles on Business and Human Rights](#)
- > [Universal Declaration of Human Rights 1948](#)
- > [International Covenant on Economic Social and Cultural Rights 1966](#)
- > [International Covenant on Civil and Political Rights 1966](#)

ILO

- > [Freedom of Association and Protection of the Right to Organise Convention 1948](#)
- > [Right to Organise and Collective Bargaining Convention 1949](#)
- > [Voluntary Conciliation and Arbitration Recommendation 1951](#)
- > [Collective Agreements Recommendation \[No 91\] 1951](#)
- > [Workers' Representatives Convention 1971](#)
- > [The Collective Bargaining Convention 1981](#)
- > [Collective Bargaining: ILO Standards and the Principles of the Supervisory Bodies 2000](#)

2.8. Legally binding employment relationship

Why do legally binding employment relationships matter?

An Employment contract is a contract that is signed between employee and the employer. Employment contracts are important for both employee and employer. It bonds both parties to do their duties and responsibilities. For an example: The basic duty of employee is to work for employer and Employer should pay employee according to work within a certain time frame.

A Employment contract is a legal definition that states the relationship between two parties as employer and employee. An employment contract will create a strong basis for protecting both parties' interest and the employee's specific role in the company. It will hold details as the employee responsibilities, their health insurance policy, sick days, annual leave days, reasons for why their employment may be terminated, and much more.

Generally, contracts of employment are poorly drafted and inadequate, and, in many cases, there is verbal agreement that mean there is no written terms and condition. Such scenario may bring difficulties for both parties.

deuter's Promise Policy state: "Obligations to employees under labour or social security laws and regulations arising from regular employment shall not be avoided using labour-only contracting arrangements or through apprenticeship schemes where there is no real intent to teach skills or provide regular employment. Younger workers shall be given the opportunity to participate in education and training programs."

What actions may cause or contribute to adverse impacts?

- × unequal bargaining position between employee and employer
- × disguise of the employment relationship
- × difficulties of establishing whether an employment relationship exists in situations where the respective rights and obligations of the parties concerned are not clear
- × inadequacies or limitations exist in the legal framework
- × contractual arrangements can have the effect of depriving workers of the protection they are due

How do you prevent, mitigate and remedy adverse impacts?

- ✓ Make sure the employment relationship of every worker is defined
- ✓ Existence of a legally binding contract for every worker, in compliance with the local law
 - à Make sure the worker understands the contract and knows his rights and duties

Further Information & guidance:

ILO

> [Employment Relationship Recommendation, 2006](#)

2.9. SUBCONTRACTORS

Why does a subcontracting policy matter?

To meet tight deadlines and/or to be able to complete unanticipated orders, manufacturers subcontract certain production processes to other factories and workplaces, without informing the buyer. In this way, even complete orders may be shifted by the contractual supplier to unknown suppliers. The subcontracted factories and workplaces are not formally part of the buyer's supply chain and thus corporate social compliance audits do not take place there. Such workplaces may be unregistered, informal enterprises where no taxes are paid, and where governmental labour inspections do not take place at all. There is a great risk of workplaces with substandard conditions being incorporated into a brand or retailer's supply chain. The enormous pressure on low prices and fast delivery, coupled with volatile relationships in the garment industry, has led to increasing levels of unauthorized subcontracting in production countries.

deuter's Promise Policy state: "Wherever subcontractors are used, the minimum requirements for cooperation in terms of fair labor practices apply (Section 2.1-2.8). If a supplier wishes to use a subcontractor, this must be made transparent in advance and agreed on with deuter."

What actions may cause or contribute to adverse impacts?

On buyers' level:

- × **Short lead times** - The time factor is increasingly important in the fashion industry. Production timelines are often short. If manufacturers cannot meet the deadline for transporting the ordered goods by boat, they may be forced to send the goods via air at much higher cost. Equally, the buyer may be in the position to demand a discount as a penalty, which affects the already tight profit margin of the supplier. To meet shipment deadlines, manufacturers may resort to ad hoc subcontracting to other suppliers to help finish orders.
- × **Last-minute changes** - After samples have been approved, buyers may change designs, production volumes and production schedules without adjusting prices or timeframes, thereby putting a lot of pressure on the manufacturer. This may even happen after the production for a specific order has already started.
- × **Lack of knowledge** about the supplier's production schedule/capacity - Most brands and retailers have spread production over hundreds or even thousands of suppliers. Consequently, garment factories work for a huge range of clients that may all have demanding and changing production deadlines.
- × **Inadequate monitoring** - Buyers rarely inspect their suppliers' factories. Therefore, suppliers can easily shift production arrangements without this being noticed. Some suppliers have even found it to be more profitable to place their orders with other manufacturers and have reduced production staff to merely focus on distributing orders.

On suppliers' level:

- × **Lack of capacity** - A factory may simultaneously take on orders from multiple customers that together exceed its production capacity. Factories may do so as they lack commitment for future orders or because of the very tight profit margins they operate under.
- × **Poor production planning** - Unrealistic planning might lead to situations where suppliers must make use of subcontracted units to deliver goods on time
- × **Late arrival of inputs** - If inputs such as fabric are delayed, manufacturers may subcontract orders in whole or in part to meet the shipping deadline.
- × **Money speaks** - If it is commercially attractive to subcontract orders out to cheaper workshops, manufacturers will often do so, regardless of the labour conditions at those production locations
- × **Worker actions** - Occasionally, workers on strike may force suppliers to temporarily halt production.
- × **Political unrest** - In some cases, political unrest may also interfere with smooth production processes.

How do you prevent, mitigate and remedy adverse impacts?

- ✓ **Developing a pricing policy** that takes the social and environmental quality of sourced products into account
- ✓ **Building long-term, stable buyer-supplier relationships.** Buyers that maintain long-term relationships with their suppliers send a clear signal to these manufacturers that they are willing to invest in them and will be around next season. In turn, suppliers are more likely to invest in the physical improvement of their factory. Moreover, it is expected that suppliers will be more open about production schedules and

bottlenecks, and the need for subcontracting when it arises. Sustainable business relationships make for closer communication and collaboration between buyers and suppliers and facilitate the development of a continuous improvement policy.

✓ **Good production planning**, including reasonable supply lead times, predictability of orders and minimizing last-minute changes. Planning well and realistically, so factories do not need to subcontract work. Going for 'collaborative planning': sharing your business calendar with the factory and encouraging the factory to share detailed dates such as fabric arrival, cutting, sewing dates etc.¹³ Adapting the volume of orders to the total production capacity of suppliers.

✓ **Effective communication** with suppliers about specific orders, including required technical skills and capacity. Does the product design require outsourcing of certain processes (e.g., hand embroidery)? If so, buyers should require suppliers to inform them where outsourced processes take place. The same (labour) standards should apply at subcontracted facilities and buyer inspections should also take place at these sites

Further information & guidance:

> [SOMO – Hidden subcontracting in the garment industry](#)

3. GRIEVANCE MECHANISM

Why does a grievance mechanism matter?

To make it possible for grievances to be addressed early and remediated directly, suppliers should establish or participate in effective operational-level grievance mechanisms for individuals and communities who may be adversely impacted.

Operational-level grievance mechanisms are accessible directly to individuals and communities who may be adversely impacted by a business enterprise. They are typically administered by enterprises, alone or in collaboration with others, including relevant stakeholders. They may also be provided through recourse to a mutually acceptable external expert or body. They do not require that those bringing a complaint first access other means of recourse. They can engage the business enterprise directly in assessing the issues and seeking remediation of any harm.

Operational-level grievance mechanisms perform two key functions regarding the responsibility of business enterprises to respect human rights. First, they support the identification of adverse human rights impacts as a part of an enterprise's ongoing human rights due diligence. They do so by providing a channel for those directly impacted by the enterprise's operations to raise concerns when they believe they are being or will be adversely impacted. By analyzing trends and patterns in complaints, business enterprises can also identify systemic problems and adapt their practices accordingly; Second, these mechanisms make it possible for grievances, once identified, to be addressed and for adverse impacts to be remediated early and directly by the business enterprise, thereby preventing harms from compounding and grievances from escalating. Such mechanisms need not require that a complaint or grievance amount to an alleged human rights abuse before it can be raised, but specifically aim to identify any legitimate concerns of those who may be adversely impacted. If those concerns are not identified and addressed, they may over time escalate into more major disputes and human rights abuses. Operational-level grievance mechanisms can be important complements to wider stakeholder engagement and collective bargaining processes but cannot substitute for either. They should not be used to undermine the role of legitimate trade unions in addressing labour-related disputes, nor to preclude access to judicial or other non-judicial grievance mechanisms.

What is important for a good and functioning grievance mechanism?

Principles for implementing an effective grievance mechanism

- 1. Legitimate and trusted:** The grievance mechanism should be perceived as legitimate by the affected stakeholder groups who may need to access it and should be jointly designed and overseen by the company and those stakeholder groups concerned.
- 2. Published and accessible:** The grievance mechanism should be published to, and readily accessible by, all parties who may need to access it.
- 3. Transparent:** The grievance mechanism should operate on a presumption of transparency of process (e.g., decisions on complaint acceptance) and outcomes, while allowing for dialogue to remain confidential and, where requested, for complainant confidentiality.
- 4. Based on engagement and dialogue:** The grievance mechanism should focus on engagement and dialogue between the parties, with the aim of identifying sustainable, rights-compatible solutions that are acceptable to all.
- 5. Predictable in terms of process:** The grievance mechanism should provide predictability in terms of the key steps and options within the process, should be time-bound where appropriate and provide for agreed outcomes to be monitored.
- 6. Fair and empowering:** The grievance mechanism should seek to redress imbalances in power, knowledge and influence between the company and potential complainants to enable informed dialogue, a shared responsibility for outcomes and a process based on respect.
- 7. A source of continuous learning:** The effectiveness of the mechanism should be measured and cumulative lessons from complaints should be reviewed to identify systemic changes needed to either company practices or the workings of the grievance mechanism.

Further information & guidance:

> [Global Compact – Rights-Compatible Grievance Mechanisms](#)