

## Hur kan hållbarhetsaudits göra skillnad? - Erfarenheter från textilindustrin



### Trying to secure decent working conditions

- Do CSR audits improve risk management in global garment supply chains?

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### Background: working conditions in the global supply chains



Photo credit: Will Baxter, GMB Akash, Lotta Ekelund, Fair Action



Aim: Identify how effective auditing of code of conduct compliance is at managing the risk of labor right violations in garment supply chains

1. How effective are companies' voluntary assessment methods, i.e. code of conduct audits, in identifying violations of labor rights in the supply chain?
2. To what extent, and under what conditions, are the identified violations remediated, i.e. in what contexts do these voluntary assessment methods have an impact on working conditions?

Focus on chemical health & safety in supply chain.



### Rana Plaza – April 2014 1129 dead, 2515 wounded



Photo Credit: Munir Uz Zaman / Agence France-Presse



## So, is it getting any better? What does research tell us?

### No

Working conditions did not improve at 44%, got worse at 36% and improved at 20% of Nike's suppliers (Locke et al. 2007).

### Yes

Substantial and statistically significant improvements in 12 out of 20 investigated areas at HP suppliers (Distelhorst et al. 2015).

### It depends...

Several studies have shown that success of codes depend on local context, relation to buyer, supplier characteristics etc.



## Fair Wear Foundation (FWF)



A European multistakeholder organisation doing *independent* verification of working conditions in the supply chain of its member companies.

Audits done by 3 *local specialists* and includes *off site interviews* with workers and local stakeholders.



## Do code of conduct audits improve chemical safety in garment factories



## Why chemical safety & garment factories?

- Chemical safety important aspect of worker health in the garment industry.
- Health & safety considered one of the easiest code aspect to audit and improve.
- Chemical safety is not considered expensive to improve.

**Good Practices**  
**Spot Cleaning Operations**

**better factories**  
Cambodia

Because spot cleaning chemicals can be dangerous, spot cleaning operations should be kept separate from the main production area. Workers who use spot cleaning chemicals should be given safety equipment and training. Factories which have good spot cleaning operations can save money by reducing absenteeism and improving the health and morale of workers. A safe factory can also help to increase sales because working conditions are important to many garment buyers.

**Good practices for spot cleaning operations**

- Isolate the spot cleaning operation from the production area by containing it in a separate room (Figure 1).
- Ensure that the spot cleaning room has clean air at all times by fitting fans and a local exhaust system (Figure 2).
- Fans in the spot cleaning room should not blow air towards the workers as this can result in the workers breathing in the chemicals (Figure 2).
- Spot cleaning workers should be provided with Personal Protective Equipment (PPE) including gloves, safety goggles, masks and overalls.
- Many factories use spot cleaning chemicals which contain methanediol. Tacklesol® is toxic and can cause serious harm. It is especially important that workers wear PPE to prevent them from touching or breathing in this chemical (Figure 2 & 3).
- Ensure that workers are educated on how to properly handle chemicals. Material Safety Data Sheets must be provided for them.
- Make sure workers and medical staff know what to do in case dangerous chemicals get spilled or a worker gets injured.
- Make sure workers know how to properly dispose of chemicals.

**Benefits:**

- Safe working environment
- Healthier workers
- Workers are happier when they no longer have to tolerate unpleasant smells, headaches or irritation to eyes and skin
- Absenteeism due to long term exposure to chemicals
- Reduced absenteeism due to medical conditions
- Improved productivity

**How:**

- Identify a suitable space for the spot cleaning room
- Purchase necessary personal protective equipment (PPE)
- Set up of the spot cleaning room can be done by the factory's workshop staff

**Cost:**

\$	Low cost
\$5	Medium cost
\$55	High cost

**Figure 1**  
**Figure 2**  
**Figure 3**

International Labour Organization

If you have any questions, contact the ILO at [betterfactories@ilo.org](mailto:betterfactories@ilo.org)



## Research questions

1. How do suppliers' performance in terms of chemical health and safety correspond to buyers' codes of conduct?
2. Do *supplier characteristics, the buyer-supplier relationship* and *country characteristics* (i.e., characteristics of the countries where production is located) influence levels of compliance?
3. Do buyers' codes of conduct and auditing improve chemical health and safety at suppliers?



## Methodology

- Detailed examination of chemical safety non-compliances at all 229 factories.
- Constructing a statistical model to test what variables can predict better chemical health and safety.
- Comparing first and second audit at the 43 factories audited multiple times by FWF.



## How do chemical health & safety correspond to buyers' code of conduct?

43% of factories received remarks on handling of chemicals

Type of remark	No. of factories	% of factories
<b>Issues with MSDS or labelling</b>	72	<b>32%</b>
<b>Storage of chemicals</b>	43	<b>19%</b>
<b>Personal protective equipment</b>	31	<b>14%</b>
<b>Training and organising</b>	27	<b>12%</b>
<b>Ventilation/placement of spot removal</b>	20	<b>9%</b>
<b>Required checks not done</b>	4	<b>2%</b>



Model of likelihood of receiving no remarks on chemical health and safety containing independent variables for previous audits, factory characteristics, buyer-supplier relationship, and country characteristics.

	B	S.E.	Odds ratio	P
Factory	ISO certified (ref. not certified)	-1.175	0.661	0.309
	Number of employees (100s)	0.044	0.032	1.045
	Years of operation at time of audit	0	0.015	1
Audits	One previous audit (ref. previous audit)	0.177	0.412	1.193
	Two to nine previous audits (ref. previous audit)	-0.385	0.376	0.681
	<b>Ten or more audits (ref. previous audit)</b>	<b>-1.612</b>	<b>0.653</b>	<b>0.199</b>
Relation	First-tier supplier (ref. second tier)	-0.216	0.553	0.806
	Direct contact w. supplier (ref. contact via agent)	0.565	0.423	1.759
Country	Rule of Law Index	-0.346	0.705	0.707
	GDP per capita (USD 1000s)	-0.115	0.074	0.891

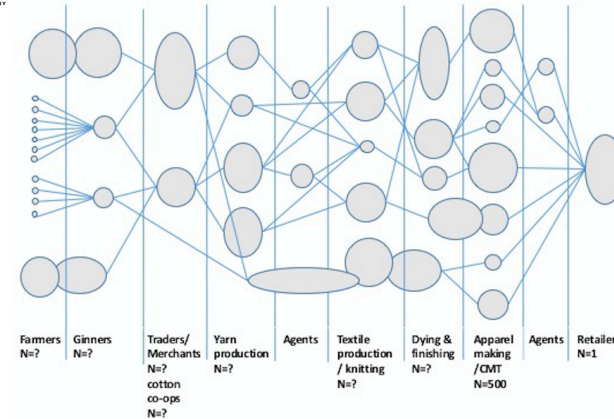


## Conclusions

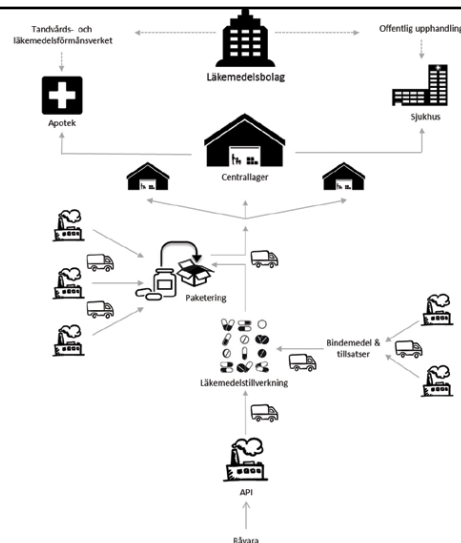
- (1) Working conditions do not meet the standards set out in codes of conduct.
- (2) Audits are unreliable in identifying, and hence properly addressing, violations concerning freedom of association and harassment.
- (3) Audits correlate with significant, but not substantial, improvements, and within chemical health and safety, only after what is often considered excessive auditing.
- (4) Codes are unable to ensure that compliant factories remain compliant over time.



## The garment supply chain



Source: Kogg, B. 2009. Responsibility in the Supply Chain. Lund University.



Source: Lönacius, K.  
2016. Hållbara  
läkemedel –  
Upphandling som  
styrmiddel. SIWI,  
Stockholm.



Tack!

**SANDQVIST**

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