Hur kan hållbarhetsaudits göra skillnad? - Erfarenheter från textilindustrin

ROYAL INSTITUTE OF TECHNOLOGY

Trying to secure decent working conditions

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

Henrik Lindholm

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Background: working conditions in the global supply chains




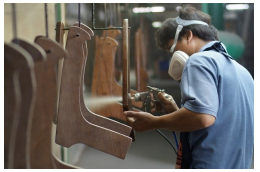

Photo credit: Will Baxter, GMB Akash, Lotta Ekelund, Fair Action

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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.

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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.

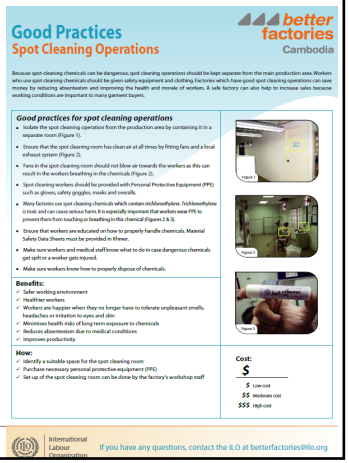
Audits done by 3 *local specialists* and includes *off site interviews* with workers and local stakeholders.



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

Good practices for spot cleaning operations

Benefits:

How:

Cost:

If you have any questions, contact the ILO at 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
Issues with MSDS or labelling	72	**32%**
Storage of chemicals	43	**19%**
Personal protective equipment	31	**14%**
Training and organising	27	**12%**
Ventilation/placement of spot removal	20	**9%**
Required checks not done	4	**2%**

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	0.075
	Number of employees (100s)	0.044	0.032	1.045	0.169
	Years of operation at time of audit	0	0.015	1	0.99
Audits	One previous audit (ref. previous audit)	0.177	0.412	1.193	0.667
	Two to nine previous audits (ref. previous audit)	−0.385	0.376	0.681	0.307
	Ten or more audits (ref. previous audit)	**−1.612**	**0.653**	**0.199**	**0.014**
Relation	First-tier supplier (ref. second tier)	−0.216	0.553	0.806	0.696
	Direct contact w. supplier (ref. contact via agent)	0.565	0.423	1.759	0.182
Country	Rule of Law Index	−0.346	0.705	0.707	0.623
	GDP per capita (USD 1000s)	−0.115	0.074	0.891	0.118

Conclusions

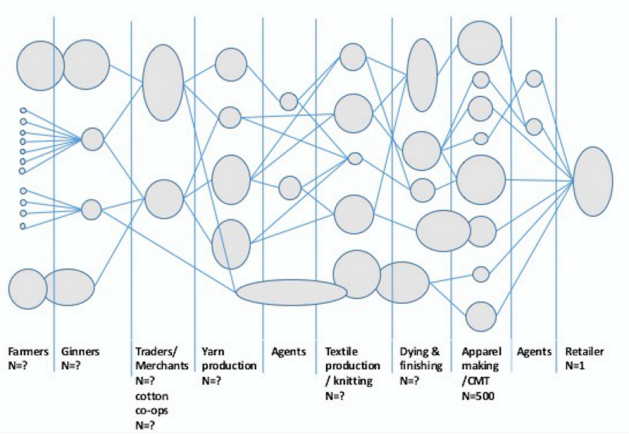
(1) Working conditions do not meet the standards set out in codes of conduct.

(2) Audits are unreliable in identifying, and hence properly addressing, violations concerning freedom of association and harassment.

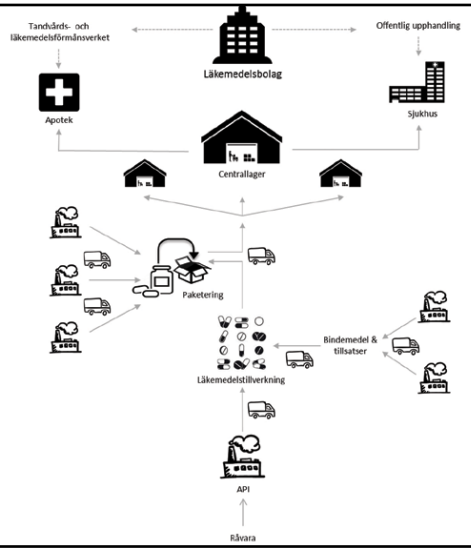
(3) Audits correlate with significant, but not substantial, improvements, and within chemical health and safety, only after what is often considered excessive auditing.

(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: Lonaeus, K. 2016. Hållbara läkemedel – Upphandling som styrmedel. SIWI, Stockholm.

Tack!

SANDQVIST
Henrik Lindholm | Sustainability Manager |
henrik@sandqvist.net | +46(0)70 6473674