

2024 Ethical Fashion Report – Survey Support Document

The Ethical Fashion Report is part of Baptist World Aid Australia’s (BWAA) Ethical Fashion project. The Report engages companies to ensure they are protecting the rights of workers and reducing environmental degradation in their supply chain. Our work also seeks to empower consumers to make informed purchasing decisions and petition their favourite brands to make changes.

The Ethical Fashion project engages in dialogue with companies about their supply chain practices through a core survey. The survey asks companies to answer questions on their labour rights and environmental sustainability systems, as BWAA believes these have the most impact on workers in the garment industry and, correspondingly, vulnerable communities as a whole. We then assess the efforts of each company and publish those findings for consumers to see how their favourite brands perform.

The 2024 Ethical Fashion Report will be published in October 2024 with the accompanying Ethical Fashion Guide.

What information is made publicly available?

We do not publish the validating material that companies disclose in answering each question in the survey, but we will publish the ‘YES’, ‘PARTIAL’, ‘NO’ or percentage answers which generate the score. Readers can assume that a company’s published answer to any question is based on their supplying of the required validation documents to support their claim – either directly to BWAA or via publicly available information. For example, if a company has a ‘YES’ or ‘100%’ answer to a question, they have supplied the documents that meet the standards set by BWAA for 100% credit for that question in accordance with the evidence requirements set.

How are evaluations conducted?

The grades are based on publicly available information and self-reported data by each company. We conduct each evaluation using an assessment tool that focuses on the company’s human rights and environmental policies, as well as the measures undertaken to implement these policies.

All grades are sent to companies for review and feedback before they are made public. Where companies are unresponsive to our various attempts at engaging with them, we work to provide a fair assessment of the company’s supply chain practices based on publicly available information only.

Questions fall into five categories, with weightings as follows:

A. Policies & Governance	B. Tracing & Risk	C. Supplier Relationships & Human Rights Monitoring	D. Worker Empowerment	E. Environmental Sustainability
6%	15%	33%	25%	21%

We distil complicated supply chain information by focusing on three key production phases of the fashion supply chain.

These phases and their weightings are as follows:

1. Final Stage Production	2. Inputs Production	3. Raw Material Production
45%	35%	20%

For more information, please refer to <https://baptistworldaid.org.au/resources/company-resources/>

Survey Support

The scores are generated as a result of the YES/NO/PARTIAL, or percentage answers to each question. This document provides a guide to the rationale behind each question asked, and explains the validating information we require to assess each answer. Supporting information or data may be requested by our researchers to put each company's answer in context.

We strive to grade all companies consistently, and consequently, every survey is cross-checked by a second member of the Ethical Fashion Team to ensure all assessments are fair and impartial, and completed to the highest quality. Baptist World Aid seek to work closely with the companies we assess to develop grades that accurately reflect the labour rights and environmental management systems in place and hope this document provides further guidance to understand what we are asking of your company.

Where possible, publicly available information has been used to pre-populate surveys for new companies (e.g. corporate social responsibility/sustainability reports, Commonwealth Modern Slavery Statements and ethical sourcing sections of websites). Companies will need to provide corresponding documentary evidence where requested, and provide responses for questions unable to be answered with publicly available information.

A. POLICIES & GOVERNANCE

1. CODE OF CONDUCT

Company has a code of conduct that requires respect for labour rights at every tier of its supply chain.

1.1	Does the company have a Code of Conduct for suppliers? <i>Policy should cover all four points set out by the ILO Fundamental Principles to Rights at Work, the prohibition of regular and excessive overtime, and provisions to protect worker health and safety.</i>
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Rationale: Codes of Conduct are used by companies to communicate basic working standards expected from suppliers.

Validation: Provide the Code of Conduct. Full credit is awarded where the code covers the ILO Fundamental Principles and Rights at Work AND two ETI standards for work hours including any clarifying sentences in italics. Partial is awarded where the code covers one or some of these rights.

1. Freedom of association and the effective recognition of the right to collective bargaining
2. Elimination of all forms of forced or compulsory labour
 - a. *This includes ensuring the right to freedom of movement for employees to enter and leave employment willingly and voluntarily through the prohibition of withholding employee identity documents.*
3. Effective abolition of child labour
4. Elimination of discrimination with respect to employment and occupation
5. The prohibition of regular and excessive overtime
 - a. *Working hours should not exceed 60 hours in any 7-day period. Regular working hours should be made clear in a contract, and not exceed 48 hours*
6. Provisions to protect worker health and safety (WHS/OHS policy)

1.2	Does the code apply to multiple levels of the supply chain including the raw materials level?
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Rationale: For a company to ensure the rights of all its workers, a Code of Conduct must be communicated

and enforced at all stages of the supply chain. This question asks whether the company has communicated the requirements of the Code of Conduct beyond final stage of production suppliers (cut-make-trim).

Validation: Full credit will be awarded to companies that can evidence how the Code of Conduct is communicated to both Inputs Production and Raw Materials suppliers. At the raw materials stage this may be demonstrated through some certifiers e.g. BCI.

Partial credit is awarded where Code of Conduct standards are applied across two of the three stages.

1.3	Is the code included in supplier contracts?
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Rationale: Including the Code of Conduct as a compulsory element of supplier contracts is a key way for companies to enforce core working standards.

Validation: Provide the company’s supplier contract and signed examples of Code of Conduct OR . Full credit will be awarded where company provides signed supplier contracts for 5% of, or 20 Final Stage suppliers – whichever is lower.

2. ACCOUNTABILITY	
<i>Company identifies clear points of accountability for human rights and environmental sustainability at the management and board level.</i>	

2.1	Does the company publicly disclose that it has a designated senior officer accountable for implementation, and a board committee/process tasked with oversight of its supply chain policies that address human rights and environmental sustainability?
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Rationale: Companies must have delegated responsibilities for the oversight and implementation of policies and must ensure that human rights and environmental policies are embedded at the most senior level to ensure their implementation throughout the entire company. Having these delegated responsibilities ensures that all business activities are coherent with and account for the company’s responsibility to respect human rights and environmental sustainability. Public disclosure enables public and civil society accountability. If not implemented consistently, staff continue to perform their role without awareness or regard for human rights or sustainability, and poor human rights and environmental practices can continue.

Validation: Full credit will be awarded where company publicly discloses both senior (executive leadership) and board level (individual member or governance/risk committee) positions responsible for implementation of policies with a description of their roles/how they are held accountable at both executive and board level. Partial credit will be awarded where staff positions are listed without description of roles for implementing policies; where only one position can be listed/described; or where list is provided for assessment but isn’t published publicly

B. TRACING & RISK

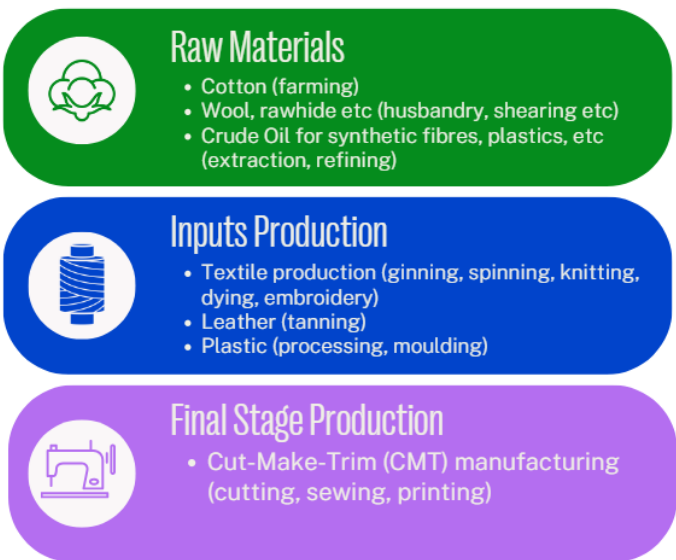
	Final Stage Production	Inputs Production	Raw Materials
<i>From this point on, all questions in sections 2, 3 and 4 are asked of three separate stages of the supply chain.</i>	Cut-Make-Trim	Textile Production	Primary Fibre

For sections 2, 3 and 4, you will be reporting on all three stages of production.

Please use the graph to the right to understand which production processes we classify under each stage of production.

For Inputs Production, companies should nominate a primary production process based on human right risk. Typically, this will require companies to report on fabric mills unless the company's primary fibre differs greatly to that of a textile production chain (e.g. Leather).

For Raw Materials, you may select just one fibre, which should be selected based on volume (being your most used fibre) or risk (that fibre which has demonstrated the highest labour rights risks).



3. TRACING AND TRANSPARENCY
Company traces and is transparent about its suppliers at all levels of its supply chain.

3.1	Approximately what percentage of facilities (factories, mills, farms etc.) has the company traced? <i>By number of facilities, rather than volume of production. By traced we mean that the company has direct knowledge of the facility including name and location.</i>
3.2	Provide total number of facilities that produce for the company, including all subcontracted producers (if known).
3.3	List all countries in which production takes place for each stage of the supply chain.
3.4 (new)	What volume of clothing and/or footwear was produced in the last financial year (in pieces not weight)?

Rationale: Worker exploitation and modern slavery are a greater risk at the fringes of the supply chain in smaller, less scrutinised suppliers and subcontractors. This is a particular concern for those suppliers which are used for smaller and one-off orders where the company's compliance program may not extend, or with whom the company may have a shallower relationship. Question 3.4 is a new addition to the survey in 2024, providing a data point on the company's contribution to the fashion industry's impact. It enables civil society to strengthen the accountability process by encouraging disclosure of impact as well as commitments.

Validation: For Inputs Production and Final Stage Production, please provide a percentage out of the total number of facilities, NOT the percentage of production volume. For Raw Materials, we will accept the volume of production due to the prevalence of sourcing raw materials through programs and initiatives that do not provide total numbers. Credit may be awarded if fibre is being sourced through reputable certification (e.g. Fairtrade, BCI).

For Inputs Production and Raw Materials, where few companies have direct relationships, outline how traceability has been achieved.

Please note that although Questions 3.2,3.3 and 3.4 are non-assessable, and will not be made public. 3.2 and 3.3 will be used to validate company answers for subsequent questions. It is therefore important that this information is provided.

3.5	Is the company making efforts to identify the location of unknown suppliers?
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Rationale: Companies have not fully traced their supply chains have a higher risk of poor human rights and environmental practices occurring in their supply chain. We encourage companies to prioritise tracing their supply chain in full, and here seek to credit those companies with active tracing project underway.

Validation: Describe the company's efforts to trace the location of unknown facilities at each stage of production. How does the company collect information including the names and addresses of facilities used beyond first tier suppliers?

If all suppliers at any of the production stages have been traced, select N/A for that stage.

Example: where the company describes any effort to trace any stage that is not 100% traced yet.
 Example: asking fabric mills to review purchase orders to identify the cotton source. Alternatively, credit if the brand is upping their sourcing of certified product.

3.6	Is there a public list of facilities? <i>Must include names and addresses</i>
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Rationale: Publishing supplier lists is a key way for companies can demonstrate their commitment to being held accountable for issues in their supply chain. Transparency about supplier locations in particular is a valuable tool for civil society to verify that working conditions meet the standards companies claim to enforce and also identify a company to contact should a concern require remediation.

Validation: Provide a link to supplier lists. Full credit is awarded where there is a public list of all traced facilities at that stage of production, which includes the name and address of each facility. Partial credit is awarded where there is an incomplete list of traced facilities.

3.7	In addition to the facilities' names and addresses, does the company also publish at least three of the following indicators about each facility: <ul style="list-style-type: none"> - <i>The parent company of the business at the site</i> - <i>Type of products made</i> - <i>Worker numbers at each site</i> - <i>Percentage of female workers at each site</i> - <i>Percentage of migrant/temporary workers at each site</i> - <i>Date of last audit</i> - <i>Audit report and/or Corrective Action Plan</i> - <i>If facility has a trade union</i> - <i>Social standard certifications the facility holds</i>
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Rationale: This question exists to credit those companies that are going above and beyond the minimum expectations when it comes to corporate transparency.

Validation: Provide a link to where this information is published. Full credit will be awarded where at least three of the listed indicators are published for all facilities. Partial credit will be given for less than three indicators, or where additional information is provided for some of the suppliers that are publicly listed.

Partial credit may be awarded at researchers' discretion where facility names are provided with indicators, but without addresses.

Example: See Nike's [Interactive Manufacturing Map](#).

4. RISK
<i>Company assesses and discloses material human rights and environmental risks throughout its supply chain.</i>

4.1	Has the company conducted a labour rights risk assessment of its supply chain and is the assessment being used to improve its labour rights management system? <i>Please identify material human rights risks identified at each stage, including compulsory risks identified in Survey Support Document.</i>
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Rationale: Labour rights risks can vary according to different regional contexts, making it important for companies to understand the specific labour rights risks across its supply chain. By conducting a risk assessment, a company can not only better understand the risks, but also implement learnings to improve its labour rights management systems.

Validation: Describe what risk assessment has been done and for what portion of the supply chain, including details of how this assessment has been implemented to improve labour rights management systems.

Full credit is applied when a risk assessment has been conducted and it can be demonstrated that the assessment has been used to improve the company’s labour rights management system. For full credit, companies must sufficiently reference risks related to:

- Ongoing COVID-19 related risks for garment workers; and
- Uyghur forced labour (for companies sourcing from China).

Partial credit is applied when a risk assessment has been conducted without any clear steps to improve the company’s labour rights management system, or where one or both of the above specified risks are not mentioned.

Companies submitting a Modern Slavery Statement under the Australian Modern Slavery Act (Cth) may wish to provide and outline the key processes of risk assessment and reporting that the company is using and/or has used in relation to meeting its mandatory reporting requirements under the Act.

4.2	Has the company undertaken an assessment of its environmental impacts and risks throughout its supply chain and is the assessment being used to improve its environmental management system?
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Rationale: When company decision-makers understand their environmental impacts and risks throughout the supply chain, they’re better situated to develop a strategic approach to environmental issues.

Validation: Describe what risk assessment has been done and for what portion of the supply chain, including details of how this assessment has been implemented to reduce environmental impacts and risks.

Full credit is applied when a risk assessment has been conducted and it can be demonstrated that the assessment has been used to improve the company’s environmental management system. Partial credit is applied when a risk assessment has been conducted, without any clear steps to improve the company’s environmental management system.

A robust risk assessment may include environmental profit and loss statement, or environmental impact and risk assessment.

C. SUPPLIER RELATIONSHIPS & HUMAN RIGHTS MONITORING

5. RESPONSIBLE PURCHASING

Company adopts fair and responsible policies and behaviours for supplier orders and contracts.

5.1	Does the company have a policy on responsible purchasing practices in relation to supplier engagement, including a strategy for the implementation of the policy?
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Rationale: Labour rights must be upheld and precede the importance of delivery dates, lead times, and costings. Research from the International Labour Organisation demonstrates a negative correlation

between companies' purchasing behaviour and the ability of fashion industry suppliers to uphold company mandated Codes of Conduct. This puts the lives and dignity of workers at risk and leads to harmful impacts on workers such as failure to pay wages and benefits, use of excessive overtime (which may be forced), use of subcontractors (where WHS and labour conditions are unmonitored), and precarious employment resulting from increased use of temporary labour.

It is essential that all teams within a company, including, but not limited to; design, product development, production, buying, and senior leadership, are aware of the impact their purchasing and order behaviour has on the experience of workers and the conditions they work in.

Validation: Please provide a policy and accompanying strategy that addresses responsible purchasing practices. For full credit, the policy must include reference to the following points:

- Education/training of internal staff (buyers, production, design etc.) on responsible purchasing practices and the impact of their behaviour on garment workers;
- Implementation of sufficient lead times through production planning, capacity, and forecasting;
- Maintenance of last-minute order changes, including acceptance of financial liability for resulting overtime and additional material costs;
- Pricing and payment negotiations with fair and transparent payment terms that do not disproportionately disadvantage one party, including: ensuring negotiations do not undercut the supplier's base costs, ringfenced or itemised labour costs to include allowance for legal minimum wage rises, adherence to contractual agreement of prices and terms, and full on-time payment;
- Opening a purposeful dialogue with suppliers to gauge constructive feedback on the success or harm resulting from the company's purchasing behaviour, enabling all parties to collaborate for the benefit of workers.
- A mechanism for suppliers to provide anonymous feedback on the impact of the company's policy implementation and buying practices on their operations and staff.

The accompanying strategy must demonstrate that the company has a credible plan in place for the implementation of each policy point.

Full credit will be awarded where both policy and strategy are provided, with strong links between the pair.

Best practice companies may also describe efforts to extend responsible purchasing practices and implementation of applicable policy points beyond final stage suppliers to include inputs and/or raw materials suppliers.

Example: We recommend that you review the Ethical Trade Initiative's (ETI) [Guide to Buying Responsibly](#) in developing/updating your policy on purchasing practices.

5.2	Does the company track data related to responsible purchasing practices including percentage of orders paid on time and percentage of retrospective changes made to orders or payment terms?
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Rationale: Tracking data related to responsible purchasing practices is essential to ensure that the standards put in place are met, with worker welfare being central to the process. Tracking data such as order payments and retrospective order changes is beneficial to understanding the ongoing relationship between your efforts towards responsible purchasing practices and the flow-on impacts these may have on suppliers.

Validation: Describe how the company tracks data related to responsible purchasing practices, using the list of points in question 5.1 above as a guide. For full credit, the following data points must be tracked and disclosed:

- Percentage of orders paid on time (within 60 days); and

- Percentage of retrospective changes made to orders or payment terms after the original purchase order agreement was made.
- Partial credit will be awarded where description is provided without data points, or data points without description.

6. SUPPLIER RELATIONSHIPS

Company establishes strong supplier relationships to incentivise good labour rights and environmental practices.

6.1	Does the company train suppliers to understand their responsibility for upholding and implementing labour rights and health and safety standards?
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Rationale: Monitoring methods such as audits can only provide a snapshot of working conditions as observed at periodic intervals. It is important that suppliers and factory managers are skilled at identifying workplace issues which may arise in front of them. Training in the form of ongoing capacity building is one way a company can support this and ensure that problems are properly remediated.

Companies may choose to reward suppliers that comply with their policies with more business. They may also incentivise suppliers to monitor and report on conditions in their own workforce and at the next tier in the supply chain.

Validation: Detail training and who it is provided to. Training should specify the workers' rights to:

- Employment under and with full understanding of the legal conditions of their employment
- A safe and healthy workplace
- Freedom of association
- Access to and function of grievance mechanisms.

Full credit is awarded where training in all of these areas is provided to suppliers/factory management. Full credit may be applied where the training covers all points and is provided to the majority of supply facilities (above 75%) every two years.

Partial credit will be awarded where suppliers/factory management are trained in some but not all areas, or where training is only provided to less than 75% of suppliers or where training has been provided to more than 75% but more than 2 years ago.

6.2	Does the company actively seek to improve its influence and leverage with suppliers through initiatives such as MSIs, supplier consolidation, and industry collaboration?
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Rationale: Fashion companies have historically had little leverage over suppliers and worker conditions due to small order amounts comparative to factories' full capacities. However, there are ways that brands can increase their leverage with suppliers to improve labour rights. This question seeks to credit companies driving labour rights change through increasing leverage with suppliers, via MSIs, supplier consolidation, and collaboration with industry peers.

Validation:

For full credit, companies must demonstrate how their initiatives cause suppliers to improve standards for workers.

Examples include:

- MSIs which encourage suppliers to improve worker conditions (or make it more difficult not to). Membership and evidence of positive improvement must be demonstrated. E.g. International Accord, Action Collaboration Transformation (ACT), Fair Labor Association;

- Companies who have significantly consolidated their supply chain to increase leverage with remaining suppliers through higher order volumes, and can demonstrate that this has increased leverage for change;
- Companies who have partnered with one or more industry peers sourcing from the same factories to leverage change/encourage suppliers to adopt new practices.

6.3	Does the company have a preferred supplier program by which suppliers are incentivised for strong labour rights and/or environmental sustainability records?
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Rationale: Factory managers may require assurance of future orders before they are prepared to invest in improving working conditions and wages. A preferred supplier program which links continuously improving and high levels of social and environmental compliance with the selection of suppliers for orders is a direct incentive for factories to strive for continued improvement. This question is looking for a correlation between strong labour conditions and/or environmental performance, and increased orders to that facility.

Validation: Please describe the program in place. For full credit, the program must:

- Show a standard of distinction (either between approved suppliers, or a high standard required of all suppliers) on the basis of labour rights records/environmental sustainability, and;
- Exhibit preferential treatment based on that distinction, e.g. increased orders, guaranteed orders, training within facilities. The program must incentivise strong labour rights/environmental sustainability and not just communicate them as a minimum standard, and it needs to have been communicated to suppliers (therefore not just an internal ranking system).

For companies who own a portion of their supplier base and have evidenced that this leads to stronger labour rights/environmental standards, partial credit may be awarded. If company owns 100% of their supplier base, full credit may be awarded.

7. FORCED LABOUR, CHILD LABOUR AND HUMAN TRAFFICKING
<i>Company identifies and works to address risks of forced labour, child labour and human trafficking throughout its supply chain.</i>

7.1	Has the company produced a Modern Slavery Statement that fulfils legal requirements, including outlining it's strategy to address modern slavery and measure it's implementation? <i>(Companies who are not required to submit a statement in Australia must evidence efforts to assess modern slavery risks meeting the seven points stipulated in Survey Support Document.)</i>
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Rationale: The Commonwealth Modern Slavery Act came into force on the 1st of January 2019, requiring businesses in the Australian market with a consolidated revenue of at least AUD\$100 million to submit a Modern Slavery Statement annually. For companies under this threshold or outside of this jurisdiction, we are seeking an equivalent assessment of modern slavery risks and mitigation measures.

Validation: Please provide a link to your Modern Slavery Statement, either on your website or on the registry. The statement must outline the actions taken by the company to assess and address the risks of modern slavery in their global supply chains. For full credit, all 7 mandatory criteria as stipulated by the Act must be covered. Partial credit may be awarded where only some of the criteria are included.

Criteria includes:

1. Identify the reporting entity
2. Describe the reporting entity's structure, operations and supply chains

3. Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls
4. Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes
5. Describe how the reporting entity assesses the effectiveness of these actions
6. Describe the process of consultation with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement), and
7. Provide any other relevant information.

If the company is under the revenue threshold for submission, they must demonstrate some level of effort that matches the intentions of the Act with regards to disclosure of modern slavery risks in their supply chain, and efforts to address these.

7.2	Does the company ensure that there is no unauthorised subcontracting and that all authorised subcontracted production adheres to code standards?
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Rationale: Worker exploitation can occur in more distant and removed parts of the supply chain, such as subcontracted facilities because the principal company may no longer have oversight of recruitment and management. This question is asking whether there are steps taken to ensure that the standards laid out in the code are adhered to in subcontracted facilities.

Validation: Please provide information on the program or steps undertaken for each stage of production. If subcontracting is not allowed in any situation, company must stipulate how this is monitored and provide evidence. This must include monitoring of majority (>75%) of sub-contracted facilities may include additional monitoring such as production audits. For companies who allow primary suppliers to use subcontractors, details must be provided on process for ensuring subcontracted production is adhering to code standards.

7.3	Does the company track suppliers' use of vulnerable workers? <i>Incl. migrant, temporary/contract, female, low-wage workers and workers from minority groups</i>
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Rationale: Vulnerable workers are common to most supply chains. Temporary and contract workers commonly fill positions created by a short-term increase in demand, while migrant workers travel away from home for work where factories are located. These workers are vulnerable as the nature of their employment is less stable, which can leave them more likely to be exploited as they feel less secure about asserting their rights at work. Distance from home and visas which link residence to employment can also make vulnerable workers feel apprehensive about asserting workplace rights. There is nothing inherently wrong with a factory employing **temporary/contract, migrant, female** or **minority group** workers, but the presence of these workers in a factory may signify a portion of the workforce who require additional attention to ensure their rights are upheld. For example, a disproportionately high use of temporary and contract workers within a workplace may signify a systemic attempt to get around legislative protections for permanent workers.

Validation: Describe how this is tracked for each stage of production and provide data showing results.

7.4	Are suppliers monitored for their use of labour brokers and recruitment fees?
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Rationale: The use of labour brokers means that there is another party involved in the recruitment of workers which raises concerns for instances of modern slavery including forced labour and debt bondage. Modern slavery typically arises where there is deception, coercion or fraud in the recruitment process, and the presence of a broker between a worker and their employer increases the risk of this occurring. Charging recruitment fees to new employees often creates debt bondage which amounts to a form of forced labour. For this reason, companies must monitor any use of labour brokers to ensure exploitative practices are not occurring.

Validation: Describe how this monitoring takes place.

8. GENDER INEQUALITY

Company identifies and works to address gender inequality and discrimination throughout its supply chain.

8.1	Does the company have a policy addressing gender inequality in the supply chain, including a strategy to address discrimination and rights violations faced by women in the apparel industry?
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Rationale: This question aims to determine whether the company has a policy and an implementing strategy that addresses the differential impacts the garment industry has on female workers. This includes (but is not limited to):

- Verbal and physical abuse;
- Sexual harassment;
- Reproductive discrimination;
- Full and equal participation;
- Gendered processes of migration;
- Health impacts;
- Childcare responsibilities.

Validation: Please provide a policy that addresses gender inequality in the supply chain, including a strategy to address discrimination faced by women in the apparel industry.

Example: See Clean Clothes Campaign's Made by Women report and Fair Labour Association's report Triple Discrimination: Woman, Pregnant and Migrant for further information.

9. MONITORING

Company regularly monitors labour rights standards throughout its supply chain including implementation of its code of conduct and supply chain policies.

9.1	What percentage of facilities are monitored over a 2-year period by trained social auditors or through worker-led processes (i.e. includes worker participation and is guided by workers' rights and priorities)? This may also include shared monitoring through collaboration with MSIs or other companies.
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Rationale: Social audits by trained social auditors and other equivalent monitoring processes provide an independent snapshot of working conditions by staff qualified to look specifically for exploitative practices. Only what is detected can be remediated, which makes monitoring an invaluable part of a labour rights management system.

Traditional forms of social auditing are not always the most reliable methods for uncovering issues. We welcome other innovative forms of monitoring which are worker centric and aim to address issues present in audits. Worker-led monitoring processes must include worker participation and be guided by workers' rights and priorities. Alternatively, this may also include the presence of worker trade unions in monitoring process.

Audit/monitoring fatigue and COVID-19 have both had negative impacts on companies' ability to perform effective audits. Evidence of the use of audit sharing platforms and alternative forms of monitoring will be accepted.

Validation: Describe the monitoring process and frequency, and provide a breakdown of the percentage of facilities that are monitored by internally trained staff and third-parties, and/or through worker-led processes. We collect this data to obtain a fuller understanding of the monitoring processes in place.

If audits are the company's primary form of supplier monitoring please include the names of the third-party/third parties used and/or the social audit training provided to staff who conduct audits. Please do not answer based on self-assessment questionnaires, or monitoring visits conducted for other purposes such as product quality or environmental compliance.

If companies use other forms of monitoring, including worker-led processes, please also provide a description of these and explain how the company came to use these processes alongside, or as an alternative to, traditional auditing.

9.2	What percentage of facilities are monitored with unannounced audits over a 2-year period?
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Rationale: Announced audits alone can only provide a snapshot of working conditions in a facility and audit quality can vary greatly. Unannounced audits can add another dimension to the social compliance program and enhance the accuracy of data gathered.

Validation: Provide a breakdown specifying what percentage of factories receive unannounced audits and examples of findings gathered from these audits.

9.3	What percentage of facilities are known to have other worker voice processes such as anonymous worker surveys or off-site worker interviews in place?
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Rationale: Processes such as anonymous worker surveys and off-site interviews allow for a more in-depth assessment of factory conditions and add an important dimension to collective bargaining. Such processes, when conducted in a way that the workers trust (at arm's length from factory management), allow for workers' concerns to be heard, particularly in regions where independent union activity is outlawed or heavily restricted.

Validation: Provide a breakdown specifying what percentage of factories use other worker voice processes such as anonymous worker surveys and off-site worker interviews to hear workers' concerns. Please outline the processes in place and provide examples of the findings. Please note grievance mechanisms do not receive credit for this question.

9.4	Does the company publicly report on the results of supplier monitoring and evaluation procedures? <i>(e.g. percentage breakdown or number of facilities with remediation plans, selected audit findings on multiple topics, summary of assessment findings or aggregate facility ratings)</i>
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Rationale: Disclosure of instances of worker exploitation or violations of the Code of Conduct is a measure of a mature social compliance system, rather than an indication of failure. It is undetected and unremediated breaches which are the greatest concern. We are looking for broad disclosure of the breaches found through the company's compliance monitoring, along with description of remediation steps undertaken.

Validation: Provide a link to where this information is publicly available. This information could include:

- Percentage breakdown or number of facilities with remediation plans;
- Selected audit findings on multiple topics;
- Summary of assessment findings or aggregate facility ratings.

Best practice reports should be published with details of how these breaches are being remediated, but this is not necessary for credit for this question.

10. REMEDY AND CORRECTIVE ACTION

Company ensures all labour rights issues and violations are remediated in the best interests of the impacted workers and their communities

10.1

What percentage of corrective action plans pertaining to wages, overtime, unauthorised subcontracting or fire and safety breaches are resolved within 12 months?

Rationale: Corrective action plans (CAPs) addressing issues such as wages, excessive overtime, unauthorised subcontracting and safety breaches are not always resolved efficiently or effectively. These issues often occur repeatedly in facilities and little to no progress is made towards remediating them over time.

Validation: In addition to selecting the correct percentage for each stage of production, we also require audit evidence. Please provide relevant audit documentation (for example, the CAP and the follow-up audit) demonstrating how issues have been resolved in 12 months.

Companies seeking credit higher than 25% must provide a list of all facilities with CAPs raised, and also list all CAPs closed (including dates). The researcher will then select up to five CAPs (with audits) at random for the company to provide as evidence.

If a company is claiming that no CAPs have been raised, then they must provide audits that demonstrate no CAPs raised.

If a company is claiming over 50%, instead of asking for greater than 5 CAPs/follow-up audits, we will enquire as to how you have closed so many CAPs, including the processes used to identify, track and resolve wage and overtime issues long term.

If a company is seeking to have selected wage-based CAPs removed from assessment due to social insurance compliance, specific information about the context and volume of exclusions must be provided.

10.2

Where child and/or forced labour is found to exist, does the company have a process for responding to violations through dialogue with and primary consideration for the best interests of the affected stakeholders?

Rationale: The mark of a strong social compliance system isn't necessarily the absence of child or forced labour, but the discovery and effective remediation of it. This question credits those companies that have been proactive and prepared for the event that child or forced labour is discovered in their supply chain, no matter how unlikely they feel that is.

Validation: Please provide the company's child and forced labour remediation policies and outline the remediation procedures in place. Where the company can demonstrate a robust remediation procedure for both child AND forced labour, full credit will be awarded.

A robust corrective action process includes: a process for responding to violations through dialogue with and primary consideration for the affected stakeholders, including evidence that remedy(ies) are satisfactory to the victims or groups representing the victims, means to verify remediation and/or implementation of corrective actions, and potential actions taken in cases of non-compliance.

Examples and Resources:

- Impact Limited's [Child Labour Operational Principles](#)
- International Labour Organization's [Guidance Tool on "How to do Business with Respect for Children's Right to be Free from Child Labour"](#).
- International Labour Organization's [Child Labour Platform](#).
- International Labour Organization's [Combating Forced Labour: A Handbook for Employers and Business](#)

D. WORKER EMPOWERMENT

11. LIVING WAGES

Company commits to pay living wages and is progressing against a timebound plan to meet this goal.

11.1	Has the company published a credible commitment to pay living wages based on a clear methodology with timeline, clear milestones, measurable goals and regular progress reporting?
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Rationale: This is a strong step in transparency, demonstrating a company's willingness to be held publicly accountable for making progress towards paying living wages in its supply chain.

Validation: Provide a link to where this information is made publicly available. Full credit will only be given if all criteria are met (clear methodology, timeline with measurable key milestones and progress towards achieving commitment). Partial credit will be given if only some of the criteria are met.

11.2	Has the company adopted a living wage methodology and calculated a living wage for each region that it operates in?
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Rationale: The debate over what constitutes a living wage has often been an obstacle to developing a living wage standard which can be applied across a vast supply chain. Consequently, credit is awarded for the adoption of industry accepted methodologies, such as calculations done using the [Anker methodology](#) by the ISEAL Alliance or the Asia Floor Wage.

Validation: For full credit, please outline steps taken to adopt an existing methodology which provides a calculation for a living wage in each of the company's sourcing regions. Please include the calculated result for each region. If there is no accepted methodology for any of the company's sourcing regions, we will accept an independent calculation based on an assessment of what is required to meet a family's needs (with some discretionary income/savings) in each region, and how this amount will be earned without working overtime. This process should involve consultation with local labour organisations. Partial credit will be awarded if the company can demonstrate initiatives in some of their sourcing regions.

Note: 'regions' must at minimum include each different country a company sources from. For companies sourcing from China or India, please provide a breakdown of sourcing regions including the different regional calculations.

Further Resources:

- FairWear Foundation Wage Ladder <http://www3.fairwear.org/673/wage-ladder/login/>
- SAI International Living Wage Reports (aka Anker calculations) <http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&pageId=1848>
- Wageindicator.org website

11.3	What percentage of facilities pay a living wage?
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Rationale: This question aims to award credit for payment of living wages, a step that counters inequality, provides a pathway out of poverty and helps workers to cover basic essentials including food, housing and healthcare.

Validation: In addition to selecting the correct percentage for each stage of production, please provide relevant audit documentation demonstrating that a living wage (aligned with the calculations provided above) is being paid.

If the company is seeking 1-25% credit, please provide a sample of 5 audits for each stage of production. If claiming more than 25% credit, please explain how this has been achieved, and provide a list of all facilities the company claims pay workers a living wage. From this list, our researchers will select a random sample for which we request to see audit documentation.

For companies who complete more than 50% of their production volume at company owned facilities, up to 50% of credit in this question may be assessed based on living wages paid in these facilities. E.g. A company sources from 10 factories, but owns 3 of these in which they produce 80% of their volume. The company pays living wages in 100% of their owned factories. Therefore, they are able to claim 50% credit in this question based on owned facilities. The remaining 50% credit in this question will be assessed on any living wage evidence provided for the outsourced factories.

11.4	What percentage of facilities have projects to improve wages? <i>Select 100% if all factories pay a living wage.</i>
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Rationale: This question aims to award credit for other efforts to improve worker incomes. It is not prescriptive about how this may be achieved but rather seeks to reward initiative toward the goal of paying a living wage in the absence of a widely agreed standard and solution.

Validation: Detail projects and how they work to improve wages or worker income in other ways. Partial credit will be awarded if the company can demonstrate initiatives in some of their sourcing regions.

Example:

- FairTradeUSA's Apparel Standard seeks to improve worker incomes by paying a 'fair trade premium' which a committee of workers votes to decide how to disperse. This may be either among workers or to contribute to community development initiatives which will improve their welfare.
- ACT membership alone is worth 26-50%.
- BCI cotton is associated with improving farmer income by reducing costs of chemical use with strategic chemical use only, combined with improved access to markets and increased yields as a result of farming skill training. Select percentage according to the percentage of BCI cotton purchased.

12. WORKER ENGAGEMENT	
<i>Company supports worker-led initiatives and other programs to educate workers in its supply chain on their labour rights.</i>	

12.1	Are workers trained on their rights and entitlements, including: conditions of employment, freedom of association, and use of grievance mechanisms?
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Rationale: Workers are best able to advocate for their rights and safety when they are equipped with knowledge about their legal rights and entitlements, as well as the mechanisms available to them. Essential knowledge includes:

- **Conditions of employment:** a contract which outlines the worker’s terms of employment, including minimum age requirements, pay, hours, payment terms, rights and entitlements, and length of contract (if relevant), provides a foundation for workers to be able to advocate for their rights.
- **The worker’s right to freedom of association:** an understanding of the right to organise and collectively bargain to ensure rights are respected is critical to ensuring workers are able to voice and resolve workplace issues
- **The worker’s right to freedom of movement:** the worker must be able to freely access their passport and/or identity documents and understand that they can leave their place of employment.
- **Grievance mechanisms:** A worker’s right to raise a grievance is only effective if the worker understands how it works. Involving workers in the development and implementation of a grievance mechanism and demonstrating to workers how they can use the mechanism builds confidence in the systems and improves uptake rates.

It is crucial that workers understand these rights and are assured that they will not face discrimination or harassment if they choose to exercise their rights to freely associate.

Validation: Describe how workers are trained or otherwise informed in each area and how consistently training is provided across the supply chain.

13. FREEDOM OF ASSOCIATION
Company supports the ability of workers in its supply chain to freely form unions or associations and to collectively bargain for their rights.

13.1	What percentage of facilities are known to have independent democratically elected trade unions and/or collective bargaining agreements in place?
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Rationale: Workers that engage with unions are best placed to voice and resolve workplace issues. One of the most effective ways to address exploitation is ensuring that workers can organise and collectively bargain to see their rights realised.

Validation: List facilities with active unions and provide the names of the unions. For facilities with no unions, list and indicate if there is an active Collective Bargaining Agreement in place. Please note, in lieu of providing a list of facility and union names, we will consider audit reports with union names redacted, if it is clear from the available documentation that there is an independent, democratically elected trade union present in the facility.

For facilities in countries where independent union activity is heavily regulated or illegal, such as China, we do give credit for other forms of democratically elected worker representative groups. The company must demonstrate how they test that the groups are worker-led and independent of factory management.

14. GRIEVANCE MECHANISM
Company ensures mechanism(s) are in place which enable worker complaints to be heard anonymously and in their native language.

14.1	Does the company have an effective grievance mechanism which workers can access anonymously and in their native language? <i>Company must do more than hear complaints; must include investigation and efforts to address grievance.</i>
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Rationale: Grievance mechanisms are a key method for workers to report issues to an outside party so that unresolved issues may be addressed. It is particularly useful for protracted problems which factory managers have not resolved, or where workers are not comfortable reporting issues to factory management out of fear of retribution.

Validation: Please describe mechanism. A robust grievance mechanism will meet the following criteria, derived from Principle 31 of The United Nations Guiding Principles of Business and Human Rights:

- Available in workers’ native language;
- Anonymity is ensured;
- Enables trust from workers and provides assistance for those who face barriers to access;
- Clear and known procedure and timeframe;
- Thorough investigation and remediation of grievances, in line with internationally recognised human rights;
- Avenue to escalate concerns to an external party if the worker feels their concern has not been sufficiently addressed;
- Impacted parties are informed of its progress and effectiveness including improving the mechanism by drawing from relevant measures and lessons learned.

For full credit, the company must evidence a grievance mechanism that meets the above criteria and provide data showing worker use of the mechanism and issues remediated by the company.

E. ENVIRONMENTAL SUSTAINABILITY

15. FIBRE AND MATERIAL USE
Company assesses and seeks to improve the environmental impacts of the fibres and materials used in its products.

15.1	Has the company assessed the environmental impact of its top 3 fibres and materials used in its apparel products and implemented learnings from assessment into product design and production?
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Rationale: Fibres have different impacts depending on their type, source and how they are processed. This question seeks to improve understanding of the top 3 fibres used by volume and implement that understanding into the product design stage. Environmental impacts can thereby be prevented rather than treated after the fact.

Validation: For full credit, please identify your top 3 fibres by volume, demonstrate that the company has assessed the impacts of these fibres using a recognised methodology (e.g. Natural Capital Accounting, Lifecycle Assessment, Environmental Profit and Loss Statement) and explain how these assessments have been used to set targets with accompanying strategies for improving the areas identified as highest impact in product design and production e.g. a material sustainability index, using more sustainable fibres, less water-intensive dyeing processes

15.2	What percentage of the company's final product is made from sustainable fibres?
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Rationale: Many fibres are available from more sustainable sources than conventionally sourced. This includes fibres that are cultivated using less water or chemical-intensive processes, protect biodiversity, respect human rights and other new and innovative sustainable fibres.

Validation: Explain what sustainable fibres you use and what this represents as a percentage of the company’s final product volume. We credit in alignment with Textile Exchange’s Preferred Fibre or Material Matrix which defines sustainable fibres as follows: A fibre or raw material that delivers consistently reduced impacts and increased benefits for climate, nature, and people against the conventional equivalent, through a holistic approach to transforming production systems.

Textile Exchange Preferred Fiber & Materials Matrix

Textile Exchange Preferred Fibre and Material List 2023

We give credit for sustainable fibres, in alignment with those that score a total over 5 or above across the 8 indicators of performance on Textile Exchange's Preferred Fibre or Material Matrix. These fibres have been selected because of their performance based on standard systems in comparison to conventional options.

15.3	Does the company measure the volume of pre-production and post-production waste generated annually?
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Rationale: Fashion waste begins before garments and footwear are sold. Pre-production waste, including offcuts and scraps, threads and end of roll fabrics and post-production waste including deadstock, samples and overstock are significant contributors to environmental degradation, landfill and emissions. To address this waste, the fashion industry needs to understand the scope and size of the waste challenge and progress towards collective transparency to provide clarity of the size of the waste challenge.

Validation: Provide measurement for both pre and post-production waste in kg/tonnes, not in units. For full credit, please share how the waste data was collected.

Example:

- A waste audit conducted at varying stages of production.
- A Life Cycle Assessment aiming to quantify the environmental impact of waste created throughout varying stages of production

16. WATER AND CHEMICAL USE

Company assesses, monitors, and seeks to improve water and chemical use and pollution throughout its supply chain.

16.1	Does the company have a restricted substances list (RSL), and a manufacturing restricted substances list (MRSL) against which it tests compliance?
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Rationale: A restricted substances list ("RSL") defines permitted levels of chemical content and chemical exposure (and other harmful substances) for final products. A manufacturing restricted substances list ("MRSL") defines banned and restricted hazardous substances potentially used and discharged into the environment during manufacturing. Quality assurance systems including testing should be used to ensure that facilities comply with the RSL and MRSL, as part of a company's efforts to achieve environmental compliance and protection.

Validation: For full credit, companies must provide:

- RSL and evidence of compliance testing annually (min 2 years evidence) by an accredited laboratory and/or quality assurance systems; and
- MRSL and evidence of compliance testing annually (min 2 years evidence) by an accredited laboratory and/or quality assurance systems.

Partial credit will be awarded if the company can provide evidence of some but not all requirements above.

NB – some companies find that RSLs and MRSLs are managed by their compliance department rather than their ethical sourcing department, so we recommend checking this internally with your colleagues.

Example:

- A company example of both an RSL and MRSL list, including provisions for compliance testing, can be found from Marks & Spencer.
- Example of MRSL testing by Zero Discharge of Hazardous Chemicals Programme.

- Please find an example of a best practice MRSL list produced by Zero Discharge of Hazardous Chemicals Programme.
- OEKO-TEX STeP
- Blue-Sign approved facilities with Blue-Sign approved chemicals

16.2	For what percentage of water intensive facilities has the company collected and benchmarked water use data?
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Rationale: Apparel production is water-intensive. Water-intensive facilities undertake washing, dyeing and finishing treatments. The majority of high water-intensity facilities are found at the inputs production tier.

This question aims to increase company understanding of actual and ideal water usage in water-intensive facilities throughout their supply chain.

Validation: Please list identified facilities, water use data collected for these facilities, and a benchmarking methodology. Benchmarking means identifying current facility usage, ideal/efficient facility water usage, and any gap to be improved upon.

For companies reporting on leather footwear, please report on tanneries. For other footwear materials, please report on the most water intensive process.

Note: this question is assessed on percentage of water intensive facilities by volume of production, not number of facilities.

16.3	Has the company used the above data to implement a water use plan?
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Rationale: This question aims to implement the learnings from the previous question. Once the benchmarking process has been completed and the ideal water usage identified, a water use plan will map out steps to help reach this goal.

Validation: Provide a water consumption reduction plan for identified facilities based on benchmarking data. This should include water reduction targets and strategies for improvement, and data on your progress.

16.4	For what percentage of wet-processing facilities has the company collected wastewater quality data?
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Rationale: Wet-processing facilities include those that undertake washing, dyeing, printing and finishing processes. These facilities are more likely to have effluent that is environmentally hazardous if not treated prior to release into the environment.

Validation: List identified facilities and wastewater quality data collected. Please advise how the wastewater quality data was collected.

For companies reporting on leather footwear, please report on tanneries. For other footwear materials, please report on the most water polluting process.

16.5	Of these, do all have wastewater improvement strategies? <i>E.g. Wastewater quality testing to a standard, wastewater treatment systems</i>
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Rationale: Wastewater management can be achieved through wastewater treatment systems, inputs management, wastewater quality testing, standards development and implementation, and a combination of the above. Once the benchmarking process has been completed and the metrics for

appropriate wastewater quality are identified, a wastewater improvement strategy will map out steps to help reach this goal.

Validation: For full credit, explain the wastewater quality and disposal improvement strategies for all wet-processing

17. CLIMATE IMPACT
Company has made a public commitment and is making progress to reduce climate impact throughout its supply chain.

17.1	Has the company published an emissions reduction target and decarbonisation strategy in line with the current UN Fashion Industry Charter for Climate Action?
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Rationale: Greenhouse gas emissions are a consequence of all stages of the supply chain. The 2018 UN Fashion Industry Charter for Climate Action (UNFICCA) is a worldwide framework to address the impact of the fashion industry on global environmental degradation, including greenhouse gases. Company commitment to this target does two things: firstly, it indicates to governments that the private sector endorses and seeks to align its practices with the Charter; and secondly, it sets a target for companies to bring their supply chain energy usage into line with global standards.

Validation: Provide a link to public commitment. Full credit is given if the company can provide either of the following:

- A public commitment to reduce absolute greenhouse gas emissions by 50% by 2030 (against a baseline of no earlier than 2019) across scopes 1, 2, and 3, and a commitment to achieving net zero emissions no later than 2050; OR
- A public commitment approved by Science Based Targets (SBTi) to reduce emissions and set targets in line with the latest criteria and recommendations of the SBTi, and a commitment to achieving net zero emissions no later than 2050.

Company must evidence they have undertaken a supply chain assessment to identify and assess/benchmark areas of greatest climate impact, with an accompanying strategy to reach these targets; and most provide data demonstrating progress against specified targets.

Further resources:

- UNFICCA Climate Action Playbook – this document provides strategies for implementing a decarbonisation strategy, including a description of scopes 1, 2, and 3.
- Apparel and Footwear Science-Based Target Guidance - This guide aims to mobilise companies to set ambitious science-based targets.

18. IN-USE AND END-OF-LIFE ENVIRONMENTAL IMPACT
Company assesses and seeks to improve the environmental impacts and resulting waste from its products while they are being used and at their end of life.

18.1	Has the company assessed the environmental impacts of the in-use and end-of-life phases of its products, and consciously implemented specific design features/strategies to address these issues?
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Rationale: The environmental impact of a product continues throughout its entire lifecycle, from cradle to grave. It is essential that designers are aware of the impacts their products can have once they are in the hands of consumers, and beyond this, at their end-of-life. Designers have a responsibility to address and

reduce these impacts through responsible, considered design which looks at the full lifecycle of a garment, not just its production and inputs materials. Garments should be designed for longevity leading into circularity. The fashion industry must move towards a circular system, where clothing and footwear are designed to re-enter the value chain at their end-of-life as a valuable asset which will help to eliminate wastage of resources whilst ensuring a sustainable supply of material inputs.

This question is in alignment with agreement 10 from the UN's [Fashion Industry Charter for Climate Action](#).

Validation: For full credit, the company must demonstrate that they have evaluated the environmental impacts of their product at the in-use AND end-of-life phases, and applied findings into their design to reduce the product's impact. This may include elements of design for circularity, or initiatives that support circular or 'cradle to cradle' models such as design for durability, disassembly, recyclability, and biodegradability.

Examples:

- The use of monofibres simplifies the textile recycling process helping to loop the product back into the value chain at its end of life. Use of [C2C certified fabrics](#) are a great way to start implementing circularity. This is an example of design for recyclability.
- Decreasing the usage of coatings and glues allows the product to be easily separated into different components at its end of life and thus recycled. This is an example of design for disassembly.
- Circular design from Napapijri – "All the styles in the Circular Series are 100% recyclable thanks to their mono-material composition. Fillings and trims are made of Nylon 6, while the fabric is made of ECONYL® Regenerated Nylon, a high-performance nylon 6 yarn recycled from discarded fishing nets and other waste materials." <https://www.napapijri.com/circularseries.html>
- Company can demonstrate design practices aligned with Ellen MacArthur Foundations' [Vision of a Circular Economy for Fashion](#).

We recommend that you refer to Global Fashion Agenda's [Circular Design Toolbox](#) for further information and suggestions on implementing circularity into fashion design.

18.2	Does the company communicate environmental impacts of product use and disposal with consumers, providing actionable strategies for reducing impact?
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Rationale: Consumer use and post-consumer clothing disposal is responsible for a large proportion of environmental impact over the course of garment lifecycles. [The Ellen Macarthur Foundation](#) estimates that a garbage truck load of textiles is incinerated or dumped in landfill every second, globally. Companies must work to minimise the impact of their textile product over the course of its life, even after a product leaves the store.

It is essential that consumers are engaged in education as part of a fully circular approach to mitigating environmental detriment. Garments should be designed/guaranteed for longevity of use (with repair programs forming part of this), but once the item is no longer able to be repaired or used by the consumer it has the potential to re-enter the circular value chain as a new textile product. Take-back programs enable used textiles to be recycled into new materials, reducing landfill as well as the virgin resources required for new production.

Validation: For full credit, the company must demonstrate that they have communicated the environmental impacts for both in-use AND disposal with consumers, and have provided practical steps for them to take as a result of their impact assessment. A robust response will include a repair and/or take-back program that the company provides or substantively makes available to customers through partnership with a third-party organisation.

Partial credit will be awarded where only in-use or disposal impacts are referenced.

Example:

- Public explanation of the impacts of laundering (GHG emissions, microfibre water pollution). An appropriate recommendation would be using a microfibre filter washing bag (prevents microfibres from entering wastewater).
- Global Fashion Agenda's [Garment Collection Toolbox](#) provides information and suggestions for implementing garment collection into business models.
- APG, RM Williams, Patagonia Worn Wear
- H&M clothing collection in Store
- Take-back schemes which are running in other countries the brand operates in (doesn't have to be operational in Australia)
- Country Road program with Red Cross Stores

18.3	Has the company assessed the environmental impacts of over-production and disposal of finished goods, and implemented a strategy to reduce this impact, including reporting?
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Rationale: The overproduction and subsequent disposal of garments is a major contributor to environmental degradation, increasing landfill rates, emissions from incineration, and overloading used clothing markets. Overproduction begins in the production forecasting phase, and ends with the company's strategy for the disposal of unsold products. For the fashion industry to improve its sustainability, conscious production and disposal methods for unsold clothing is critical.

Validation: For full credit, company must provide a strategy and process for more sustainable production forecasting (reducing the amount of unsold clothing); a strategy and process for the sustainable disposal of unsold products; and demonstrate transparent reporting on progress towards achieving their strategy. The strategies must include current baseline metrics for unsold clothing/disposal processes, with a description of the current processes in place and the timebound goals that the strategies aim to reach. Strategy must include: current baseline metrics for unsold clothing including customer returns and damaged/soiled goods, description of current processes in place, and timebound goals the strategy aims to reach.

Example:

- Production forecasting: the company may provide evidence of an analysis undertaken to determine the quantity of unsold products in a line/season and demonstrate how the results of this analysis were used to forecast future ranges with a goal to eliminate unsold inventory.
- Disposal of unsold products: the company may provide an assessment of the environmental impact of the product disposal methods available, and demonstrate how they have taken action to deal with unsold clothing using a lower-impact method.